Q1

2017 FIRST QUARTER REPORT

Sherritt International Corporation

For the three months ended March 31, 2017

For immediate release

Sherritt Announces Q1 2017 Results

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Toronto, Ontario – April 26, 2017 – Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S), the world leader in the mining and refining of nickel from lateritic ores, today reported its financial results for the three months ended March 31, 2017.

"During the quarter, our nickel, oil and power operations all generated free cash flow(1), allowing us to repay another $20.5 million on our revolving credit facility, and still maintain a cash position of just over $300 million at quarter end," said David Pathe, President and CEO of Sherritt International. "While nickel prices remain relatively weak, we have seen a significant increase in the price of cobalt. As the producer of around 6% of the world's cobalt, this enhances our cash flow generating capacity going forward."

Q1 2017 HIGHLIGHTS

- Sherritt repaid $20.5 million of recourse borrowings in the first quarter of 2017, ending the quarter with cash, cash equivalents and short-term investments of $300.7 million, down $8.9 million from their level at year end 2016. The first quarter of 2017 benefited from a higher level of Cuban energy payments received (US$37.6 million) compared to payments of US$18.3 million received in the fourth quarter of 2016.
- First quarter 2017 Net Direct Cash Costs (NDCC) of US$3.25/lb at the Moa JV and US$3.93/lb at the Ambatovy Joint Venture are both improvements over their prior year comparables of US$3.34/lb and US$4.41/lb respectively. Moa's first quarter NDCC is a significant improvement from fourth quarter 2016 NDCC of US$3.80/lb, while Ambatovy's fourth quarter 2016 NDCC represented Ambatovy's best cost profile since inception.
- Average reference prices in the first quarter of 2017 relative to first quarter of 2016 were up 21% in nickel, 85% in cobalt and 116% in Gulf Coast Fuel Oil 6, the benchmark price for Sherritt's Cuban oil production. Comparing the commodity price performance to the fourth quarter 2016, the nickel price fell by 5%, while cobalt prices continued to increase (up 47% from the fourth quarter 2016 average) and Gulf Coast Fuel Oil 6 increased by 11%.
- The Hurricane Matthew impacts that limited mixed sulphides production in the fourth quarter last year had a continuing effect into the first quarter this year as the reduced mixed sulphide shipments out of Moa to the Fort Saskatchewan refinery landed and were refined during the first quarter. Moa nickel production was down 9% over first quarter 2016 production, but consistent with fourth quarter 2016 levels.
- Ambatovy nickel production was down 14% compared to first quarter 2016, and down 25% from fourth quarter 2016, reflecting the impact of a power trip in late January as well as limited acid production in February caused by unplanned repairs required on a molten sulphur tank. Equipment reliability related to acid production remains a risk in the second quarter, due to ongoing repairs and maintenance. In early March, Madagascar was also hit by Cyclone Enawo, the third most damaging cyclone on record in the country. Ambatovy was able to continue operating through the cyclone event, although production rates were reduced due to the impacts of extreme wind and rain on open pit mining operations and bulk commodity handling in the process plant. Staffing was also minimized to allow employees to be with their families during the cyclone event.
- The first results from Block 10 drilling were announced by press release dated March 17, 2017. The well targeted the previously discovered Lower Veloz formation in the Bay of Cardenas, Province of Matanzas, Cuba. The lower leg of the well was abandoned due to geotechnical instability in the wellbore. By utilizing part of the first well, the capital cost to drill the second well, again targeting the Lower Veloz, will be significantly less, estimated at US$8 million. Any future capital in Block 10 will be contingent upon success in this well, and expected capital spending for the year will be revised when the well has been completed and results disclosed.

- The net loss of $72.6 million for the quarter ended March 31, 2017 compares to a net loss of $47.8 million in the first quarter of 2016, which benefited from a significant unrealized foreign exchange gain of $76 million in financing expense, compared to an unrealized $7.3 million gain this quarter.

All amounts are Canadian dollars unless otherwise indicated.
(1) For additional information see the Non-GAAP measures section of this press release.

Q1 2017 FINANCIAL HIGHLIGHTS

$ millions, except as otherwise noted, for the three months ended March 31		**2017**		2016	Change
Revenue	**$**	**72.4**	$	58.4	24%
Combined Revenue[1]		**228.0**		191.3	19%
Net (loss) earnings for the period		**(72.6)**		(47.8)	(52%)
Adjusted EBITDA[1]		**37.2**		(9.1)	509%
Cash provided (used) by continuing operations		**16.6**		(9.7)	271%
Combined adjusted operating cash flow [1]		**20.5**		(22.2)	192%
Combined free cash flow[1]		**10.0**		(31.4)	132%
Net (loss) earnings from continuing operations per share		**(0.25)**		(0.16)	(56%)

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

$ millions, except as otherwise noted, as at		**2017 March 31**		2016 December 31	Change
Cash, cash equivalents and short term investments	**$**	**300.7**	$	309.6	(3%)
Non-recourse loans and borrowings		**1,356.8**		1,367.5	(1%)
Other loans and borrowings		**840.2**		860.7	(2%)

In the first quarter of 2017, operating cash flow was generated by the Oil and Gas and Metals operations in equal proportion ($14.0 million and $14.1 milllion respectively), and the Power operations provided $12.8 million. Adjusted EBITDA of $9.2 million was generated by the Power operations, and in addition, a positive change in non-cash working capital of $3.9 million occurred.

During the quarter, US$37.6 million of Cuban energy payments were received compared to US$18.3 million in the fourth quarter of 2016. Included in this amount was US$25.0 million received by Oil and Gas and US$12.6 million received from Energas in Power. Overdue receivables in Oil declined to US$22.3 million at quarter end, and a further US$7 million has been received from the Cubans toward Oil and Gas payments in April.

The US$12.6 million payment was not in the form of CSA interest or repayment of principal, but was against other receivables and was the first Energas payment received since July of 2016.

Adjusted earnings (loss) from continuing operations[1]

For the three months ended March 31	**2017 $ millions**	**2017 $/share**	2016 $ millions	2016 $/share
Net loss from continuing operations	**(72.6)**	**(0.25)**	(47.8)	(0.16)
Adjusting items, net of tax:				
Unrealized foreign exchange (gain) loss	**(7.3)**	**(0.02)**	(76.0)	(0.26)
Other	**(2.8)**	**(0.01)**	(3.1)	(0.01)
Adjusted net loss from continuing operations	**(82.7)**	**(0.28)**	(126.9)	(0.43)

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

The net loss from continuing operations in the first quarter of 2017 was $72.6 million, which included a $7.3 million unrealized foreign exchange gain, and a $3.3 million gain relating to VAT adjustments. A small negative adjustment of $0.5 million was also recorded for severance changes.

REVIEW OF OPERATIONS

METALS

$ millions, except as otherwise noted, for the three months ended March 31	2017				2016				
	Moa JV and Fort Site[1] (50%)	**Ambatovy JV (40%)**	**Other[2]**	**Total**	Moa JV and Fort Site[1] (50%)	Ambatovy JV (40%)	Other[2]	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	$ **90.4**	$ **74.8**	$ **14.3**	$ **179.5**	$ 76.7	$ 65.1	$ 11.2	$ 153.0	17%
(Loss) earnings from operations	**2.0**	**(29.0)**	**0.3**	**(26.7)**	(11.3)	(49.9)	0.3	(60.9)	56%
Adjusted EBITDA[3]	**12.8**	**8.2**	**0.3**	**21.3**	(0.2)	(12.8)	0.3	(12.7)	268%
Cash provided (used) by operations	**14.8**	**(2.3)**	**1.6**	**14.1**	(3.0)	(5.5)	4.2	(4.3)	428%
Free cash flow[3]	**12.6**	**(6.3)**	**1.6**	**7.9**	(10.6)	(5.5)	4.2	(11.9)	166%
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**4,282**	**4,317**	**-**	**8,599**	4,321	4,571	-	8,892	(3%)
Finished Nickel	**3,840**	**3,817**	**-**	**7,657**	4,242	4,442	-	8,684	(12%)
Finished Cobalt	**436**	**323**	**-**	**759**	499	365	-	864	(12%)
Fertilizer	**58,868**	**11,796**	**-**	**70,664**	70,907	14,355	-	85,262	(17%)
NICKEL RECOVERY (%)	**85%**	**85%**			88%	87%			
SALES VOLUMES (tonnes)									
Finished Nickel	**3,862**	**3,810**	**-**	**7,672**	4,141	4,491	-	8,632	(11%)
Finished Cobalt	**421**	**354**	**-**	**775**	468	332	-	800	(3%)
Fertilizer	**37,454**	**12,447**	**-**	**49,901**	31,713	14,107	-	45,820	9%
AVERAGE EXCHANGE RATE (CAD/USD)				**1.324**				1.373	(4%)
AVERAGE REFERENCE PRICES (US$ per pound)[3]									
Nickel				**$ 4.66**				$ 3.86	21%
Cobalt				**19.80**				10.70	85%
AVERAGE-REALIZED PRICES[3]									
Nickel ($ per pound)	**$ 6.19**	**$ 6.15**		**$ 6.17**	$ 5.17	$ 5.15		$ 5.16	20%
Cobalt ($ per pound)	**24.19**	**26.75**		**25.38**	13.84	15.39		14.52	75%
Fertilizer ($ per tonne)	**343**	**164**		**297**	391	186		327	(9%)
UNIT OPERATING COSTS (US$ per pound)[3]									
Nickel - net direct cash cost	**$ 3.25**	**$ 3.93**		**3.59**	$ 3.34	$ 4.41		$ 3.90	(8%)
SPENDING ON CAPITAL[4]									
Sustaining	**$ 2.1**	**$ 8.4**	**$ -**	**$ 10.5**	$ 3.8	$ 1.7	$ -	$ 5.5	91%
Expansion	**-**	**-**	**-**	**-**	4.0	-	-	4.0	(100%)
	$ 2.1	**$ 8.4**	**$ -**	**$ 10.5**	$ 7.8	$ 1.7	$ -	$ 9.5	(25%)

(1) Includes results for certain 100% owned assets at Fort Saskatchewan plant.
(2) Includes results for Sherritt's marketing organizations for certain Ambatovy and Moa Joint Venture sales.
(3) For additional information, see the Non-GAAP measures section of this release.
(4) Spending on capital includes accruals.

METAL MARKETS

Nickel

The nickel average reference price for the quarter is up by 21% compared to the same period last year, from US$3.86/lb to US$4.66/lb, but below the Q4 2016 average of US$4.90/lb.

Although the average price has been relatively flat since the fourth quarter of last year, prices have varied significantly through the three months. Nickel prices hit a low of US$4.25/lb following the announcement of potential relaxation of the Indonesian ore export ban in the first half of January and a high of US$5.01/lb in February when the Filipino threat of mine closures exerted a strong positive influence over market sentiment. After that, prices started to fall again in March due to the announcement by the Indonesian government that higher than previously announced export quantities may be allowed. The Filipino and Indonesian announcements will likely continue to influence nickel prices in contrary directions through the rest of 2017 in the absence of fundamental changes to the supply/demand balance.

Fundamental long-term demand remains strong for high quality nickel with a positive trend in the aerospace and the electric vehicle sectors but the supply/demand short term balance is difficult to predict due to the high level of political uncertainties around the Philippines and Indonesia.

Cobalt

Cobalt prices have increased dramatically in Q1 2017; the cobalt reference price is up by 66% since the start of the year with an average reference price at US$19.80/lb for the quarter and an average above US$24/lb in March. Prices breached the US$25/lb mark in late March, a level not touched since November 2008.

Several factors support this trend, including steady demand from the aerospace segment, strong projections for future cobalt consumption in batteries and increased interest from financial investors, who have entered the market for physical material as they are bullish longer term. In addition to this strong demand, supply issues should lead to a deficit in 2017 and contribute to the current price rally with quality issues at one of the high grade producers and growing pressure from consumers to ensure cobalt supplies from the DRC are not in contravention of any human rights laws. For instance, after the 2016 publication of several reports on child labour in the country, Apple has required its cobalt suppliers to suspend sourcing raw material feed from unverified artisanal miners. If other suppliers follow this same practice, available supply from mainstream producers will be strained over the mid to long term.

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

The Moa JV finished nickel production of 3,840 tonnes (50% basis) in the first quarter is 9% lower than its level last year and up 2% from fourth quarter 2016 production. The discussion in the fourth quarter 2016 MD&A concerning impacts from Hurricane Matthew and the subsequent bridge collapse carries over into the first quarter this year. Lower mixed sulphides production in the fourth quarter of 2016 (3,674 tonnes) was shipped to the Fort Site for refining, with all shipments after the first week in December landing at the Fort Site in the first quarter this year. Mixed sulphide production has recovered to 4,282 tonnes in the first quarter, which is consistent with plan, and is expected to trend higher as the year progresses, and new mining equipment arrives. Similar to the fourth quarter 2016 pattern, the Fort Site refinery utilized more third party feed to compensate for lower mixed sulphides from Moa, which is generally reflected in higher third party feed costs as has been seen in Q4 2016 and Q1 2017.

Revenue in the quarter is up 18% from its comparable period last year, mainly reflecting the change in cobalt pricing, but is flat from fourth quarter 2016 revenue despite the increased cobalt price. This is mainly due to cobalt sales volumes down by 14% compared to fourth quarter 2016 levels where timing of shipments resulted in 105 tonnes of sales higher than production in the fourth quarter 2016. Fertilizer sales volumes were up 18% compared to first quarter 2016 levels in anticipation of a stronger spring season, but fertilizer prices are lower than their year-ago levels, although they have increased over the last two consecutive quarters. The stronger Canadian dollar in the first quarter of 2017 compared to 2016 also has a negative impact on revenue, as the exchange rate has strengthened by approximately five cents from $1.373 to $1.324 per USD.

The NDCC of US$3.25/lb of nickel in the first quarter is an improvement on the year-ago level of US$3.34/lb despite lower levels of production and a lower fertilizer credit. The lower production levels are the main factor behind the higher Mining, Processing & Refining costs of US$4.75/lb, combined with higher planned maintenance activity and higher energy costs, partially offset by the benefits of the third acid plant. Going forward, higher energy costs are expected to persist along with the higher planned maintenance activity, while the third acid plant continues to deliver an approximate US$0.50/lb benefit. Higher energy costs also impact the fertilizer margins, as can be seen in the lower NDCC credit. Third party feed costs of US$0.49/lb are similar to their levels in the fourth quarter of 2016. The cobalt credit was US$1.99/lb despite lower cobalt sales volume in the quarter, and is expected to remain strong with robust cobalt prices. For the Moa JV's cash contribution, an approximately US$8/lb change in the cobalt price equals a US$1/lb change in the nickel price.

Cash provided by operations of $14.8 million in the first quarter includes a positive change in non-cash working capital of $5.7 million, which is mainly pre-buys of fertilizer.

Capital spending of $2.1 million in the quarter is expected to increase next quarter and over the course of the year. The Moa JV is expected to operate and to fund capital expenditures through internally generated cash flow and/or external loans.

The annual planned refinery shutdown is scheduled to last for one week in the second quarter, at which time planned maintenance will be carried out.

Ambatovy Joint Venture (40% interest)(1)

Nickel production was 14% lower than first quarter 2016, and 25% lower than fourth quarter 2016, reflecting the impact of a power trip in late January as well as limited acid production in February caused by unplanned repairs required on a molten sulphur tank. In early March, Madagascar was also hit by Cyclone Enawo, the third most damaging cyclone on record in the country. Ambatovy was able to continue operating through the cyclone event, although production rates were impacted by extreme wind and rain on open pit mining operations and bulk commodity handling in the process plant. Staffing was also minimized to allow employees to be with their families during the cyclone event. Production returned to normal levels at the end of the quarter, although ongoing repairs and equipment reliability issues in the sulphuric acid production area continue to affect production into the second quarter. Ambatovy PAL ore throughput in the first quarter operated at 67% of design capacity.

Despite this decrease in production, revenue is up by 15% on a year-over-year basis, as the lower production was more than offset by the increase in realized prices with a 19% increase in nickel average realized prices and a 74% increase in cobalt average realized prices compared to the same period in the prior year. The increases on a U.S. dollar basis are more significant, but the average exchange rate in the first quarter of 2017 is approximately five cents higher than its comparable level in the first quarter of 2016. Sales of cobalt in the first quarter this year were higher than production as one shipment was delayed at the end of 2016 and shipped in 2017. Cobalt revenue accounted for 28% of total Ambatovy revenue in the first quarter of 2017 compared to 17% in the comparable quarter last year.

The NDCC of US$3.93/lb for the first quarter is an 11% improvement over the comparable period last year, but is US$0.83/lb higher compared to Q4 2016, which was the best quarter since inception, and is above the 2017 guidance range due to the weaker production.

Capital spending was as expected, with 2017 estimated capital spending all relating to sustaining capital required for mining and production equipment, including the purchase of articulated dump trucks.

Sherritt has not funded any cash calls since achieving financial completion, with total post-completion funding provided by Sumitomo and KORES of US$173 million as of March 31, 2017. This amount is unchanged from year end 2016, as no additional cash call funding was provided in the first quarter this year. Funding is intended to cover operating losses, capital spending and interest (amounting to US$59.5 million annually) on the Ambatovy Joint Venture project financing. As of March 31, 2017, the cash position at Ambatovy was $65 million (100% basis).

By agreement amongst the partners, Sherritt is not considered to be a defaulting shareholder under the Shareholders Agreement for amounts not funded through May 2, 2017 Discussions continue regarding the partnership structure and future funding arrangements.

(1) 70% of Sherritt's distributable cash flow from Ambatovy (after opex, capex and project debt service) goes to Partner Loan repayment, leaving Sherritt with 30%; 30% of Sherritt's 40% ownership = 12%.

OIL AND GAS

$ millions, except as otherwise noted, for the three months ended March 31		2017		2016	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**35.3**	$	22.4	58%
Earnings (loss) from operations		**11.0**		(8.7)	226%
Adjusted EBITDA[1]		**19.6**		4.0	390%
Cash provided by operations		**14.0**		2.6	438%
Free cash flow[1]		**10.3**		(2.4)	529%
PRODUCTION AND SALES (boepd)					
Gross working-interest (GWI) - Cuba		**15,213**		16,449	(8%)
Total net working-interest (NWI)		**8,889**		10,504	(15%)
AVERAGE EXCHANGE RATE (CAD/USD)		**1.324**		1.373	(4%)
AVERAGE REFERENCE PRICE (US$ per barrel)					
West Texas Intermediate (WTI)	**$**	**51.62**	$	33.40	55%
Gulf Coast Fuel Oil No. 6		**45.63**		21.13	116%
Brent		**53.33**		33.64	59%
AVERAGE-REALIZED PRICE[1] (NWI)					
Cuba ($ per barrel)		**43.62**	$	21.80	100%
UNIT OPERATING COSTS[1] (GWI)					
Cuba ($ per barrel)		**8.66**	$	9.53	(9%)
SPENDING ON CAPITAL[2]					
Development, facilities and other	**$**	**(0.8)**	$	4.1	(120%)
Exploration		**3.8**		0.6	533%
	$	**3.0**	$	4.7	(36%)

(1) For additional information, see the Non-GAAP measures section of this release.
(2) Spending on capital includes accruals.

Cuba gross working-interest oil production of 15,213 bopd in the first quarter is down 8% from the same period last year, reflecting natural reservoir declines. This is an improvement over Q4 2016 levels, due to well optimization and production guidance is unchanged for 2017.

Revenue in the first quarter of 2017 was up 58% from its comparable quarter last year, with Gulf Coast Fuel Oil 6 (GCF6) prices averaging US$45.63/barrel compared to US$21.13/barrel in the first quarter last year, which was the low point of the year. GCF6 prices averaged 88% of WTI crude prices in the first quarter of 2017, compared to only 63% in the first quarter last year.

Cost-recovery oil production in Cuba in the first quarter of 2017 was down 46% from its comparable level a year ago, due to the combination of lower spending and higher oil prices which result in fewer cost recovery barrels.

Despite the decrease in production, the unit operating costs are down by 9% on a year-over-year basis, reflecting lower labour and treatment and transportation costs.

The results from the first well in Block 10 were announced by press release during the first quarter, as described in the "Highlights" earlier. The well targeted the previously discovered Lower Veloz formation, but the lower section of the well was abandoned due to geotechnical instability in the wellbore. The capital cost associated with drilling the well was approximately $24.1 million, reflecting the complexity encountered. Analysis of the logging data has been integrated into the seismic model, and these results along with the technical solutions associated with the geotechnical issues will be incorporated in the drilling of the next well which will utilize part of the cased section of the first well drilled at a different trajectory, again targeting the Lower Veloz. By utilizing part of the first well, the capital cost of the second well will be significantly less, estimated at US$8 million ($10.6 million Canadian). Any future capital in Block 10 will be contingent upon success in this well, and expected capital spending for the year will be revised when the well has been completed and results disclosed.

Capital spending is down 36% in this quarter compared to the first quarter of 2016 and reflects a delay in seismic survey activity on Block 8A, which was budgeted to start in January and is now scheduled to commence in October.

POWER

$ millions (33⅓% basis), except as otherwise noted, for the three months ended March 31		**2017**		2016	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**13.4**	$	15.6	(14%)
Earnings (loss) from operations		**2.8**		(0.2)	1,500%
Adjusted EBITDA(1)		**9.2**		8.7	6%
Cash provided by operations		**12.8**		0.9	1,322%
Free cash flow(1)		**12.0**		0.8	1,400%
PRODUCTION AND SALES					
Electricity (GWh)		**217**		217	-
AVERAGE-REALIZED PRICE(1)					
Electricity ($/MWh)	**$**	**56.30**	$	58.27	(3%)
UNIT OPERATING COSTS(1) ($/MWh)					
Base		**15.50**		14.86	4%
Non-base(2)		**0.45**		2.00	(78%)
		15.95		16.86	(5%)
NET CAPACITY FACTOR (%)		**67**		67	-
SPENDING ON CAPITAL AND SERVICE CONCESSION ARRANGEMENTS(3)					
Sustaining	**$**	**0.8**	$	0.1	700%
Service concession arrangements		**-**		1.9	(100%)
	$	**0.8**	$	2.0	(60%)

(1) For additional information see the Non-GAAP measures section of this release.
(2) Costs incurred at the Boca de Jaruco and Puerto Escondido facilities that otherwise would have been capitalized if these facilities were not accounted for as service concession arrangements.
(3) Includes accruals.

Power production in the first quarter of 217 GWh is unchanged from its year-ago quarterly level, and down marginally from its level in the fourth quarter of 2016. Average-realized prices are lower than the prior year comparable by 3%, due to the strengthening of the Canadian dollar against the U.S. dollar.

First quarter 2017 revenue of $13.4 million is down 14% from its comparable level in 2016, because of first quarter 2016 revenue from construction activity, which had offsetting construction activity expenses recorded in cost of goods sold. This construction activity related to the Puerto Escondido/ Yumuri pipeline under a service concession arrangement, and was completed in 2016.

Unit operating costs in the first quarter of 2017 declined by 5% from their comparable period in 2016, mainly due to the strengthening of the Canadian dollar.

Adjusted EBITDA of $9.2 million in the first quarter of 2017 is up 6% from its comparable level in the first quarter of 2016.

Cash provided by operations of $12.8 million in the first quarter of 2017 compares to cash provided by operations of $0.9 million in the first quarter of 2016. Although no CSA interest or principal payments were made by Energas to Sherritt in the first quarter this year, Energas did make a US$12.6 million payment on other receivables due to Sherritt.

Spending on capital in the first quarter of 2017 was lower than its comparable level a year ago, due to the absence of any service concession spending in the first quarter of 2017.

2017 STRATEGIC PRIORITIES

The table below lists Sherritt's Strategic Priorities for 2017. The 2017 Strategic Priorities reflect the continuing cautious commodity price outlook and the Corporation's responsibility to preserve liquidity, continue to drive down costs, improve organizational effectiveness and execute rational capital allocation plans. Sherritt's purpose, originally communicated in 2014, continues to be ***a low-cost nickel producer that creates sustainable prosperity for our employees, investors and communities***.

Strategic Priorities	2017 Targets	Status
UPHOLD GLOBAL OPERATIONAL LEADERSHIP IN FINISHED NICKEL LATERITE PRODUCTION	Further reduce NDCC at Moa and Ambatovy towards the goal of achieving or remaining in the lowest quartile of global nickel cash costs	First quarter NDCC of US$3.25/lb at the Moa JV represents cash costs at the 30th percentile, while Ambatovy NDCC of US$3.93/lb fell short of its target, due to lower production
	Increase Ambatovy production and predictability over 2017	Production guidance for the year remains in place
	Achieve peer leading performance in environmental, health, safety and sustainability	Improvements to EHSS activities continue. The Lost Time Incident rate in Q1 was an improvement over the 2016 average
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS	Determine future capital allocation based on results from first two wells drilled on Block 10	First well results have provided constructive data to optimize the drilling of the second well, again targeting the Lower Veloz formation
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH	Finalize long-term Ambatovy equity and funding structure	Agreement on no defaulting shareholder status extended through May 2, 2017
	Optimize working capital and receivables collection	Cuban energy payments received were US$37.6 million in the first quarter of 2017, an improvement over Q4 2016 payments received of US$18.3 million
	Operate Metals and Power businesses to be free cash flow neutral or better	Free cash flow generation of $12.6 million from Moa and Fort site and $12 million from Power in the first quarter of 2017

OUTLOOK

2017 PRODUCTION, UNIT OPERATING COST AND CAPITAL SPENDING GUIDANCE

In 2016, Sherritt made certain modifications to how guidance is presented, showing capital spending estimates in U.S. dollars, as well as their Canadian dollar equivalent. In the quarterly reporting, actual capital spending is presented in Canadian dollars consistent with Sherritt's reporting currency, but estimates and forward looking information continue to be provided in US dollars. This change in presentation is intended to align with Sherritt's capital budgeting practices, and to mitigate the change to capital spending that arises from translation to the Canadian dollar reporting currency. Capital projects in the Metals business are generally U.S. dollar expenditures, while in Oil & Gas, the expenditures are roughly 50% Canadian dollar denominated and 50% U.S. dollar denominated.

In 2017, Sherritt added Unit Operating Cost guidance.

Production volumes, unit operating costs and spending on capital	Guidance at 2016 December 31	Actual 2017 March 31	Revised Projected 2017
Production volumes			
Nickel, finished (tonnes, 100% basis)			
Moa Joint Venture	33,000-34,000	7,680	No change
Ambatovy Joint Venture	48,000-52,000	9,543	No change
Total	81,000-86,000	17,223	No change
Cobalt, finished (tonnes, 100% basis)			
Moa Joint Venture	3,500-3,800	872	No change
Ambatovy Joint Venture	3,800-4,100	808	No change
Total	7,300-7,900	1,680	No change
Oil – Cuba (gross working-interest, bopd)	11,500-12,500	15,213	No change
Oil and Gas – All operations (net working-interest, boepd)	6,400-7,000	8,889	No change
Electricity (GWh, 33⅓% basis)	850-900	217	No change
Unit operating costs			
NDCC (US$ per pound)			
Moa Joint Venture	3.20-3.70	3.25	No change
Ambatovy Joint Venture	3.10-3.70	3.93	No change
Total	3.14-3.70	3.59	No change
Oil and Gas - Cuba (unit operating costs, $ per barrel)	11.00-12.00	8.66	No change
Electricity (unit operating cost, $ per MWh)	18.75-19.50	15.95	No change
Spending on capital (US$ millions)			
Metals – Moa Joint Venture (50% basis), Fort Site (100% basis) (1)	US$28 (38)	US$2 (2)	No change
Metals – Ambatovy Joint Venture (40% basis)	US$45 (61)	US$6 (8)	No change
Oil and Gas	US$55 (73)	US$2 (3)	No change
Power (33⅓% basis)	US$1 (2)	US$1 (1)	No change
Spending on capital (excluding Corporate)	US$129 (174)	US$11 (14)	No change

(1) Spending is 50% of US$ expenditures for 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, and adjusted operating cash flow, and free cash flow to monitor the 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. See Sherritt's Management's Discussion and Analysis for the period ended March 31, 2017 for further information.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its quarterly conference call and webcast tomorrow at 10:00 a.m. Eastern Time.

Conference Call and Webcast:	April 27, 2017, 10:00 a.m. ET
North American callers, please dial:	1-800-347-6311
International callers, please dial:	416-642-5211
Live webcast:	www.sherritt.com

An archive of the webcast will also be available on the website. The conference call will be available for replay until May 2, 2017 by calling 647-436-0148 or 1-888-203-1112, access code 8738389#.

COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's complete interim condensed consolidated financial statements and MD&A for the three months ended March 31, 2017 are available at www.sherritt.com and should be read in conjunction with this news release.

ABOUT SHERRITT

Sherritt, which is celebrating its 90th anniversary in 2017, is the world leader in the mining and refining of nickel from lateritic ores with projects and operations in Canada, Cuba and Madagascar. The Corporation is the largest independent energy producer in Cuba, with extensive oil and power operations across the island. Sherritt licenses its proprietary technologies and provides metallurgical services to mining and refining operations worldwide. The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol "S".

Source: Sherritt Investor Relations

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” sections of this press release 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 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 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 press release 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 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:
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Flora Wood, Director of Investor Relations
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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2017

This Management's Discussion and Analysis (MD&A) is intended to help the reader understand Sherritt International Corporation's operations, financial performance and the present and future business environment. This MD&A, which has been prepared as of April 26, 2017, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three months ended March 31, 2017 and the MD&A for the year ended December 31, 2016. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com or on the Corporation's website at www.sherritt.com.

References to "Sherritt" or the "Corporation" refer to Sherritt International Corporation and its share of consolidated subsidiaries, joint operations, joint ventures and associate, unless the context indicates otherwise. All amounts are in Canadian dollars, unless otherwise indicated. References to "US$" are to United States (U.S.) dollars.

Securities regulators encourage companies to disclose forward-looking information to help investors understand a company's future prospects. This discussion contains statements about Sherritt's future financial condition, results of operations and business. See the end of this report for more information on forward-looking statements.

The business we manage

Sherritt manages its nickel, oil, gas, power and technologies operations through different legal structures including 100% owned subsidiaries, joint arrangements, an associate and production sharing contracts. With the exception of the Moa Joint Venture, which Sherritt operates jointly with its partner, Sherritt is the operator of these assets. The relationship for accounting purposes that Sherritt has with these operations and the economic interest recognized in the Corporation's financial statements are as follows:

	Relationship for accounting purposes	Economic interest	Basis of accounting
Metals			
Moa Joint Venture	Joint venture	50%	Equity method
Ambatovy Joint Venture	Associate	40%	Equity method
Oil and Gas	Subsidiary	100%	Consolidation
Power	Joint operation	33⅓%	Share of assets, liabilities revenues and expenses
Technologies	Subsidiary	100%	Consolidation

The Financial results and review of operations sections in this MD&A present amounts by reporting segment, based on the Corporation's economic interest. For financial statement purposes, the Moa Joint Venture and Ambatovy Joint Venture are accounted for using the equity method of accounting which recognizes the Corporation's share of earnings (loss) from the joint venture and associate, respectively. Metal's operating results include the Corporation's 50% interest in the Moa Joint Venture, 100% interest in the utility and fertilizer operations at Fort Site, 40% interest in the Ambatovy Joint Venture, and 100% interests in wholly-owned subsidiaries established to buy, market and sell certain Ambatovy Joint Venture and Moa Joint Venture nickel and cobalt production. The financial statements and review of operations in this MD&A include the Corporation's 100% interest in its Oil and Gas business, 33⅓% interest in its Power businesses and 100% interest in the Technologies business.

Amounts presented in this MD&A can be reconciled to note 5, Segmented information, of the condensed consolidated financial statements for the three months ended March 31, 2017.

Strategic priorities

The table below lists Sherritt's strategic priorities for 2017 and summarizes how the Corporation performed against those priorities.

Strategic Priorities	2017 Targets	Status
UPHOLD GLOBAL OPERATIONAL LEADERSHIP IN FINISHED NICKEL LATERITE PRODUCTION	Further reduce NDCC at Moa and Ambatovy towards the goal of achieving or remaining in the lowest quartile of global nickel cash costs	First quarter NDCC of US$3.25/lb at the Moa JV represents cash costs at the 30th percentile, while Ambatovy NDCC of US$3.93/lb fell short of its target, due to lower production
	Increase Ambatovy production and predictability over 2017	Production guidance for the year remains in place
	Achieve peer leading performance in environmental, health, safety and sustainability	Improvements to EHSS activities continue. The Lost Time Incident rate in Q1 was an improvement over the 2016 average
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS	Determine future capital allocation based on results from first two wells drilled on Block 10	First well results have provided constructive data to optimize the drilling of the second well, again targeting the Lower Veloz formation
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH	Finalize long-term Ambatovy equity and funding structure	Agreement on no defaulting shareholder status extended through May 2, 2017
	Optimize working capital and receivables collection	Cuban energy payments received were US$37.6 million in the first quarter of 2017, an improvement over Q4 2016 payments received of US$18.3 million
	Operate Metals and Power businesses to be free cash flow neutral or better	Free cash flow generation of $12.6 million from Moa and Fort site and $12 million from Power in the first quarter of 2017

Highlights

OPERATIONS UPDATE

The Metals operations produced 7,657 tonnes of finished nickel (Sherritt's share) in the first quarter of 2017 with lower production than the same period in the prior year at both the Ambatovy Joint Venture and Moa Joint Venture. The decrease in Ambatovy Joint Venture production was primarily due to the impact of a power trip in late January as well as limited acid production in February caused by unplanned repairs required on a molten sulphur tank. In early March, Madagascar was hit by Cyclone Enawo, the third most damaging cyclone on record in the country. Ambatovy was able to continue operating through the cyclone event, although production rates were significantly decreased due to impacts of extreme wind and rain on open pit mining operations and bulk commodity handling in the process plant. At the Moa Joint Venture, the decrease in production was primarily due to lower mixed sulphide availability as a result of production interruptions in the fourth quarter of 2016 following Hurricane Matthew.

Metals operation's weighted average net direct cash cost (NDCC) for nickel of US$3.59/lb was lower compared to the same period in the prior year as the benefit of significantly higher cobalt by-product credits offset lower sales resulting from lower production. NDCC also benefited from a lower acid cost resulting from the use of internally produced acid at the Moa Joint Venture.

CASH UPDATE

Cash, cash equivalents and short-term investments ended the first quarter at $300.7 million, down $8.9 million from their level at year end 2016; most of the decline came from the repayment of $20.5 million of the Corporation's syndicated revolving-term credit facility.

During the quarter, US$37.6 million of Cuban energy payments were received compared to US$18.3 million in the fourth quarter of 2016. Included in this amount was US$25.0 million received by Oil and Gas and US$12.6 million received from Energas in Power. No interest or principal was received on the Energas conditional sales agreement (CSA) in the period. Payments during the first quarter of 2017 resulted in a reduction of overdue Oil and Gas receivables from US$28.3 million at December 31, 2016 to US$22.3 million at March 31, 2017. Total Cuban overdue receivables were US$79.1 million at March 31, 2017 compared to US$74.6 million at the end of 2016. In April 2017, Oil and Gas received additional payments of US$7.0 million.

BLOCK 10 UPDATE

The first results from Block 10 drilling were announced on March 17, 2017. The well targeted the previously discovered Lower Veloz formation in the Bay of Cardenas, Province of Matanzas, Cuba. The lower leg of the well was abandoned due to geotechnical instability in the wellbore. The capital cost associated with drilling the well was approximately $24.1 million, reflecting the complexity encountered. Analysis of the logging data has been integrated into the seismic model, and these results along with the technical solutions associated with the geotechnical issues will be incorporated in the drilling of the next well which will utilize part of the cased section of the first well drilled at a different trajectory, again targeting the Lower Veloz. By utilizing part of the first well, the capital cost of the second well will be significantly less, estimated at US$8.0 million ($10.6 million). Drilling on the next well is expected to commence in the second quarter with results to be reported in the third quarter. Any future capital in Block 10 will be contingent upon success in this well, and expected capital spending for the year will be revised when the well has been completed and results disclosed.

AMBATOVY FUNDING

Sherritt is in continuing discussions with its Ambatovy Partners regarding partnership structure and future funding arrangements to better reflect Sherritt's economic interest.

Total post-financial completion cash funding provided by Sumitomo Corporation (Sumitomo) and Korea Resources Corporation (KORES) to March 31, 2017 is US$173.0 million, pursuant to total post-financial completion cash calls of US$288.3 million, with cash funding of nil provided during the three months ended March 31, 2017. Sherritt has not funded any portion of these cash calls, and continues not to fund. Sherritt's unfunded amounts remain payable. These amounts will be subtracted from future Ambatovy Joint Venture distributions, or may be set off against other amounts owed to Sherritt.

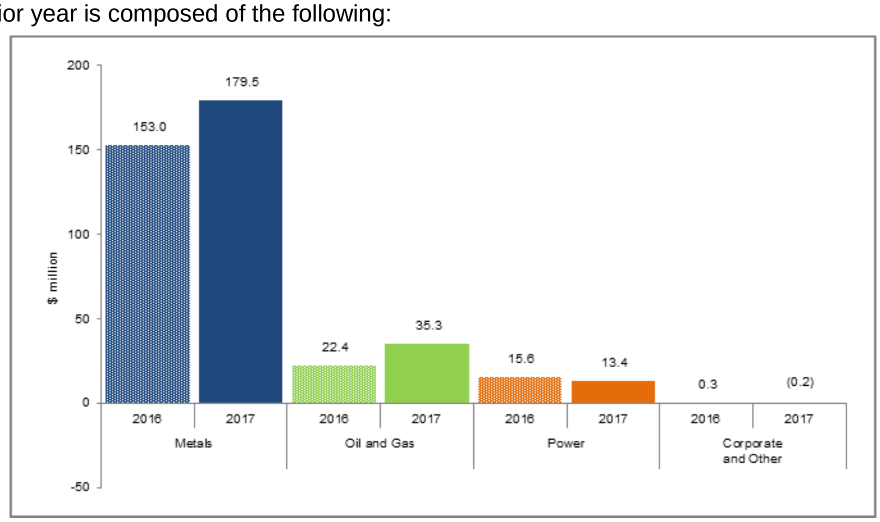
By agreement amongst the partners, Sherritt is not considered to be a defaulting shareholder under the Shareholders Agreement for amounts not funded through May 2, 2017 while discussions continue regarding the partnership structure and future funding arrangements.

Financial results

$ millions, except as otherwise noted, for the three months ended March 31		2017		2016	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**72.4**	$	58.4	24%
Combined revenue(1)		**228.0**		191.3	19%
Loss from operations, associate and joint venture		**(49.4)**		(97.7)	49%
Loss from continuing operations		**(72.6)**		(47.8)	(52%)
Net loss for the period		**(72.6)**		(47.8)	(52%)
Adjusted earnings from continuing operations(1)		**(82.7)**		(126.9)	35%
Adjusted EBITDA(1)		**37.2**		(9.1)	509%
Loss per common share (basic and diluted) ($ per share):					
Net loss from continuing operations	**$**	**(0.25)**	$	(0.16)	(52%)
Net loss for the period		**(0.25)**		(0.16)	(52%)
CASH					
Cash, cash equivalents and short-term investments (prior period, December 31, 2016)	**$**	**300.7**	$	309.6	(3%)
Cash provided (used) by continuing operations		**16.6**		(9.7)	271%
Combined free cash flow(1)		**10.0**		(31.4)	132%
Combined adjusted operating cash flow(1)		**20.5**		(22.2)	192%
OPERATIONAL DATA					
SPENDING ON CAPITAL AND INTANGIBLE ASSETS(2)	**$**	**14.3**	$	14.4	(1%)
PRODUCTION VOLUMES					
Finished nickel (tonnes)(Sherritt's share)		**7,657**		8,684	(12%)
Finished cobalt (tonnes)(Sherritt's share)		**759**		864	(12%)
Oil (boepd, net working-interest production)(3)		**8,889**		10,504	(15%)
Electricity (gigawatt hours) (33⅓% basis)		**217**		217	-
AVERAGE EXCHANGE RATE (CAD/US$)		**1.324**		1.373	(4%)
AVERAGE-REALIZED PRICES(1)					
Nickel ($ per pound)	**$**	**6.17**	$	5.16	20%
Cobalt ($ per pound)		**25.38**		14.52	75%
Oil ($ per boe, NWI)(3)		**42.77**		22.27	92%
Electricity ($ per megawatt hour)		**56.30**		58.27	(3%)
UNIT OPERATING COSTS(1)					
Nickel (US$ per pound)(NDCC)	**$**	**3.59**	$	3.90	(8%)
Oil ($ per boe, GWI)(3)		**9.56**		10.35	(8%)
Electricity ($ per megawatt hour)		**15.95**		16.86	(5%)

(1) For additional information see the Non-GAAP measures section.
(2) Spending on capital and intangible assets includes accruals and does not include spending on service concession arrangements.
(3) Net working-interest (NWI); gross working-interest (GWI); barrels of oil equivalent per day (boepd); barrels of oil equivalent (boe).

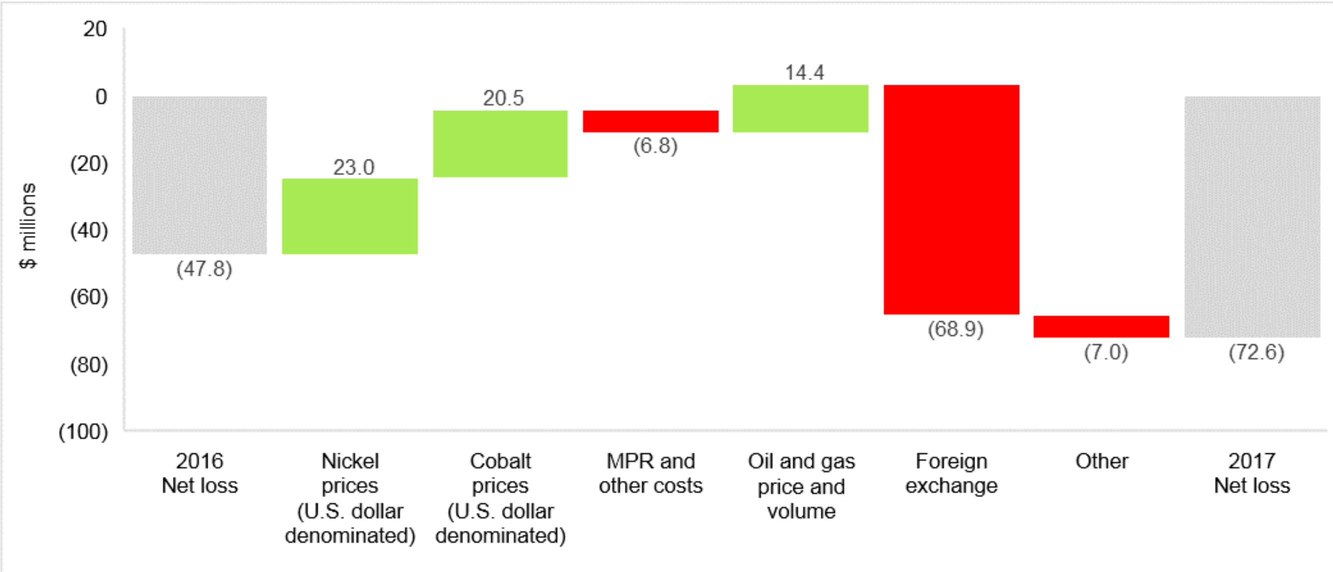
Total combined revenue(1) for the three months ended March 31, 2017 of $228.0 million compared to $191.3 million in the same period in the prior year is composed of the following:



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

For the three months ended March 31, 2017, the net loss from continuing operations was $72.6 million, or $0.25 per share, compared to a loss of $47.8 million, or $0.16 per share in the same period in the prior year.

The change in net loss from continuing operations between Q1-2017 and Q1-2016 is detailed below:



Combined revenue for the three months ended March 31, 2017 was higher compared to the same period in the prior year primarily due to higher realized prices for nickel, cobalt and oil partly offset by lower sales volumes. The average reference price for nickel was 21% higher compared to the same period in the prior year. The average reference price for cobalt was 85% higher than in the same period in the prior year as a result of steady demand from the aerospace segment, strong projections for future cobalt consumption in batteries and increased interest from financial investors.

Mining, processing and refining (MPR) costs at the Ambatovy Joint Venture and Moa Joint Venture were higher for the three months ended March 31, 2017 compared to the same period in the prior year primarily as a result of higher maintenance and energy costs.

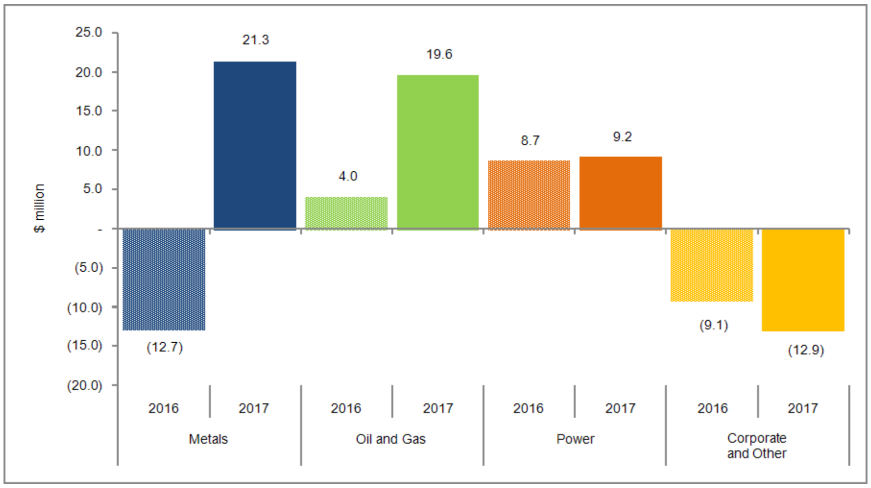
The average reference price for Gulf Coast Fuel Oil #6 was 116% higher than the same period in the prior year as the market recovers from the multi-year low prices experienced at the beginning of 2016. Production and sales volumes at Oil and Gas for the three months ended March 31, 2017 were negatively impacted by lower gross working-interest oil production in Cuba due to natural reservoir declines and the absence of new development drilling.

Unrealized foreign exchange gain for the three months ended March 31, 2017 was $7.3 million compared to $76.0 million in the same period in the prior year. Unrealized exchange gains/losses are determined by the change in period-end exchange rates and the balance of the Corporation's U.S. dollar denominated net liabilities.

ADJUSTED EBITDA[1]

With the increase in nickel, cobalt and oil prices, the Corporation realized its second consecutive quarter of positive adjusted EBITDA at each of its operating divisions.

Total combined adjusted EBITDA for the three months ended March 31, 2017 was $37.2 million compared to $(9.1) million in the same period in the prior year. Adjusted EBITDA is composed of the following:



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

CONSOLIDATED FINANCIAL POSITION

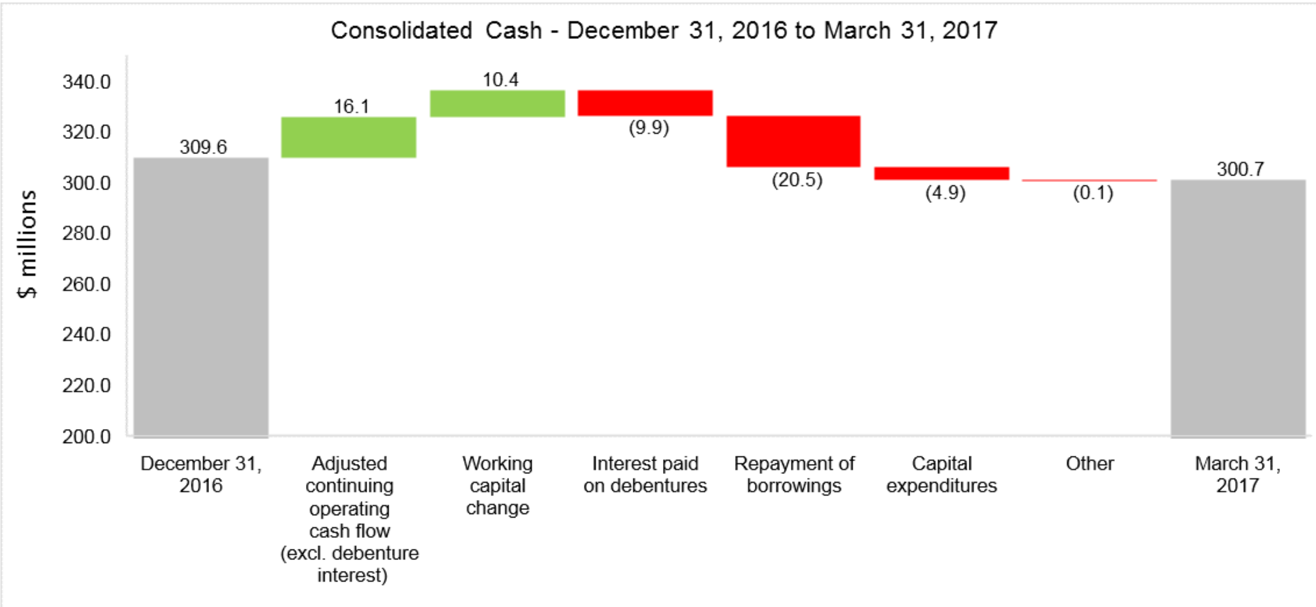
The following table summarizes the significant items as derived from the consolidated statements of financial position:

$ millions, except as noted, as at	**2017 March 31**	2016 December 31	Change
Financial Condition			
Cash, cash equivalents and short-term investments	**$ 300.7**	$ 309.6	(3%)
Net working capital balance	**452.0**	494.9	(9%)
Current ratio	**2.76:1**	3.19:1	-
Total assets	**3,724.0**	3,806.9	(2%)
Non-recourse loans and borrowings	**1,356.8**	1,367.5	(1%)
Other loans and borrowings	**840.2**	860.7	(2%)
Total liabilities	**2,715.8**	2,709.0	-
Shareholders' equity	**1,008.2**	1,097.9	(8%)

LIQUIDITY

At March 31, 2017 total available liquidity was $315.1 million which is composed of available cash, cash equivalents, short term investments and $14.4 million of available credit facilities at March 31, 2017.

Cash, cash equivalents and short-term investments at March 31, 2017 decreased by $8.9 million from December 31, 2016. The components of this change is shown below:



The change in liquidity is primarily due to:

- positive adjusted operating cash flow as a result of higher commodity prices and lower operating costs primarily at Oil and Gas;
- collections of Cuban energy receivables;
- payment of interest on the Corporation's debentures; and
- repayment of $20.5 million on the Corporation's syndicated revolving-term loan during the quarter.

Outlook

2017 PRODUCTION, OPERATING COST AND CAPITAL SPENDING GUIDANCE

Production, operating cost and capital spending guidance is unchanged from December 31, 2016.

Production volumes, unit operating costs and spending on capital	Guidance at 2016 December 31	Actual 2017 March 31	Revised Projected 2017
Production volumes			
Nickel, finished (tonnes, 100% basis)			
Moa Joint Venture	33,000-34,000	7,680	No change
Ambatovy Joint Venture	48,000-52,000	9,543	No change
Total	81,000-86,000	17,223	No change
Cobalt, finished (tonnes, 100% basis)			
Moa Joint Venture	3,500-3,800	872	No change
Ambatovy Joint Venture	3,800-4,100	808	No change
Total	7,300-7,900	1,680	No change
Oil – Cuba (gross working-interest, bopd)	11,500-12,500	15,213	No change
Oil and Gas – All operations (net working-interest, boepd)	6,400-7,000	8,889	No change
Electricity (GWh, 33⅓% basis)	850-900	217	No change
Unit operating costs			
NDCC (US$ per pound)			
Moa Joint Venture	3.20-3.70	3.25	No change
Ambatovy Joint Venture	3.10-3.70	3.93	No change
Total	3.14-3.70	3.59	No change
Oil and Gas - Cuba (unit operating costs, $ per barrel)	11.00-12.00	8.66	No change
Electricity (unit operating cost, $ per MWh)	18.75-19.50	15.95	No change
Spending on capital (US$ millions)			
Metals – Moa Joint Venture (50% basis), Fort Site (100% basis) (1)	US$28 (38)	US$2 (2)	No change
Metals – Ambatovy Joint Venture (40% basis)	US$45 (61)	US$6 (8)	No change
Oil and Gas	US$55 (73)	US$2 (3)	No change
Power (33⅓% basis)	US$1 (2)	US$1 (1)	No change
Spending on capital (excluding Corporate)	US$129 (174)	US$11 (14)	No change

(1) Spending is 50% of US$ expenditures for Moa JV and 100% expenditures for Fort Site fertilizer and utilities.

Review of operations

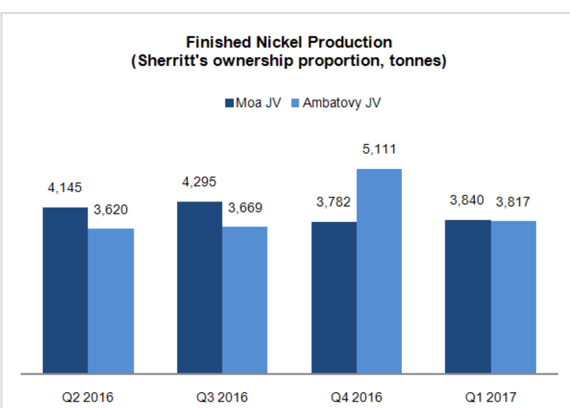
METALS

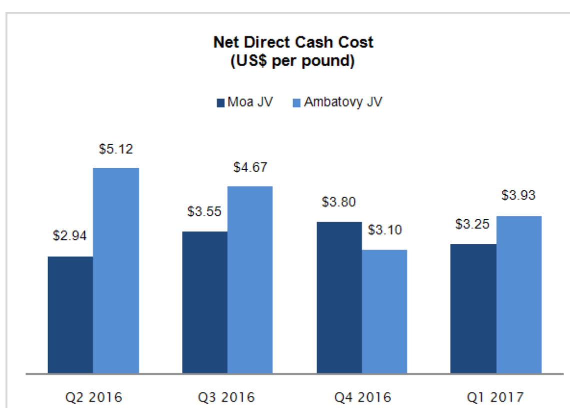
Financial Review

$ millions, except as otherwise noted, for the three months ended March 31	2017				2016				
	Moa JV and Fort Site	**Ambatovy JV**	**Other**	**Total**	Moa JV and Fort Site	Ambatovy JV	Other	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	**$ 90.4**	**$ 74.8**	**$ 14.3**	**$ 179.5**	$ 76.7	$ 65.1	$ 11.2	$ 153.0	17%
(Loss) earnings from operations	**2.0**	**(29.0)**	**0.3**	**(26.7)**	(11.3)	(49.9)	0.3	(60.9)	56%
Adjusted EBITDA[1]	**12.8**	**8.2**	**0.3**	**21.3**	(0.2)	(12.8)	0.3	(12.7)	268%
CASH FLOW									
Cash provided (used) by operations	**14.8**	**(2.3)**	**1.6**	**14.1**	(3.0)	(5.5)	4.2	(4.3)	428%
Free cash flow[1]	**12.6**	**(6.3)**	**1.6**	**7.9**	(10.6)	(5.5)	4.2	(11.9)	166%
Adjusted operating cash flow[1]	**9.1**	**7.1**	**0.5**	**16.7**	(1.8)	(13.0)	0.3	(14.5)	215%
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**4,282**	**4,317**	**-**	**8,599**	4,321	4,571	-	8,892	(3%)
Finished Nickel	**3,840**	**3,817**	**-**	**7,657**	4,242	4,442	-	8,684	(12%)
Finished Cobalt	**436**	**323**	**-**	**759**	499	365	-	864	(12%)
Fertilizer	**58,868**	**11,796**	**-**	**70,664**	70,907	14,355	-	85,262	(17%)
NICKEL RECOVERY (%)	**85%**	**85%**			88%	87%			
SALES VOLUMES (tonnes)									
Finished Nickel	**3,862**	**3,810**	**-**	**7,672**	4,141	4,491	-	8,632	(11%)
Finished Cobalt	**421**	**354**	**-**	**775**	468	332	-	800	(3%)
Fertilizer	**37,454**	**12,447**	**-**	**49,901**	31,713	14,107	-	45,820	9%
AVERAGE REFERENCE PRICES (US$ per pound)									
Nickel				**$ 4.66**				$ 3.86	21%
Cobalt[2]				**19.80**				10.70	85%
AVERAGE-REALIZED PRICES[1]									
Nickel ($ per pound)	**$ 6.19**	**$ 6.15**	**$ -**	**$ 6.17**	$ 5.17	$ 5.15	$ -	$ 5.16	20%
Cobalt ($ per pound)	**24.19**	**26.75**	**-**	**25.38**	13.84	15.39	-	14.52	75%
Fertilizer ($ per tonne)	**343**	**164**	**-**	**297**	391	186	-	327	(9%)
UNIT OPERATING COSTS[1] (US$ per pound)									
Nickel - net direct cash cost	**$ 3.25**	**$ 3.93**	**$ -**	**$ 3.59**	$ 3.34	$ 4.41	$ -	$ 3.90	(8%)
SPENDING ON CAPITAL									
Sustaining	**$ 2.1**	**$ 8.4**	**$ -**	**$ 10.5**	$ 3.8	$ 1.7	$ -	$ 5.5	91%
Expansion	**-**	**-**	**-**	**-**	4.0	-	-	4.0	(100%)
	$ 2.1	**$ 8.4**	**$ -**	**$ 10.5**	$ 7.8	$ 1.7	$ -	$ 9.5	11%

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

(2) Average low-grade cobalt published price per Metals Bulletin.



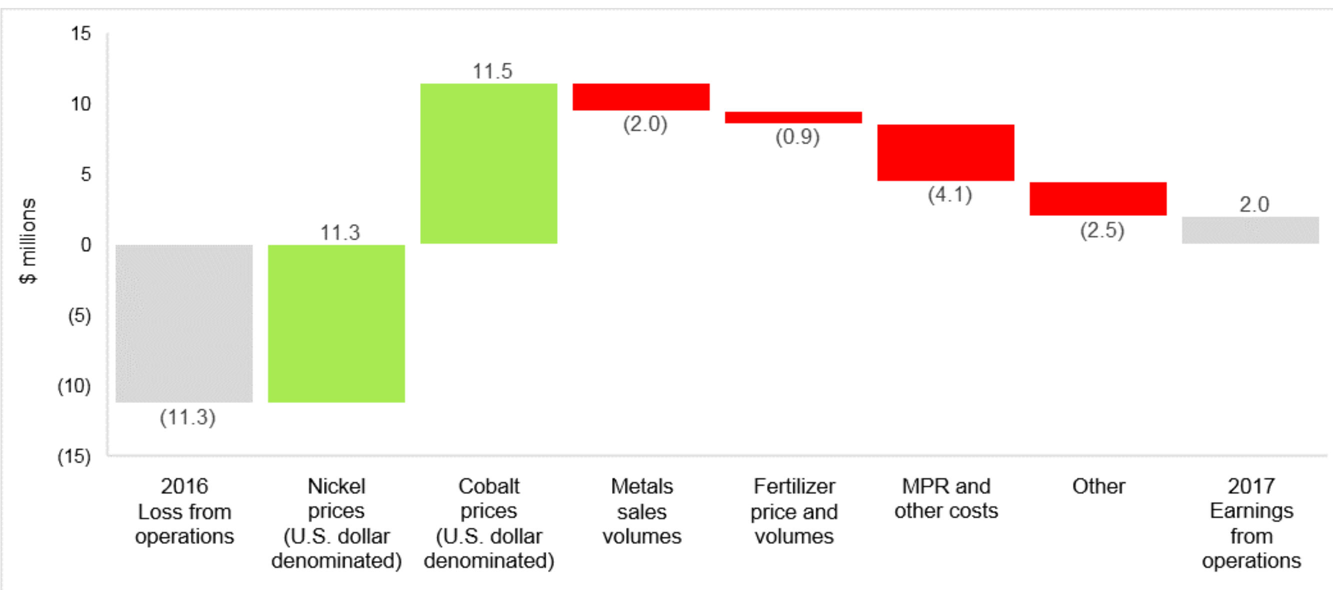


Moa Joint Venture and Fort Site

$ millions, except as otherwise noted, for the three months ended March 31		2017		2016	Change
REVENUE					
Nickel	**$**	**52.7**	$	47.2	12%
Cobalt		**22.5**		14.3	57%
Fertilizers		**12.8**		12.4	3%
Other		**2.4**		2.8	(14%)
	$	**90.4**	$	76.7	18%
COST OF SALES[1]					
Mining, processing and refining	**$**	**51.8**	$	56.5	(8%)
Third-party feed costs		**5.5**		2.9	90%
Fertilizers		**9.2**		7.8	18%
Selling costs		**4.2**		3.6	17%
Other		**5.2**		3.7	41%
	$	**75.9**	$	74.5	2%
NET DIRECT CASH COST[2] (US$ per pound of nickel)					
Mining, processing and refining costs	**$**	**4.75**	$	4.45	7%
Third-party feed costs		**0.49**		0.23	113%
Cobalt by-product credits		**(1.99)**		(1.15)	(73%)
Other[3]		**-**		(0.19)	100%
	$	**3.25**	$	3.34	(3%)

(1) Excludes depletion, depreciation and amortization
(2) For additional information see the Non-GAAP measures section.
(3) Includes the Moa Joint Venture and Fort Site refinery fertilizer by-product profit or loss and marketing costs, discounts, and other by-product credits.

The change in earnings from operations between Q1- 2017 and Q1-2016 is detailed below:



Realized prices for nickel and cobalt were higher for the three months ended March 31, 2017 compared to the same period in the prior year reflecting higher reference prices. Realized prices for both nickel and cobalt were negatively impacted by a strengthening of the Canadian dollar relative to the U.S. dollar.

Finished nickel and cobalt production for the three months ended March 31, 2017 were lower compared to the same period in the prior year primarily due to the impact of lower mixed sulphides availability early in the current quarter as a result of lower mixed sulphides production in the fourth quarter of 2016 following Hurricane Matthew. Refinery operations were optimized to maintain continuous feed into the plant until mixed sulphide availability returned to normal levels. The impact of lower mixed sulphides availability was partly offset by increased third party feed usage.

Fertilizer's contributions to operating earnings for the three months ended March 31, 2017 were lower compared to the same period in the prior year as lower realized prices were partly offset by higher sales volumes. Higher sales volumes reflected stronger demand ahead of the spring season compared to the same period in the prior year.

Net direct cash cost of nickel (NDCC) for the three months ended March 31, 2017 was lower compared to the same period in 2016 primarily as lower metals sales volumes, higher fuel oil prices, higher third party feed costs, higher planned maintenance and lower net fertilizer by-product credits were more than offset by higher cobalt credits. NDCC benefited by approximately US$0.50 from the use of internally produced acid from Moa's new acid plant.

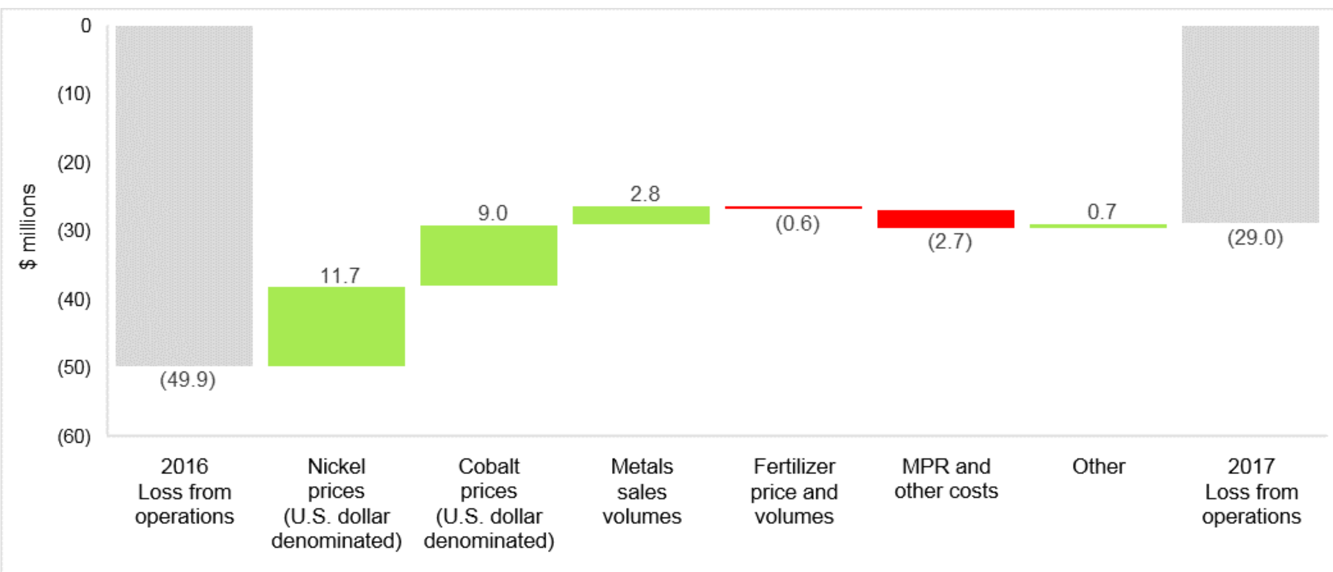
Sustaining capital spending was lower in the three months ended March 31, 2017 compared to the same periods in the prior year reflecting timing of expenditures. Expansion spending in 2016 was related to the acid plant. The Moa Joint Venture is expected to continue to operate and fund capital expenditures through internally generated joint venture cash flows and/or external loans, without shareholder funding.

Ambatovy

$ millions, except as otherwise noted, for the three months ended March 31		**2017**		2016	Change
REVENUE					
Nickel	**$**	**51.6**	$	51.1	1%
Cobalt		**20.9**		11.3	85%
Fertilizers		**2.0**		2.6	(23%)
Other		**0.3**		0.1	200%
	$	**74.8**	$	65.1	15%
COST OF SALES(1)					
Mining, processing and refining	**$**	**58.5**	$	68.3	(14%)
Third-party feed costs		**3.0**		3.8	(21%)
Other		**1.5**		1.2	25%
	$	**63.0**	$	73.3	(14%)
NET DIRECT CASH COST(2) (US$ per pound of nickel)					
Mining, processing and refining costs	**$**	**5.53**	$	4.91	13%
Cobalt by-product credits		**(1.72)**		(0.67)	(157%)
Other(3)		**0.12**		0.17	(29%)
	$	**3.93**	$	4.41	(11%)

(1) Excludes depletion, depreciation and amortization.
(2) For additional information see the Non-GAAP measures section.
(3) Includes selling costs, discounts and other by-product credits.

The change in earnings from operations between Q1-2017 and Q1-2016 is detailed below:



Realized prices for nickel and cobalt were higher for three months ended March 31, 2017 compared to the same period in the prior year reflecting higher reference prices. Realized prices for both nickel and cobalt were negatively impacted by a strengthening of the Canadian dollar relative to the U.S. dollar.

Nickel sales volumes were consistent with lower production volume for the three months ended March 31, 2017. Sales of cobalt in the first quarter of 2017 were higher than production as one shipment delayed at the end of 2016 was shipped in 2017.

Production of nickel was lower in the first quarter of 2017 compared to the same period in the prior year reflecting the impact of a power trip in late January as well as limited acid production in February caused by unplanned repairs required on a molten sulphur tank. Production returned to normal levels at the end of the quarter, although ongoing repairs in the sulphuric acid production area continue to affect production into the second quarter. In early March, Madagascar was also hit by Cyclone Enawo, the third most damaging cyclone on record in the country. Ambatovy was able to continue operating through the cyclone event, although production rates were significantly decreased due to impacts of extreme wind and rain on open pit mining operations and bulk commodity handling in the process plant.

Finished nickel production for the three months ended March 31, 2017 represents 64% of design capacity, compared to 74% in the same period in the prior year. Production was 76% of design capacity for the month of March 2017, following the production interruptions above.

Net direct cash cost of nickel for the three months ended March 31, 2017 was lower compared to the same period in the prior year primarily due to higher cobalt credits which more than offset the impact of lower nickel sales volume and higher maintenance costs.

Spending on capital increased in three months ended March 31, 2017, reflecting timing of planned spending. Capital spending for Ambatovy is focused on sustaining capital for mining and production equipment, specifically the purchase of articulated dump trucks. Sherritt continues not to fund the Ambatovy Joint Venture; capital expenditures are to be funded from the joint venture cash flows.

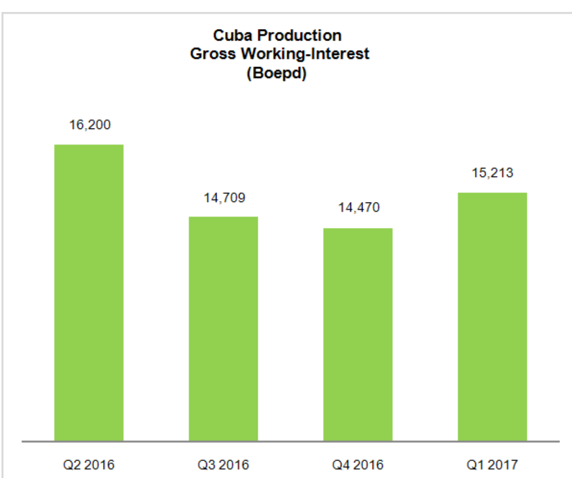
OIL AND GAS

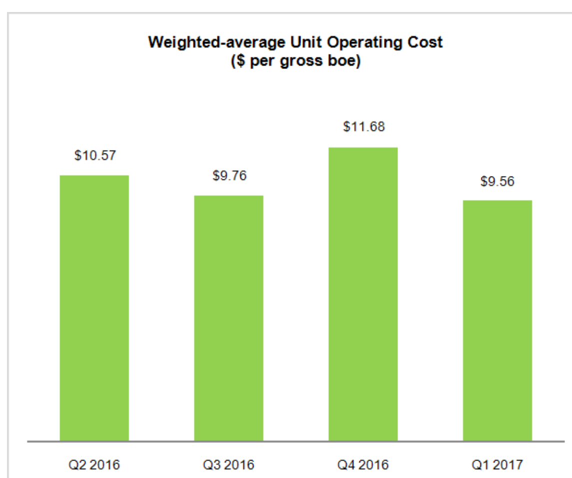
Financial review

$ millions, except as otherwise noted, for the three months ended March 31		2017		2016	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**35.3**	$	22.4	58%
Earnings (loss) from operations		**11.0**		(8.7)	226%
Adjusted EBITDA[1]		**19.6**		4.0	390%
CASH FLOW					
Cash provided by operations		**14.0**		2.6	438%
Free cash flow[1]		**10.3**		(2.4)	529%
Adjusted operating cash flow[1]		**14.9**		2.5	496%
PRODUCTION AND SALES[2]					
Gross working-interest (GWI) - Cuba		**15,213**		16,449	(8%)
Total net working-interest (NWI)		**8,889**		10,504	(15%)
AVERAGE REFERENCE PRICES (US$ per barrel)					
West Texas Intermediate (WTI)	**$**	**51.62**	$	33.40	55%
Gulf Coast Fuel Oil No. 6		**45.63**		21.13	116%
Brent		**53.33**		33.64	59%
AVERAGE-REALIZED PRICES[1] (per NWI)					
Cuba ($ per barrel)	**$**	**43.62**	$	21.80	100%
Spain ($ per barrel)		**70.19**		45.84	53%
Pakistan ($ per boe)[2]		**10.62**		10.77	(1%)
Weighted-average ($ per boe)		**42.77**		22.27	92%
UNIT OPERATING COSTS[1][2] (per GWI)					
Cuba ($ per barrel)	**$**	**8.66**	$	9.53	(9%)
Spain ($ per barrel)		**61.06**		50.30	21%
Pakistan ($ per boe)[2]		**7.92**		9.33	(15%)
Weighted-average ($ per boe)		**9.56**		10.35	(8%)
SPENDING ON CAPITAL					
Development, facilities and other	**$**	**(0.8)**	$	4.1	(120%)
Exploration		**3.8**		0.6	533%
	$	**3.0**	$	4.7	(36%)

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

(2) Oil production is stated in barrels of oil per day (bopd). Natural gas production is stated in barrels of oil equivalent per day (boepd), which is converted at 6,000 cubic feet per barrel. Collectively, oil and natural gas production are stated in barrels of oil equivalent per day (boepd).



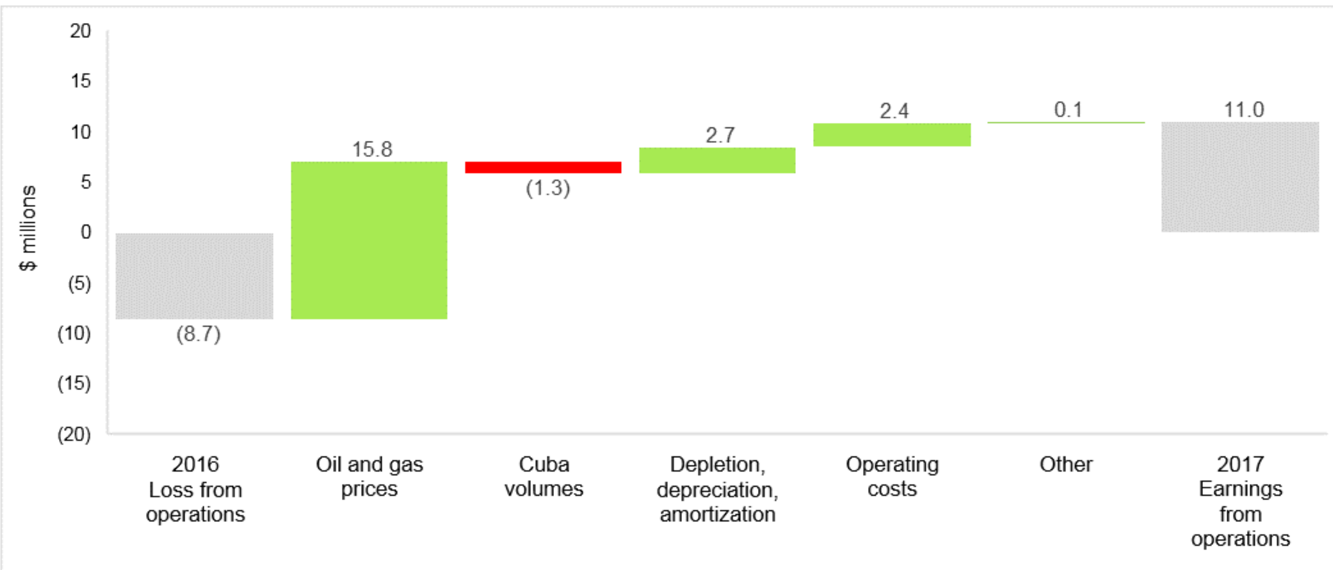


$ million, except as otherwise noted, for the three months ended March 31		2017		2016	Change
REVENUE					
Cuba	**$**	**32.1**	$	19.6	64%
Spain		**1.7**		1.4	21%
Pakistan		**0.4**		0.3	33%
Processing		**1.1**		1.1	-
	$	**35.3**	$	22.4	58%
DAILY PRODUCTION AND SALES VOLUMES (boepd)(1)(2)					
Gross working-interest oil production in Cuba		**15,213**		16,449	(8%)
Net working-interest oil production					
Cuba (heavy oil)					
Cost recovery		**2,395**		4,443	(46%)
Profit oil		**5,768**		5,447	6%
Total		**8,163**		9,890	(17%)
Spain (light oil)		**275**		334	(18%)
Pakistan (natural gas)		**451**		280	61%
		8,889		10,504	(15%)

(1) In Cuba, Oil and Gas delivers all of its gross working-interest oil production to CUPET at the time of production.

(2) For additional information regarding determination of gross working-interest and net working–interest, see the Corporation's MD&A for the year ended December 31, 2016.

The change in earnings from operations between Q1-2017 and Q1-2016 is detailed below:



Reference prices in the first quarter of 2017 and were significantly higher than in the same period in the prior year. The resulting higher realized prices were negatively impacted by a strengthening of the Canadian dollar relative to the U.S. dollar.

Gross working-interest oil production in Cuba decreased for the three months ended March 31, 2017 compared to the same period in the prior year primarily due to natural reservoir declines and the absence of new development drilling.

Cost-recovery oil production in Cuba for the three months decreased compared to the same period in the prior year as a result of lower cost-recovery spending and the impact of higher oil prices in the three months ended March 31, 2017.

Profit oil production, which represents Sherritt's share of production after cost recovery volumes are deducted from GWI volumes, was marginally higher in the three months ended March 31, 2017 as a result of a reduction in cost recovery oil volumes.

Unit operating costs were lower in Cuba in the three months ended March 31, 2017 compared to the same period in the prior year as result of lower labour and treatment and transportation costs.

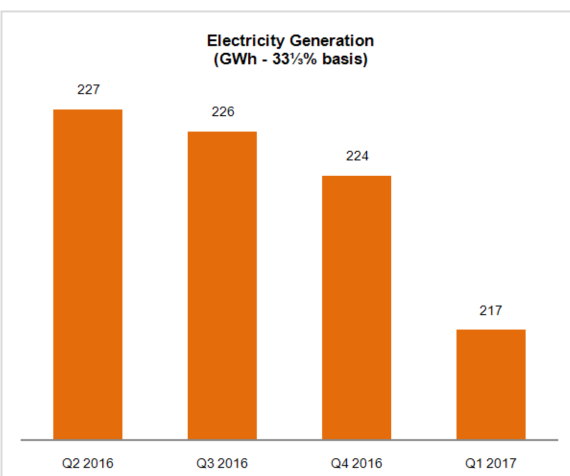
Negative development spending in the three months ended March 31, 2017 reflects reversal of previous accruals. Spending continues to focus on Block 10 drilling; however, spending on Block 10 was minimal in the quarter as the first well drilling results were being analyzed.

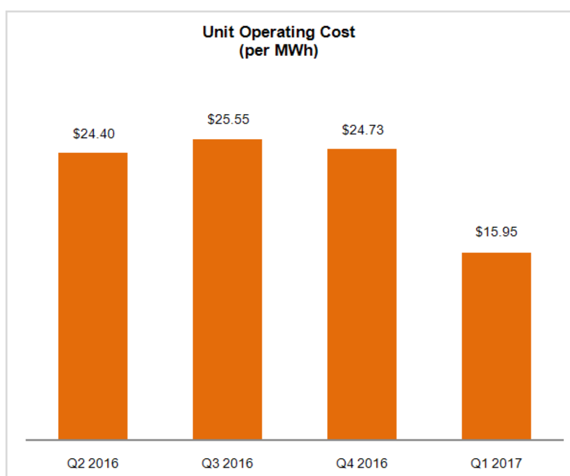
POWER

Financial review

$ millions (33⅓% basis), except as otherwise noted, for the three months ended March 31		2017		2016	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**13.4**	$	15.6	(14%)
Earnings (loss) from operations		**2.8**		(0.2)	1,500%
Adjusted EBITDA(1)		**9.2**		8.7	6%
CASH FLOW					
Cash provided by operations		**12.8**		0.9	1,322%
Free cash flow(1)		**12.0**		0.8	1,400%
Adjusted operating cash flow(1)		**8.9**		6.5	37%
PRODUCTION AND SALES (GWh(2))					
Electricity		**217**		217	-
AVERAGE-REALIZED PRICES(1)($ per MWh(2))					
Electricity	**$**	**56.30**	$	58.27	(3%)
UNIT OPERATING COSTS(1) ($ per MWh)					
Base	**$**	**15.50**	$	14.86	4%
Non-base(3)		**0.45**		2.00	(78%)
		15.95		16.86	(5%)
SPENDING ON CAPITAL AND SERVICE CONCESSION ARRANGEMENTS					
Sustaining	**$**	**0.8**	$	0.1	700%
Service concession arrangements		**-**		1.9	(100%)
	$	**0.8**	$	2.0	(60%)

(1) For additional information see the Non-GAAP measures section.
(2) Gigawatt hours (GWh), Megawatt hours (MWh).
(3) Costs incurred at the Boca de Jaruco and Puerto Escondido facilities that otherwise would have been capitalized if these facilities were not accounted for as service concession arrangements.



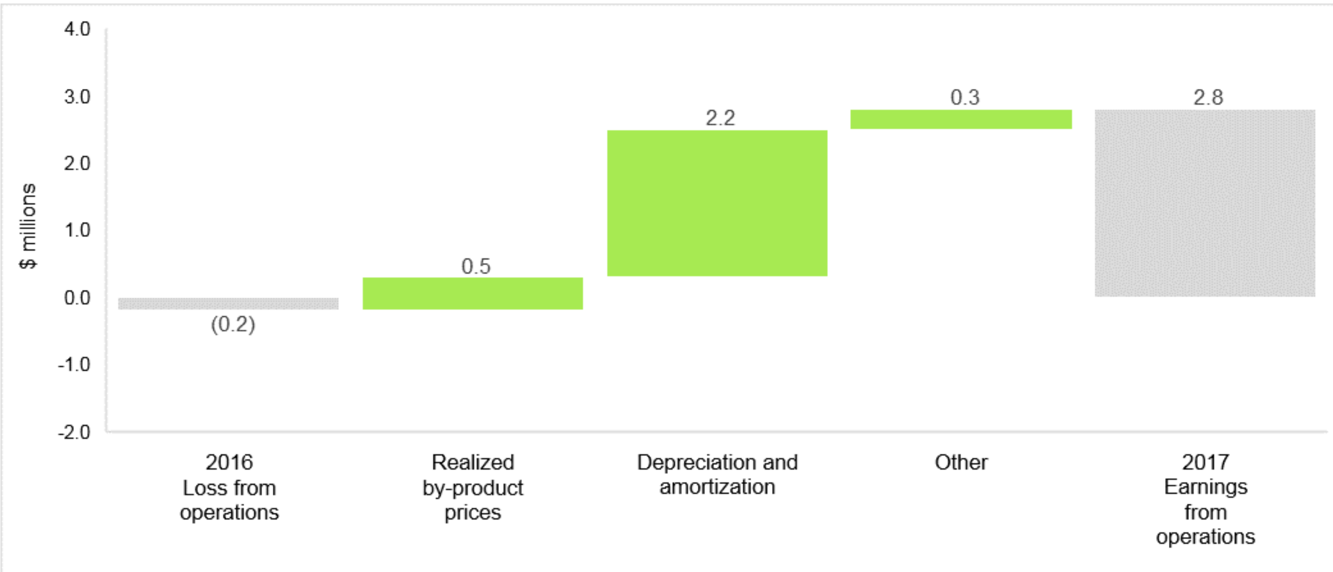


Power revenue is composed of the following:

$ millions (33⅓% basis), for the three months ended March 31		2017		2016	Change
Electricity sales	**$**	**12.2**	$	12.7	(4%)
By-products and other		**1.2**		1.0	20%
Construction activity(1)		**-**		1.9	(100%)
	$	**13.4**	$	15.6	(14%)

(1) Value of construction, enhancement or upgrading activity of the Boca de Jaruco and Puerto Escondido facilities. The contractual arrangements related to the activities of these facilities are treated as service concession arrangements for accounting purposes. Construction activity revenue is offset equally by construction activity expenses recorded in cost of goods sold.

The change in earnings from operations between Q1-2017 and Q1-2016 is detailed below:



Production and electricity sales volumes were unchanged for the three months ended March 31, 2017 compared to the same period in the prior year. The average-realized price of electricity was lower for the three months ended March 31, 2017 compared to the same period in the prior year primarily due to a strengthening of the Canadian dollar relative to the U.S. dollar.

Unit operating cost decreased for the three months ended March 31, 2017 compared to the same period in the prior year primarily due to a strengthening of the Canadian dollar relative to the U.S. dollar.

Depreciation was lower for the three months ended March 31, 2017 compared to the same period in the prior year as a result of the extension of the Varadero contract term in December 2016 from 2018 to 2023.

Capital spending was lower for the three months ended March 31, 2017 compared to the same period in the prior year as there was no service concession spending in the first quarter of 2017.

Investment in Ambatovy

AMBATOVY JOINT VENTURE FUNDING AND SHAREHOLDERS AGREEMENT

Sherritt continues not to fund further cash calls due to the structure of the Ambatovy partner loans, which, at current nickel prices, effectively reduces Sherritt's 40% interest in Ambatovy to a 12% economic interest[(1)]. Sherritt continues to serve as operator. The outcome of ongoing partner discussions is not certain – for additional information see the *"Ambatovy Liquidity and Funding Risks"* and *"Restrictions in Debt Instruments, Debt Covenants and Mandatory Repayments"* in this Corporation's 2016 AIF.

Total post-financial completion cash funding provided by Sumitomo and KORES is US$173.0 million, pursuant to total post-financial completion cash calls of US$288.3 million, with cash funding of nil provided during the three months ended March 31, 2017. Sherritt has not funded any portion of these cash calls, and continues not to fund. Sherritt's unfunded amounts remain payable. These amounts will be subtracted from future Ambatovy Joint Venture distributions, or may be set off against other amounts owed to Sherritt.

As Sherritt continues not to fund the Ambatovy Joint Venture, capital expenditures are to be funded from the joint venture cash flows.

By agreement amongst the partners, Sherritt is not considered to be a defaulting shareholder under the Shareholders Agreement for amounts not funded through May 2, 2017 while discussions continue regarding the partnership structure and future funding arrangements.

(1) 70% of Sherritt's distributable cash flow from Ambatovy (after opex, capex and project debt service) goes to Partner Loan repayment, leaving Sherritt with 30%; 30% of Sherritt's 40% ownership = 12%.

NET INVESTMENT IN AMBATOVY

Management reviews its investment in Ambatovy (Net Investment) on a net basis as management believes this more accurately reflects its exposure to and potential returns from Ambatovy. The Corporation defines its Net Investment in Ambatovy as its Investment in Associate plus Ambatovy subordinated loans receivable less the Corporation's non-recourse Ambatovy Joint Venture Additional Partner Loans as reported in the financial statements. For additional information see the Non-GAAP measures section.

The Ambatovy Joint Venture additional partner loans were used to fund a portion of Sherritt's contributions to the Ambatovy Joint Venture. These loans are non-recourse to the Corporation. Interest and principal on these loans will be repaid solely through the Corporation's share of the distributions from the Ambatovy Joint Venture. The Corporation categorizes recourse and non-recourse debt differently because lenders of non-recourse debt do not have access to the Company's assets and repayment is solely from distributions of the Ambatovy Joint Venture, resulting in a significantly different debt to capital structure as shown in the table below.

The table below reconciles the Net Investment in Ambatovy to the consolidated statement of financial position:

Unaudited, Canadian $ millions, as at		**2017 March 31**	Investment in Associate	Ambatovy Subordinated Loan Receivable	Non-recourse Ambatovy JV Partner Loans	**Adjusted 2017 March 31**	Adjusted 2016 December 31[1]
ASSETS							
Current assets	$	708.6 $	- $	- $	- $	708.6 $	720.9
Non-current assets							
Advances, loans receivable and other financial assets		1,503.5	-	(896.1)	-	607.4	599.3
Investment in an associate		757.6	(757.6)	-	-	-	-
Net investment in Ambatovy		-	757.6	896.1	(1,356.8)	296.9	343.8
Other non-current assets		754.3	-	-	-	754.3	775.4
Total assets	$	3,724.0 $	- $	- $	(1,356.8)$	2,367.2 $	2,439.4
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities	$	256.6 $	- $	- $	- $	256.6 $	226.0
Non-current liabilities							
Non-recourse loans and borrowings		1,356.8	-	-	(1,356.8)	-	-
Loans and borrowings		817.7	-	-	-	817.7	817.7
Other non-current liabilities		284.7	-	-	-	284.7	297.8
Total liabilities		2,715.8	-	-	(1,356.8)	1,359.0	1,341.5
Shareholders' equity		1,008.2	-	-	-	1,008.2	1,097.9
Total liabilities and shareholders' equity	$	3,724.0 $	- $	- $	(1,356.8)$	2,367.2 $	2,439.4
Total debt-to-capital [2]		70%				50%	48%

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

(2) Calculated as total debt divided by the sum of total debt and shareholders' equity.

Liquidity and capital resources

Total available liquidity at March 31, 2017 was $315.1 million which is composed of available cash, cash equivalents, short term investments and $14.4 million available on the syndicated revolving-term credit facility at March 31 2017.

In April 2017, approximately $17 million of the syndicated revolving-term credit facility matures. Additionally, approximately $3 million of this credit facility matures in each of July 2017, October 2017 and January 2018.

CASH AND SHORT-TERM INVESTMENTS

The Corporation's cash balances are deposited with major financial institutions rated A- or higher by Standard & Poor's, except for institutions located in Madagascar and Cuba that are not rated.

$ millions, as at March 31, 2017		Cash		Cash equivalents and short-term investments		Total
Canada	$	82.4	$	177.0	$	259.4
Cuba		35.2		-		35.2
Other		6.1		-		6.1
	$	123.7	$	177.0	$	300.7

Sherritt's share of cash in the Moa Joint Venture and Ambatovy Joint Venture, not included in the above balances:		
Moa Joint Venture	$	11.4
Ambatovy Joint Venture		26.0
	$	37.4

SOURCES AND USES OF CASH

The Corporation's cash flows from operating, investing and financing activities are summarized in the following table as derived from Sherritt's consolidated statements of cash flow.

$ millions, for the three months ended March 31		**2017**		2016	Change
Cash provided (used) by operating activities					
Oil and Gas operating cash flow	**$**	**14.0**	$	2.6	438%
Power operating cash flow		**12.8**		0.9	1322%
Fort Site operating cash flow		**8.4**		0.3	2700%
Interest received on Moa Joint Venture loans		**0.7**		0.7	-
Interest paid on debentures		**(9.9)**		(10.3)	4%
Corporate, Metals Other and other operating cash flow		**(9.4)**		(3.9)	(141%)
Cash provided by continuing operations		**16.6**		(9.7)	271%
Cash used by discontinued operations[(1)]		**(0.1)**		(2.9)	97%
	$	**16.5**	$	(12.6)	231%
Cash (used) provided by investing and financing activities					
Property, plant, equipment and intangible expenditures	**$**	**(4.9)**	$	(6.4)	23%
Receipts of advances, loans receivable and other financial assets		**-**		0.4	(100%)
Repayment of loans, borrowings and other financial liabilities		**(20.5)**		(45.4)	55%
Issuance of common shares		**0.1**		-	-
Other		**(0.1)**		(1.5)	93%
	$	**(25.4)**	$	(52.9)	52%
		(8.9)		(65.5)	86%
Cash, cash equivalents and short-term investments:					
Beginning of the period		**309.6**		435.4	(29%)
End of the period	**$**	**300.7**	$	369.9	(19%)

(1) Cash used by discontinued operations relates to payments made in respect of a provision on Obed tailing pond breach retained by the Corporation following the sale of the Coal operations in 2014.

The following significant items affected the sources and uses of cash:

Cash from continuing operations was higher during the three months ended March 31, 2017 compared to the prior-year period:

- cash from operating activities at Oil and Gas was higher primarily due to better collections of Cuban receivables and higher oil prices;
- interest received on the Energas CSA loan was $nil million for the three months ended March 31, 2017 and the prior-year period; however the Corporation received US$12.6 million on overdue receivables;
- cash from operating activities at Fort Site was higher primarily due to the timing of collections and realization of fertilizer sales; and
- cash used by Corporate, Metals Other and other operating activities were higher primarily due to timing of working capital payments.

Included in investing and financing activities:

- expenditures on property, plant and equipment and intangibles primarily related to Block 10. All other spending was limited to sustaining activities; and
- The Corporation repaid $20.5 million on its syndicated revolving-term credit facility.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table provides a summary of consolidated significant liquidity and capital commitments based on existing commitments and debt obligations (including accrued interest):

Canadian $ millions, as at March 31, 2017	Total	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$ 176.0	$ 176.0	$ -	$ -	$ -	$ -	$ -
Income taxes payable	13.4	13.4	-	-	-	-	-
Senior unsecured debentures	1,106.9	56.0	56.0	56.0	56.0	276.0	606.9
Ambatovy Joint Venture Additional Partner loans (non-recourse)(1)	3,211.0	-	-	-	-	-	3,211.0
Ambatovy Joint Venture Partner loans(1)	158.7	-	-	-	-	-	158.7
Syndicated revolving-term credit facility	23.5	23.5	-	-	-	-	-
Provisions	154.9	19.2	2.3	-	-	-	133.4
Operating leases	16.3	2.9	3.0	3.0	2.5	1.0	3.9
Capital commitments	10.9	10.9	-	-	-	-	-
Other	0.9	-	-	-	-	0.9	-
Total	$ 4,872.5	$ 301.9	$ 61.3	$ 59.0	$ 58.5	$ 277.9	$ 4,113.9

(1) The interest and principal on the loans from the Ambatovy Joint Venture partners will be repaid from the Corporation's share of distributions from the Ambatovy Joint Venture. Amounts are based on management's best estimate of future cash flows including estimating assumptions such as commodity prices, production levels, cash costs of production, capital and reclamation costs. The Ambatovy Joint Venture additional partner loans are non-recourse to Sherritt unless there is a direct breach of certain restrictions stipulated in the loan documents. The maturity analysis table includes an estimate of interest repayments.

Non-recourse Loans and Borrowings

$1.4 billion in loans provided by the Ambatovy Joint Venture partners to finance Sherritt's portion of funding requirements of the Joint Venture bearing interest of six-month LIBOR plus a margin of 7.0%. These loans are non-recourse to the Corporation. Interest and principal on these loans will be repaid solely through the Corporation's share of the distributions from the Ambatovy Joint Venture.

Syndicated revolving-term credit facility

On January 31, 2017, the syndicated revolving-term credit facility was renewed with a maximum credit available of $90.0 million, of which $13.7 million matured on April 21, 2017. Thereafter, the maximum amount available will decrease by 4.167% quarterly beginning April 28, 2017. Collectively, these reductions in available credit will result in outstanding credit of $63.6 million at January 30, 2018. The interest rates increased from prime plus 2.50% or bankers' acceptance plus 3.50% to prime plus 3.50% or bankers' acceptance plus 4.50%. The facility is subject to the following financial covenants and restrictions:

- Net financial debt-to-EBITDA covenant of 4.25:1, increasing to 4.75:1 by maturity;
- EBITDA-to-interest expense covenant of not less than 1.75:1; and
- Limits on capital expenditures, funding of the Ambatovy Joint Venture and Moa Joint Venture, and maintenance of a minimum balance of $180.0 million of cash and cash equivalents and short-term investments held by the Corporation's wholly-owned subsidiaries.

OTHER COMMITMENTS

The following commitments are not reflected in the table above:

Moa Joint Venture

As a result of the Corporation's 50% interest in the Moa Joint Venture, its proportionate share of significant commitments of the joint venture includes the following:

- Environmental rehabilitation commitments of $92.5 million, with no significant payments due in the next five years;
- Advances and loans payable of $239.6 million. Included within advances and loans payable is the loan related to the construction of the acid plant of $22.9 million; interest accrues at 10% per annum and is payable monthly. The acid plant loan is expected to be repaid in full by January 2019.

Ambatovy Joint Venture

As a result of the Corporation's 40% interest in the Ambatovy Joint Venture, its proportionate share of significant commitments of the Joint Venture includes the following:

- Environmental rehabilitation commitments of $250.3 million, with no significant payments due in the next five years;
- Other contractual commitments of $33.7 million;
- Ambatovy revolving credit facility of $20.8 million. The facility bears interest rates between 9.00% and 11.85% and matures on July 31, 2017; and
- The Ambatovy Joint Venture senior debt financing of US$640.4 million ($841.4 million) which is non-recourse to the Joint Venture partners. Interest is payable based on LIBOR plus a weighted-average margin of 2.5%. Deferred principal will be subject to an additional 2% accrued interest calculated from the date of each deferral. On an undiscounted basis, principal and interest repayments are $1.1 billion.

Covenants

Certain of the Corporation's credit facilities, loans and debentures have financial tests and other covenants with which the Corporation and its affiliates must comply. Non-compliance with such covenants could result in accelerated repayment of the related debt or credit facilities and classification of the amounts to current. The Corporation monitors its covenants on an ongoing basis and reports on its compliance with the covenants to its lenders on a quarterly basis.

As at March 31, 2017, there are no events of default on the Corporation's borrowings or debentures.

COMMON SHARES

As at April 26, 2017, the Corporation had 294,595,569 common shares outstanding. An additional 10,730,061 common shares are issuable upon exercise of outstanding stock options granted to employees and directors pursuant to the Corporation's stock option plan and 18,407,271 commons shares issuable on the exercise of warrants.

Managing risk

Sherritt manages a number of risks in each of its businesses in order to achieve an acceptable level of risk without appreciably hindering its ability to maximize returns. Management has procedures to identify and manage significant operational and financial risks. A comprehensive list of the Corporation's significant business risks and strategies designed to manage these risks can be found in the Corporation's Annual Information Form.

Accounting Pronouncements

There have been no new accounting pronouncements issued in the first quarter of 2017 that are expected to impact the Corporation. For a summary of accounting pronouncements issued but not yet effective, see the accounting pronouncements note in the Corporation's audited consolidated financial statements for the year ended December 31, 2016.

Summary of quarterly results

The following table presents a summary of the segment revenue and consolidated operating results for each of the eight quarters ended June 30, 2015 to March 31, 2017.

$ millions, except per share amounts, for the three months ended	**2017 Mar 31**	2016 Dec 31	2016 Sept 30	2016 June 30	2016 Mar 31	2015 Dec 31	2015 Sept 30	2015 June 30
Revenue								
Metals	**$ 179.5**	$ 195.6	$ 143.0	$ 160.5	$ 153.0	$ 183.8	$ 193.4	$ 204.2
Oil and Gas	**35.3**	30.6	27.3	28.3	22.4	30.5	38.5	51.3
Power	**13.4**	13.7	14.4	14.9	15.6	13.7	14.5	12.7
Corporate and Other	**(0.2)**	0.4	(0.2)	0.4	0.3	1.5	0.1	0.2
Combined Revenue(1)	**$ 228.0**	$ 240.3	$ 184.5	$ 204.1	$ 191.3	$ 229.5	$ 246.5	$ 268.4
Adjust joint venture and associate revenue	**(155.6)**	(169.8)	(126.0)	(129.2)	(132.9)	(153.0)	(169.6)	(168.8)
Financial statement revenue	**$ 72.4**	$ 70.5	$ 58.5	$ 74.9	$ 58.4	$ 76.5	$ 76.9	$ 99.6
Share of loss of an associate, net of tax	**(50.1)**	(31.3)	(55.9)	(58.9)	(65.9)	(1,703.2)	(68.6)	(62.6)
Share of (loss) earnings of a joint venture, net of tax	**1.1**	(7.7)	(3.5)	(20.6)	(12.9)	(9.1)	(6.4)	(0.3)
Net loss from continuing operations	**(72.6)**	(109.6)	(120.8)	(103.6)	(47.8)	(1,757.3)	(210.0)	(47.6)
Earnings (loss) from discontinued operations, net of tax(2)	**-**	2.9	-	-	-	-	-	(5.0)
Net loss for the period	**$ (72.6)**	$ (106.7)	$ (120.8)	$ (103.6)	$ (47.8)	$ (1,757.3)	$ (210.0)	$ (52.6)
Net loss per share, basic and diluted ($ per share)								
Net loss from continuing operations	**$ (0.25)**	$ (0.37)	$ (0.41)	$ (0.35)	$ (0.16)	$ (5.99)	$ (0.72)	$ (0.16)
Net loss for the period	**(0.25)**	(0.36)	(0.41)	(0.35)	(0.16)	(5.99)	(0.72)	(0.18)

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

(2) Amounts are insurance recoveries and additional expenses related to the Corporation's Coal operations which were sold in 2014.

In general, net loss or earnings for the Corporation are primarily affected by production and sales volumes, commodity prices, and exchange rates. The average Canadian dollar cost to purchase one U.S. dollar for the above quarters has ranged from $1.23 (Q2-2015) to $1.37 (Q1-2016) and period-end rates between $1.25 (Q2-2015) to $1.38 (Q4-2015).

In addition to the impact of commodity prices and sales volumes, the net losses in the eight quarters were impacted by the following significant items (pre-tax):

- the first quarter of 2017 includes a $7.3 million unrealized foreign exchange gain on net U.S. dollar denominated financial liabilities due to a strengthening of the period-end Canadian dollar relative to the U.S. dollar compared to December 31, 2016;
- the fourth quarter of 2016 includes a $25.7 million unrealized foreign exchange loss.
- the third quarter of 2016 includes an impairment of $8.5 million recognized on oil assets. Net finance expense includes an unrealized foreign exchange loss of $12.8 million;
- the second quarter of 2016 includes a $12.6 million gain on repurchase of $30.0 million of debentures;
- the first quarter of 2016 includes unrealized foreign exchange gains of $76.0 million, due to the significant strengthening of the period-end Canadian dollar relative to the U.S. dollar compared to the December 31, 2015;
- the fourth quarter of 2015 includes an impairment of $1.6 billion recognized on Ambatovy Joint Venture assets and an unrealized foreign exchange loss of $18.3 million;

- the third quarter of 2015 includes an impairment of $80.6 million recognized on oil assets. Net finance expense includes a loss on financial instruments of $13.7 million related to the expiry of the Ambatovy call option and an unrealized foreign exchange loss of $10.2 million;
- the second quarter of 2015 includes a gain on sale of the Corporation's head office building of $19.1 million and an additional tax recovery of $13.2 million related to tax rate reductions in Cuba;

Off-balance sheet arrangements

The Corporation has no foreign exchange or commodity options, futures or forward contracts.

Transactions with related parties

The Corporation enters into transactions related to its investment in an associate and joint arrangements. For further detail, refer to Note 7, 8 and 19 of the Corporation's March 31, 2017 condensed consolidated financial statements. Transactions between related parties are generally based on standard commercial terms. All amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received on the outstanding amounts. No expense has been recognized in the current or prior periods for bad debts in respect of amounts owed by related parties.

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Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal control over financial reporting means a process designed by or under the supervision of the CEO and CFO, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The internal controls are not expected to prevent and detect all misstatements due to error or fraud.

As at March 31, 2017, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the quarter ended March 31, 2017, the Corporation did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Supplementary information

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation's net earnings and earnings per share from continuing operations for the three months ended March 31, 2017 from a change in selected key variables. The impact is measured changing one variable at a time and may not necessarily be indicative of sensitivities on future results.

Factor		Increase	Approximate change in quarterly net earnings ($ millions) Increase/(decrease)	Approximate change in quarterly basic EPS Increase/(decrease)
Prices				
Nickel - LME price per pound[1]	US$	1.00	$ 21	$ 0.07
Cobalt - Metal Bulletin price per pound[1]	US$	5.00	10	0.03
Oil -U.S. Gulf Coast Fuel Oil No. 6 price per barrel	US$	5.00	3	0.01
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	58	0.20
Operating costs[1]				
Natural gas - per gigajoule (Moa Joint Venture)	$	1.00	(1)	-
Sulphur - per tonne (Moa Joint Venture and Ambatovy)	US$	25.00	(2)	(0.01)
Coal - per tonne (Ambatovy)	US$	20.00	(1)	-
Limestone - per tonne (Ambatovy)	US$	5.00	(1)	-

(1) Variable changes are applied at the operating level with the approximate change in net earnings and basic EPS representing the Corporation's 50% interest in the Moa Joint Venture and 40% interest in the Ambatovy Joint Venture.

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.

Combined results

The Corporation presents combined revenue, combined cost of sales, combined administrative expenses, combined net finance expense, and combined income taxes (together, combined results) as measures which help management assess the Corporation's financial performance across its business units. The combined results include the Corporation's consolidated financial results, and the results of its 50% share of the Moa Joint Venture and its 40% share of the Ambatovy Joint Venture, both of which are accounted for using the equity method for accounting purposes. Management uses these measures to reflect the Corporation's economic interest in its business units prior to the application of equity accounting.

$ millions, for the three months ended March 31		2017		2016	Change
Revenue by operations					
Metals	**$**	**179.5**	$	153.0	17%
Oil and Gas		**35.3**		22.4	58%
Power		**13.4**		15.6	(14%)
Corporate and Other		**(0.2)**		0.3	(167%)
Combined revenue	**$**	**228.0**	$	191.3	19%
Adjust joint venture and associate		**(155.6)**		(132.9)	
Financial statement revenue	**$**	**72.4**	$	58.4	24%

Adjusted EBITDA

The Corporation defines Adjusted EBITDA as earnings (loss) from operations, associate and joint venture as reported in the financial statements for the period adjusted for depletion, depreciation and amortization; impairment charges for long lived assets, intangible assets, goodwill and investments; and gain or loss on disposal of property, plant and equipment of the Corporation, associate and joint venture. The exclusion of impairment charges eliminates the non-cash impact. The Corporation believes that Adjusted EBITDA provides useful information to investors in evaluating our operating results in the same manner as management and the board of directors.

The tables below reconcile Adjusted EBITDA to net earnings (loss) from operations, associate and joint venture:

$ millions, for the three months ended March 31	Metals								2017
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	Total
(Loss) earnings from operations, associate and joint venture per financial statements	**$ 2.0**	**$ (29.0)**	**$ 0.3**	**$ (26.7)**	**$ 11.0**	**$ 2.8**	**$ (13.7)**	**$ (22.8)**	**$ (49.4)**
Add (deduct):									
Depletion, depreciation and amortization	**2.5**	**-**	**-**	**2.5**	**8.6**	**6.4**	**0.8**	**-**	**18.3**
Adjustments for share of associate and joint venture:									
Depletion, depreciation and amortization	**8.3**	**37.2**	**-**	**45.5**	**-**	**-**	**-**	**-**	**45.5**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22.1**	**22.1**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.7**	**0.7**
Adjusted EBITDA	**$ 12.8**	**$ 8.2**	**$ 0.3**	**$ 21.3**	**$ 19.6**	**$ 9.2**	**$ (12.9)**	**$ -**	**$ 37.2**
Loss from operations, associate and joint venture									$ **(49.4)**
Net finance expense									**(19.8)**
Income tax expense									**(3.4)**
Net loss from continuing operations									$ **(72.6)**

$ millions, for the three months ended March 31									2016
	Metals							Adjustment for Joint	
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	Venture and Associate	Total
(Loss) earnings from operations, associate and joint venture per financial statements	$ (11.3)	$ (49.9)	$ 0.3	$ (60.9)	$ (8.7)	$ (0.2)	$ (9.8)	$ (18.1)	$ (97.7)
Add (deduct):									
Depletion, depreciation and amortization	2.1	-	-	2.1	12.7	8.9	0.7	-	24.4
Adjustments for share of associate and joint venture:									
Depletion, depreciation and amortization	9.0	37.1	-	46.1	-	-	-	-	46.1
Net finance expense	-	-	-	-	-	-	-	19.1	19.1
Income tax recovery	-	-	-	-	-	-	-	(1.0)	(1.0)
Adjusted EBITDA	$ (0.2)	$ (12.8)	$ 0.3	$ (12.7)	$ 4.0	$ 8.7	$ (9.1)	$ -	$ (9.1)
Loss from operations, associate and joint venture									$ (97.7)
Net finance expense									50.6
Income tax recovery									(0.7)
Net loss from continuing operations									$ (47.8)

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given division. The average-realized price for nickel, cobalt, and fertilizer excludes the impact of by-product revenue and the metals marketing company. The average-realized price for oil and gas is based on net working-interest oil plus natural gas production stated in barrels of oil equivalent. Management uses this measure to better understand the price realized in each reporting period for nickel, cobalt, fertilizer, oil and gas, and power.

The tables below reconcile average-realized price to revenue as per the financial statements:

$ millions, except average-realized price and sales volume, for the three months ended March 31							**2017**
	Metals						
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements	$ **104.3**	$ **43.4**	$ **14.8**	$ **17.0**	$ **179.5**	$ **35.3**	$ **13.4**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**			**-**	**(1.2)**
Processing revenue	**-**	**-**	**-**			**(1.1)**	**-**
Revenue for purposes of average-realized price calculation	**104.3**	**43.4**	**14.8**			**34.2**	**12.2**
Sales volume for the period	**16.9**	**1.7**	**49.9**			**0.8**	**217**
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels(1)	Gigawatts
Average-realized price(2)(3)	$ **6.17**	$ **25.38**	$ **297**			$ **42.77**	$ **56.30**

$ millions, except average-realized price and sales volume, for the three months ended March 31							2016
	Metals						
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements	$ 98.3	$ 25.6	$ 15.0	$ 14.1	$ 153.0	$ 22.4	$ 15.6
Adjustments to revenue:							
By-product revenue	-	-	-			-	(1.0)
Processing revenue	-	-	-			(1.1)	-
Service concession arrangement revenue	-	-	-			-	(1.9)
Revenue for purposes of average-realized price calculation	98.3	25.6	15.0			21.3	12.7
Sales volume for the period	19.0	1.8	45.8			1.0	217
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels(1)	Gigawatts
Average-realized price(2)(3)	$ 5.16	$ 14.52	$ 327			$ 22.27	$ 58.27

For purposes of average-realized price tables, above:

(1) Net working-interest oil production.

(2) Average-realized price may not calculate based on amounts presented due to foreign exchange and rounding.

(3) Power, average-realized price per MWh.

Unit operating cost

With the exception of Metals, which uses net direct cash cost, unit operating cost is generally calculated by dividing cost of sales as reported in the financial statements, less depreciation, depletion and amortization in cost of sales, the impact of impairment, gains and losses on property, plant, and equipment and exploration and evaluation assets and certain other non-production related costs by the number of units sold.

Unit operating costs for nickel, oil, and electricity are key measures that management uses to monitor performance. Management uses these statistics to assess how well the Corporation's producing mines, oil wells and power facilities are performing and to assess overall efficiency and effectiveness of the mining operations.

The Moa Joint Venture's and Ambatovy Joint Venture's net direct cash cost is calculated by dividing cost of sales, as reported in the financial statements, adjusted for the following: depreciation, depletion and amortization in cost of sales; cobalt by-product, fertilizer and other revenue; and other costs primarily related to the impact of opening and closing inventory values, by the number of finished nickel pounds sold in the period, and expressed in U.S. dollars.

Average unit operating costs for oil and gas is based on gross working-interest oil plus natural gas production stated in barrels of oil equivalent.

The tables below reconcile unit operating cost to cost of sales per the financial statements:

$ millions, except unit cost and sales volume, for the three ended March 31						**2017**
	Metals					
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power
Cost of sales per financial statements	**$ 86.6**	**$ 100.1**	**$ 13.7**	**$ 200.4**	**$ 22.0**	**$ 9.8**
Less:						
Depletion, depreciation and amortization in cost of sales	**(10.7)**	**(37.1)**	**-**	**(47.8)**	**(8.2)**	**(6.4)**
	75.9	**63.0**	**13.7**	**152.6**	**13.8**	**3.4**
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	**(37.7)**	**(23.2)**			**-**	**-**
Impact of opening/closing inventory and other	**(1.5)**	**3.9**			**-**	**-**
Cost of sales for purposes of unit cost calculation	**36.7**	**43.7**			**13.8**	**3.4**
Sales volume for the period	**8.5**	**8.4**			**1.4**	**217**
Volume units	Millions of pounds	Millions of pounds			Millions of barrels(1)	Gigawatts
Unit operating cost(2)(3)	**$ 4.30**	**$ 5.20**			**$ 9.56**	**$ 15.95**
Unit operating cost (U.S. dollars) (NDCC)	**$ 3.25**	**$ 3.93**				

$ millions, except unit cost and sales volume, for the three ended March 31						2016
	Metals					
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power
Cost of sales per financial statements	$ 85.6	$ 110.3	$ 10.7	$ 206.6	$ 28.7	$ 14.6
Less:						
Depletion, depreciation and amortization in cost of sales	(11.1)	(37.0)	-	(48.1)	(12.7)	(8.9)
	74.5	73.3	10.7	158.5	16.0	5.7
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	(29.5)	(11.8)			-	-
Impact of opening/closing inventory and other	(3.1)	(0.6)			-	-
Service concession arrangements – Cost of construction	-	-			-	(1.9)
Cost of sales for purposes of unit cost calculation	41.9	60.9			16.0	3.8
Sales volume for the period	9.1	9.9			1.6	217
Volume units	Millions of pounds	Millions of pounds			Millions of barrels(1)	Gigawatts
Unit operating cost(2)(3)	$ 4.59	$ 6.15			$ 10.35	$ 16.86
Unit operating cost (U.S. dollars) (NDCC)	$ 3.34	$ 4.41				

For purposes of unit operating cost tables, above:

(1) Gross working-interest oil production.

(2) Unit operating costs may not calculate based on amounts presented due to rounding and foreign exchange.

(3) Power, unit operating cost per MWh.

Adjusted earnings from continuing operations

The Corporation defines adjusted earnings from continuing operations as earnings from continuing operations less items not reflective of operational performance. These adjusting items include, but are not limited to, the Ambatovy call option fair value adjustment, impairment of assets, gains and losses on the acquisition or disposition of assets, gains and losses on unrealized foreign exchange, and other one-time adjustments. While some adjustments are recurring (such as unrealized foreign exchange (gain) loss), management believes that they do not reflect the Corporation's operational performance or future operational performance. Management believes that these measures, which are used internally to monitor operational performance, provide investors the ability to better assess the Corporation's operations.

The table below reconciles adjusted earnings to net earnings (loss) from continuing operations per the financial statements:

$ millions, for the three months ended	**2017 March 31**	2016 March 31
Net loss from continuing operations	**$ (72.6)**	$ (47.8)
Adjusting items:		
Sherritt - Unrealized foreign exchange (gain) loss - Continuing	**(7.3)**	(76.0)
Ambatovy - VAT adjustment	**(3.3)**	(3.8)
Severance	**0.5**	0.7
Total adjustments	**$ (10.1)**	$ (79.1)
Adjusted net loss from continuing operations	**$ (82.7)**	$ (126.9)

Combined adjusted operating cash

The Corporation defines combined adjusted operating cash flow as cash provided (used) by continuing operations adjusted for dividends received from joint venture and associate and before net changes in non-cash working capital.

Combined adjusted operating cash flow is used by management to assess its ability to generate cash from its operations, while also taking into consideration changes in the number of outstanding shares of the Corporation.

The tables below reconcile combined adjusted operating cash to the consolidated statement of cash flow:

$ millions, for the three months ended March 31	Metals: Moa JV and Fort Site	Metals: Ambatovy JV	Metals: Other	Metals: Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for Joint Venture Associate	**Total derived from financial statements**
2017										
Cash provided (used) by continuing operations	**$ 14.8**	**$ (2.3)**	**$ 1.6**	**$ 14.1**	**$ 14.0**	**$ 12.8**	**$ (20.2)**	**$ 20.7**	**$ (4.1)**	**$ 16.6**
Adjust: net change in non-cash working capital	**(5.7)**	**9.4**	**(1.1)**	**2.6**	**0.9**	**(3.9)**	**0.2**	**(0.2)**	**(10.2)**	**(10.4)**
Adjusted continuing operating cash flow	**9.1**	**7.1**	**0.5**	**16.7**	**14.9**	**8.9**	**(20.0)**	**20.5**	**(14.3)**	**6.2**

$ millions, for the three months ended March 31	Metals: Moa JV and Fort Site	Metals: Ambatovy JV	Metals: Other	Metals: Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for Joint Venture Associate	**Total derived from financial statements**
2016										
Cash (used) provided by continuing operations	$ (3.0)	$ (5.5)	$ 4.2	$ (4.3)	$ 2.6	$ 0.9	$ (17.8)	$ (18.6)	$ 8.9	$ (9.7)
Adjust: net change in non-cash working capital	1.2	(7.5)	(3.9)	(10.2)	(0.1)	5.6	1.1	(3.6)	7.8	4.2
Adjusted continuing operating cash flow	(1.8)	(13.0)	0.3	(14.5)	2.5	6.5	(16.7)	(22.2)	16.7	(5.5)

Combined free cash flow

The Corporation defines combined free cash flow as cash flow provided (used) by continuing operations adjusted for dividends received from joint venture and associate less cash spending on property plant and equipment, exploration and evaluation, and intangible expenditures.

Management uses free cash flow as a non-GAAP measure to analyze cash flows generated from operations. Free cash flow should be viewed as a measure that provides supplemental information to the Corporation's condensed consolidated statements of cash flow, as reconciled below.

$ millions, for the three months ended March 31	Metals: Moa JV and Fort Site	Metals: Ambatovy JV	Metals: Other	Metals: Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for Joint Venture Associate	**Total derived from financial statements**
2017										
Cash provided (used) by continuing operations	**$ 14.8**	**$ (2.3)**	**$ 1.6**	**$ 14.1**	**$ 14.0**	**$ 12.8**	**$ (20.2)**	**$ 20.7**	**$ (4.1)**	**$ 16.6**
Less:										
Property, plant and equipment expenditures	**(2.2)**	**(4.0)**	**-**	**(6.2)**	**(1.6)**	**(0.8)**	**-**	**(8.6)**	**5.8**	**(2.8)**
Intangible Expenditures	**-**	**-**	**-**	**-**	**(2.1)**	**-**	**-**	**(2.1)**	**-**	**(2.1)**
Free Cash Flow	**$ 12.6**	**$ (6.3)**	**$ 1.6**	**$ 7.9**	**$ 10.3**	**$ 12.0**	**$ (20.2)**	**10.0**	**$ 1.7**	**$ 11.7**

$ millions, for the three months ended March 31										2016
	Metals									
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for Joint Venture Associate	**Total derived from financial statements**
Cash (used) provided by continuing operations	$ (3.0)	$ (5.5)	$ 4.2	$ (4.3)	$ 2.6	$ 0.9	$ (17.8)	$ (18.6)	$ 8.9	$ (9.7)
Less:										
Property, plant and equipment expenditures	(7.6)	-	-	(7.6)	(4.4)	(0.1)	(0.1)	(12.2)	6.4	(5.8)
Intangible expenditures	-	-	-	-	(0.6)	-	-	(0.6)	-	(0.6)
Free Cash Flow	$ (10.6)	$ (5.5)	$ 4.2	$ (11.9)	$ (2.4)	$ 0.8	$ (17.9)	(31.4)	$ 15.3	$ (16.1)

Net Investment in Ambatovy

The table below reconciles the Net Investment in Ambatovy to the consolidated statement of financial position at December 31, 2016.

Audited, Canadian $ millions, as at	**2016 December 31**	Investment in Associate	Ambatovy Subordinated Loan Receivable	Non-recourse Ambatovy JV Partner Loans	**Adjusted 2016 December 31**
ASSETS					
Current assets	$ 720.9	$ -	$ -	$ -	$ 720.9
Non-current assets					
Advances, loans receivable and other financial assets	1,542.7	-	(943.4)	-	599.3
Investment in an associate	767.9	(767.9)	-	-	-
Net investment in Ambatovy	-	767.9	943.4	(1,367.5)	343.8
Other non-current assets	775.4	-	-	-	775.4
Total assets	$ 3,806.9	$ -	$ -	$ (1,367.5)	$ 2,439.4
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities	$ 226.0	$ -	$ -	$ -	$ 226.0
Non-current liabilities					
Non-recourse loans and borrowings	1,367.5	-	-	(1,367.5)	-
Loans and borrowings	817.7	-	-	-	817.7
Other non-current liabilities	297.8	-	-	-	297.8
Total liabilities	2,709.0	-	-	(1,367.5)	1,341.5
Shareholders' equity	1,097.9	-	-	-	1,097.9
Total liabilities and shareholders' equity	$ 3,806.9	$ -	$ -	$ (1,367.5)	$ 2,439.4
Total debt-to-capital (1)	69%				48%

(1) Calculated as total debt divided by the sum of total debt and shareholders' equity.

FORWARD-LOOKING STATEMENTS

This MD&A 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 MD&A 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 MD&A 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 MD&A 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 MD&A 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 MD&A 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.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2017 and 2016

Condensed consolidated statements of comprehensive income (loss)

Unaudited, Canadian $ millions, except per share amounts, for the three months ended March 31	Note		2017		2016
Revenue	5	**$**	**72.4**	$	58.4
Cost of sales	6		**(58.8)**		(64.6)
Administrative expenses	6		**(14.0)**		(12.7)
Share of loss of an associate, net of tax	7		**(50.1)**		(65.9)
Share of earnings (loss) of a joint venture, net of tax	8		**1.1**		(12.9)
Loss from operations, associate and joint venture			**(49.4)**		(97.7)
Financing income	9		**18.1**		17.3
Financing expense	9		**(37.9)**		33.3
Net finance (expense) income			**(19.8)**		50.6
Loss before tax			**(69.2)**		(47.1)
Income tax expense	10		**(3.4)**		(0.7)
Net loss from continuing operations			**(72.6)**		(47.8)
Earnings from discontinued operations, net of tax			**-**		-
Net loss for the period		**$**	**(72.6)**	$	(47.8)
Other comprehensive loss					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations	16		**(18.3)**		(169.3)
Items that will not be subsequently reclassified to profit or loss:					
Actuarial gains (losses) on pension plans, net of tax	16		**0.6**		(0.2)
Other comprehensive loss			**(17.7)**		(169.5)
Total comprehensive loss		**$**	**(90.3)**	$	(217.3)
Net loss from continuing operations per common share, basic and diluted	11	**$**	**(0.25)**	$	(0.16)
Net loss per common share, basic and diluted	11	**$**	**(0.25)**	$	(0.16)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed consolidated statements of financial position

Unaudited, Canadian $ millions, as at	Note		2017 March 31		2016 December 31
ASSETS					
Current assets					
Cash and cash equivalents	12	**$**	**241.7**	$	269.6
Short-term investments			**59.0**		40.0
Advances, loans receivable and other financial assets	13		**78.5**		83.5
Trade accounts receivable, net	12		**286.7**		285.8
Inventories			**40.6**		39.6
Prepaid expenses			**2.1**		2.4
			708.6		720.9
Non-current assets					
Advances, loans receivable and other financial assets	13		**1,503.5**		1,542.7
Other non-financial assets			**0.5**		0.4
Property, plant and equipment			**273.2**		286.4
Investment in an associate	7		**757.6**		767.9
Investment in a joint venture	8		**331.2**		336.8
Intangible assets			**148.5**		150.9
			3,014.5		3,085.1
Assets held for sale			**0.9**		0.9
Total assets		**$**	**3,724.0**	$	3,806.9
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Other loans and borrowings	14	**$**	**22.5**	$	43.0
Trade accounts payable and accrued liabilities			**176.0**		148.3
Income taxes payable	10		**13.4**		4.4
Other financial liabilities	14		**3.7**		5.0
Deferred revenue			**27.0**		13.1
Provisions	15		**14.0**		12.2
			256.6		226.0
Non-current liabilities					
Non-recourse loans and borrowings	14		**1,356.8**		1,367.5
Other loans and borrowings	14		**817.7**		817.7
Other financial liabilities	14		**161.6**		163.0
Deferred revenue			**3.5**		3.5
Other non-financial liabilities			**-**		0.4
Provisions	15		**101.2**		102.4
Deferred income taxes	10		**18.4**		28.5
			2,459.2		2,483.0
Total liabilities			**2,715.8**		2,709.0
Shareholders' equity					
Capital stock	16		**2,775.8**		2,775.7
Deficit			**(2,794.1)**		(2,721.5)
Reserves	16		**235.2**		234.7
Accumulated other comprehensive income	16		**791.3**		809.0
			1,008.2		1,097.9
Total liabilities and shareholders' equity		**$**	**3,724.0**	$	3,806.9

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed consolidated statements of cash flow

Unaudited, Canadian $ millions, for the three months ended March 31	Note	2017	2016
Operating activities			
Net loss from continuing operations		**$ (72.6)**	$ (47.8)
Add (deduct):			
Depletion, depreciation and amortization		**18.3**	24.4
Share of loss of an associate, net of tax	7	**50.1**	65.9
Share of (earnings) loss of a joint venture, net of tax	8	**(1.1)**	12.9
Net finance expense (income) (less accretion expense)	9	**19.6**	(50.8)
Income tax expense	10	**3.4**	0.7
Service concession arrangement		**-**	(2.0)
Net change in non-cash working capital	18	**10.4**	(4.2)
Interest received		**1.1**	1.2
Interest paid		**(9.9)**	(10.3)
Income tax paid		**(4.2)**	(2.3)
Liabilities settled for environmental rehabilitation provisions		**(0.4)**	-
Other operating items	18	**1.9**	2.6
Cash provided (used) by continuing operations		**16.6**	(9.7)
Cash used by discontinued operations	15	**(0.1)**	(2.9)
Cash provided (used) by operating activities		**16.5**	(12.6)
Investing activities			
Property, plant and equipment expenditures		**(2.8)**	(5.8)
Intangible asset expenditures		**(2.1)**	(0.6)
Receipts of advances, loans receivable and other financial assets		**-**	0.4
(Purchase of) proceeds from short-term investments		**(19.0)**	111.7
Cash (used) provided by continuing operations		**(23.9)**	105.7
Cash (used) provided by investing activities		**(23.9)**	105.7
Financing activities			
Repayment of other loans and borrowings	14	**(20.5)**	(45.4)
Issuance of common shares		**0.1**	-
Cash used by continuing operations		**(20.4)**	(45.4)
Cash used by financing activities		**(20.4)**	(45.4)
Effect of exchange rate changes on cash and cash equivalents		**(0.1)**	(1.5)
(Decrease) increase in cash and cash equivalents		**(27.9)**	46.2
Cash and cash equivalents at beginning of the period		**269.6**	230.6
Cash and cash equivalents at end of the period	12	**$ 241.7**	$ 276.8

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian $ millions

	Note	Capital stock	Deficit	Reserves	Accumulated other comprehensive income (loss)	Total
Balance as at December 31, 2015		**$ 2,775.3**	**$ (2,342.6)**	**$ 224.9**	**$ 899.5**	**$ 1,557.1**
Total comprehensive income (loss):						
Net loss for the period		-	(47.8)	-	-	(47.8)
Foreign currency translation differences on foreign operations		-	-	-	(169.3)	(169.3)
Actuarial losses on pension plans, net of tax		-	-	-	(0.2)	(0.2)
		-	(47.8)	-	(169.5)	(217.3)
Stock option plan expense		-	-	0.5	-	0.5
Balance as at March 31, 2016		**$ 2,775.3**	**$ (2,390.4)**	**$ 225.4**	**$ 730.0**	**$ 1,340.3**
Total comprehensive income (loss):						
Net loss for the period		-	(331.1)	-	-	(331.1)
Foreign currency translation differences on foreign operations		-	-	-	79.5	79.5
Actuarial losses on pension plans, net of tax		-	-	-	(0.5)	(0.5)
		-	(331.1)	-	79.0	(252.1)
Shares issued for:						
Warrants exercised		0.4	-	(0.2)	-	0.2
Stock option plan expense		-	-	1.3	-	1.3
Warrant issuance		-	-	8.2	-	8.2
Balance as at December 31, 2016		**$ 2,775.7**	**$ (2,721.5)**	**$ 234.7**	**$ 809.0**	**$ 1,097.9**
Total comprehensive income (loss):						
Net loss for the period		-	(72.6)	-	-	(72.6)
Foreign currency translation differences on foreign operations	16	-	-	-	(18.3)	(18.3)
Actuarial gains on pension plans, net of tax	16	-	-	-	0.6	0.6
		-	(72.6)	-	(17.7)	(90.3)
Shares issued for:						
Warrants exercised	16	0.1	-	(0.1)	-	-
Stock option plan expense	16	-	-	0.6	-	0.6
Balance as at March 31, 2017		**$ 2,775.8**	**$ (2,794.1)**	**$ 235.2**	**$ 791.3**	**$ 1,008.2**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

(All dollar amounts presented in tables are expressed in millions of Canadian dollars except share and per share amounts)

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Sherritt International Corporation ("Sherritt" or the "Corporation") is a world leader in the mining and refining of nickel from lateritic ores with projects and operations in Canada, Cuba, and Madagascar. The Corporation is the largest independent energy producer in Cuba, with extensive oil and power operations across the island. Sherritt licenses its proprietary technologies and provides metallurgical services to mining and refining operations worldwide.

The Corporation is domiciled in Ontario, Canada and its registered office is 181 Bay Street, Toronto, Ontario, M5J 2T3. These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors of Sherritt on April 26, 2017. The Corporation is listed on the Toronto Stock Exchange.

2. BASIS OF PRESENTATION

The condensed consolidated financial statements of the Corporation are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" (IAS 34), as issued by the International Accounting Standards Board (IASB). Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB, have been omitted or condensed. These condensed consolidated financial statements include the financial results of the Corporation's interest in its subsidiaries, joint arrangements and associate.

The condensed consolidated financial statements are prepared on a going concern basis, under the historical cost convention, except for certain financial assets and liabilities which are presented at fair value. All financial information is presented in Canadian dollars, the Corporation's reporting currency, except as otherwise noted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

These condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2016. The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2016.

4. ACCOUNTING PRONOUNCEMENTS

Accounting pronouncements issued but not yet effective

IFRS 9 – Financial Instruments

The Corporation is currently evaluating its transition method and the impact of this standard on its consolidated financial statements. Management has initiated a review of all financial instruments held and has started to perform preliminary cash flow and business model assessments on the Corporation's financial assets. Management continues to evaluate the subsequent measurement of financial assets and its impact on the Corporation's consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers

The Corporation is currently evaluating its transition method and the impact of this standard on its consolidated financial statements. The impact on revenue recognized in future periods is not expected to be material. No impact on the consolidated statements of cash flow is expected from adoption.

IFRS 16 – Leases

The Corporation is continuing to evaluate when it will adopt IFRS 16 and the impact of this standard on its consolidated financial statements.

5. SEGMENTED INFORMATION

Business segments

Canadian $ millions, for the three months ended March 31	Metals: Moa JV and Fort Site[1]	Metals: Ambatovy JV[2]	Metals: Other[3]	Oil and Gas	Power	Corporate and Other[4]	Adjustments for Joint Venture and Associate[5]	Total 2017
Revenue	$ 90.4	$ 74.8	$ 14.3	$ 35.3	$ 13.4	$ (0.2)	$ (155.6)	$ 72.4
Cost of sales	(86.6)	(100.1)	(13.7)	(22.0)	(9.8)	(3.4)	176.8	(58.8)
Administrative expenses	(1.8)	(3.7)	(0.3)	(2.3)	(0.8)	(10.1)	5.0	(14.0)
Share of loss of an associate, net of tax	-	-	-	-	-	-	(50.1)	(50.1)
Share of earnings of a joint venture, net of tax	-	-	-	-	-	-	1.1	1.1
Earnings (loss) from operations, associate and joint venture	2.0	(29.0)	0.3	11.0	2.8	(13.7)	(22.8)	(49.4)
Financing income								18.1
Financing expense								(37.9)
Net finance expense								(19.8)
Loss before tax								(69.2)
Income tax expense								(3.4)
Net loss from continuing operations								(72.6)
Earnings from discontinued operations, net of tax								-
Net loss for the period								(72.6)
Supplementary information								
Depletion, depreciation and amortization	$ 10.8	$ 37.2	$ -	$ 8.6	$ 6.4	$ 0.8	$ (45.5)	$ 18.3
Property, plant and equipment expenditures	2.2	4.0	-	1.6	0.8	-	(5.8)	2.8
Intangible asset expenditures	-	-	-	2.1	-	-	-	2.1
Canadian $ millions, as at March 31								2017
Non-current assets[6]	$ 722.0	$ 2,572.3	$ -	$ 112.6	$ 158.3	$ 6.4	$ (3,149.9)	$ 421.7
Total assets	969.6	2,892.6	100.6	1,189.7	546.4	575.0	(2,549.9)	3,724.0

Canadian $ millions, for the three months ended March 31	Metals: Moa JV and Fort Site[1]	Metals: Ambatovy JV[2]	Metals: Other[3]	Oil and Gas	Power	Corporate and Other[4]	Adjustments for Joint Venture and Associate[5]	Total 2016
Revenue	$ 76.7	$ 65.1	$ 11.2	$ 22.4	$ 15.6	$ 0.3	$ (132.9)	$ 58.4
Cost of sales	(85.6)	(110.3)	(10.7)	(28.7)	(14.6)	(2.4)	187.7	(64.6)
Administrative expenses	(2.4)	(4.7)	(0.2)	(2.4)	(1.2)	(7.7)	5.9	(12.7)
Share of loss of an associate, net of tax	-	-	-	-	-	-	(65.9)	(65.9)
Share of loss of a joint venture, net of tax	-	-	-	-	-	-	(12.9)	(12.9)
(Loss) earnings from operations, associate and joint venture	(11.3)	(49.9)	0.3	(8.7)	(0.2)	(9.8)	(18.1)	(97.7)
Financing income								17.3
Financing expense								33.3
Net finance income								50.6
Loss before tax								(47.1)
Income tax expense								(0.7)
Net loss from continuing operations								(47.8)
Earnings from discontinued operations, net of tax								-
Net loss for the period								(47.8)
Supplementary information								
Depletion, depreciation and amortization	$ 11.1	$ 37.1	$ -	$ 12.7	$ 8.9	$ 0.7	$ (46.1)	$ 24.4
Property, plant and equipment expenditures	7.6	-	-	4.4	0.1	0.1	(6.4)	5.8
Intangible asset expenditures	-	-	-	0.6	-	-	-	0.6
Canadian $ millions, as at December 31								2016
Non-current assets[6]	$ 734.0	$ 2,620.8	$ -	$ 119.9	$ 165.1	$ 7.3	$ (3,209.8)	$ 437.3
Total assets	961.1	2,934.8	92.2	1,194.0	542.6	658.9	(2,576.7)	3,806.9

(1) Included in the Moa JV and Fort Site segment are the operations of the Corporation's 50% interest in the Moa Joint Venture and its 100% interest in the utility and fertilizer operations in Fort Saskatchewan.

(2) Included in the Ambatovy JV segment are the operations of the Corporation's 40% interest in the Ambatovy Joint Venture.

(3) Included in the Metals Other segment are the operations of three wholly-owned subsidiaries of the Corporation established to buy, market and sell certain Ambatovy Joint Venture and Moa Joint Venture nickel and cobalt production.

(4) Revenues from Corporate and Other primarily relate to sales from the Corporation's metallurgical technologies business. Also included in the Corporate and Other segment are the operations of wholly-owned subsidiaries of the Corporation established to finance the Ambatovy Joint Venture.

(5) The Adjustments for Joint Venture and Associate reflect the adjustments for equity-accounted investments in the Ambatovy Joint Venture and Moa Joint Venture.

(6) Non-current assets are composed of property, plant and equipment and intangible assets.

Revenue components

Canadian $ millions, for the three months ended March 31	2017 Total revenue(1)	2016 Total revenue(1)
Nickel	**$ 11.5**	$ 10.1
Fertilizer	**10.4**	9.5
Oil and gas	**34.2**	21.3
Power generation	**12.2**	12.7
Other	**4.1**	4.8
	$ 72.4	$ 58.4

(1) Revenue excludes the revenue of equity-accounted investments.

6. EXPENSES

Cost of sales includes the following:

Canadian $ millions, for the three months ended March 31		2017		2016
Employee costs	$	**15.8**	$	17.5
Depletion, depreciation and amortization of property, plant and equipment and intangible assets		**17.3**		23.7
Raw materials and consumables		**9.0**		9.3
Repairs and maintenance		**9.2**		7.0
Shipping and treatment costs		**3.6**		4.2
Construction costs		**-**		2.0
Other		**3.9**		0.9
	$	**58.8**	$	64.6

Administrative expenses include the following:

Canadian $ millions, for the three months ended March 31		2017		2016
Employee costs	$	**7.3**	$	7.1
Severance		**0.5**		0.7
Depreciation		**1.0**		0.7
Stock-based compensation expense		**1.7**		1.8
Consulting services and audit fees		**1.8**		1.0
Other		**1.7**		1.4
	$	**14.0**	$	12.7

7. INVESTMENT IN AN ASSOCIATE

Deferral of principal repayment on Ambatovy Joint Venture financing

Total principal repayments were nil for the three months ended March 31, 2017 as a result of the deferral of principal repayment on Ambatovy Joint Venture financing in August 2016 (nil for the three months ended March 31, 2016). Total interest payments made to the lenders were nil during the three months ended March 31, 2017 (nil for the three months ended March 31, 2016).

Ambatovy Joint Venture funding and Shareholders Agreement

Total post-financial completion cash funding provided by Sumitomo and KORES was US$173.0 million, pursuant to total post-financial completion cash calls of US$288.3 million. Sherritt has not funded any portion of these cash calls, and continues not to fund. Sherritt's unfunded amounts remain payable. These amounts will be subtracted from future Ambatovy Joint Venture distributions, or may be set off against other amounts owed to Sherritt.

By agreement amongst the partners, Sherritt is not considered to be a defaulting shareholder under the Shareholders Agreement for amounts not funded through May 2, 2017, while discussions continue regarding the partnership structure and future funding arrangements.

The following provides additional information relating to the Corporation's 40% interest in the Ambatovy Joint Venture on a 100% basis:

Statements of financial position

Canadian $ millions, 100% basis, as at	**2017 March 31**	2016 December 31
Assets		
Cash and cash equivalents	**$ 65.0**	$ 76.7
Other current assets	**23.1**	26.0
Trade accounts receivable, net	**108.5**	109.6
Inventories	**448.7**	415.5
Other non-current assets(1)	**158.5**	160.2
Property, plant and equipment	**6,428.0**	6,549.3
Total assets	**7,231.8**	7,337.3
Liabilities		
Trade accounts payable and accrued liabilities	**363.9**	321.0
Other taxes payable	**26.3**	21.7
Other current financial liabilities	**-**	0.1
Current portion of loans and borrowings:		
Ambatovy revolving credit facility(2)	**52.1**	50.5
Non-current portion of loans and borrowings:		
Ambatovy Joint Venture financing	**2,103.5**	2,118.7
Ambatovy subordinated loans payable(3)	**2,240.2**	2,358.5
Ambatovy subordinated loans payable - post-financial completion(4)	**241.0**	242.9
Environmental rehabilitation provisions	**144.8**	142.0
Other non-current liabilities(1)	**166.1**	162.2
Total liabilities	**5,337.9**	5,417.6
Net assets of Ambatovy Joint Venture	**$ 1,893.9**	$ 1,919.7
Proportion of Sherritt's ownership interest	**40%**	40%
Carrying value of investment in an associate	**$ 757.6**	$ 767.9

(1) As at March 31, 2017, the Ambatovy Joint Venture has recognized a financial asset of $153.6 million (December 31, 2016 - $154.9 million) relating to its right to receive outstanding shareholder funding from the Corporation (note 14). The Ambatovy Joint Venture has also recognized a financial liability relating to future distributions payable to the Corporation if and when the funding deficit is cured (note 13). This financial liability has not been included within the Ambatovy subordinated loans payable as the funding has not yet been provided by the Corporation.

(2) The Ambatovy revolving credit facility is a Malagasy Ariary (MGA) 126.0 billion ($52.1 million) revolving credit facility agreement with local financial institutions (December 31, 2016 – MGA 126.0 billion ($50.5 million)) which matures on July 31, 2017. The facility bears interest rates between 9.00% and 11.85% and is subordinated to the Ambatovy Joint Venture financing.

(3) During the three months ended March 31, 2017, US$100.0 million of the Ambatovy Joint Venture subordinated loans payable was converted to equity which, at the Corporation's 40% share, resulted in a US$40.0 million ($53.0 million) decrease in the Corporation's subordinated loans receivable. The Corporation has recorded its share of the related subordinated loans receivable within advances, loans receivable and other financial assets (note 13). There was no change to the Corporation's ownership interest as a result of the conversion.

(4) The subordinated loans payable – post-financial completion is comprised of the Ambatovy Joint Venture partner contributions from and including December 15, 2015, and accrues interest at a rate of LIBOR plus 8.0%. Repayments of principal and interest will not be made prior to certain conditions being satisfied.

Statements of comprehensive income (loss)

Canadian $ millions, 100% basis, for the three months ended March 31		2017		2016
Revenue	**$**	**186.9**	$	162.7
Cost of sales(1)		**(250.2)**		(275.8)
Administrative expenses		**(9.3)**		(11.7)
Operating loss		**(72.6)**		(124.8)
Financing income		**-**		1.2
Financing expense(2)		**(69.0)**		(58.5)
Net financing expense		**(69.0)**		(57.3)
Loss before tax		**(141.6)**		(182.1)
Income tax expense		**(1.1)**		-
Net loss and comprehensive loss of Ambatovy Joint Venture	**$**	**(142.7)**	$	(182.1)
Proportion of Sherritt's ownership interest		**40%**		40%
Total		**(57.1)**		(72.8)
Intercompany elimination		**7.0**		6.9
Share of loss of an associate, net of tax	**$**	**(50.1)**	$	(65.9)

(1) Included in cost of sales for the three months ended March 31, 2017 is depreciation and amortization of $92.9 million ($92.5 million for the three months ended March 31, 2016).

(2) The Ambatovy Joint Venture has a value added tax (VAT) receivable of $26.8 million (December 31, 2016 - $23.7 million) from the government of Madagascar. The VAT receivable is net of a provision of $97.6 million (December 31, 2016 - $145.8 million) reflecting an assessment of the likelihood of receipt of these amounts. During the three months ended March 31, 2017, a gain on the partial reversal of this provision of $8.3 million was recognized in financing expense ($10.9 million for the three months ended March 31, 2016).

8. JOINT ARRANGEMENTS

Investment in a joint venture

The following provides additional information relating to the Corporation's 50% interest in the Moa Joint Venture on a 100% basis:

Statements of financial position

Canadian $ millions, 100% basis, as at		2017 March 31		2016 December 31
Assets				
Cash and cash equivalents	**$**	**22.8**	$	13.9
Other current assets		**8.5**		8.4
Trade accounts receivable, net		**90.6**		86.0
Inventories		**201.6**		193.2
Other non-current assets		**13.2**		13.3
Property, plant and equipment		**1,250.4**		1,274.3
Total assets		**1,587.1**		1,589.1
Liabilities				
Trade accounts payable and accrued liabilities		**71.0**		57.2
Income taxes payable		**1.6**		5.1
Other current financial liabilities(1)		**57.1**		57.1
Loans and borrowings(2)		**45.8**		48.3
Environmental rehabilitation provisions		**79.7**		77.6
Other non-current financial liabilities(3)		**549.2**		548.0
Deferred income taxes		**25.6**		26.1
Total liabilities		**830.0**		819.4
Net assets of Moa Joint Venture	**$**	**757.1**	$	769.7
Proportion of Sherritt's ownership interest		**50%**		50%
Total		**378.6**		384.9
Intercompany capitalized interest elimination		**(47.4)**		(48.1)
Carrying value of investment in a joint venture	**$**	**331.2**	$	336.8

(1) Included in other current financial liabilities as at March 31, 2017 is a $56.9 million working capital facility with the Corporation (December 31, 2016 - $56.9 million) (note 13).

(2) Included in loans and borrowings as at March 31, 2017 is a $45.8 million loan for the construction of the Moa Joint Venture acid plant (December 31, 2016 - $48.3 million). The acid plant loan accrues interest at a rate of 10% per annum which is payable monthly.

(3) Included in other non-current financial liabilities as at March 31, 2017 is $531.3 million in expansion loans of which $265.6 million are with the Corporation (December 31, 2016 - $529.9 million, $264.9 million of which are with the Corporation) (note 13).

Statements of comprehensive income (loss)

Canadian $ millions, 100% basis, for the three months ended March 31		2017		2016
Revenue	**$**	**161.6**	$	135.6
Cost of sales(1)		**(153.5)**		(154.8)
Administrative expenses		**(2.5)**		(2.4)
Operating profit (loss)		**5.6**		(21.6)
Financing income		**-**		0.1
Financing expense		**(12.9)**		(11.4)
Net finance expense		**(12.9)**		(11.3)
Loss before tax		**(7.3)**		(32.9)
Income tax (expense) recovery		**(0.5)**		2.0
Net loss and comprehensive loss of Moa Joint Venture	**$**	**(7.8)**	$	(30.9)
Proportion of Sherritt's ownership interest		**50%**		50%
Total		**(3.9)**		(15.5)
Intercompany elimination		**5.0**		2.6
Share of earnings (loss) of a joint venture, net of tax	**$**	**1.1**	$	(12.9)

(1) Included in cost of sales for the three months ended March 31, 2017 is depreciation and amortization of $16.7 million (for the three months ended March 31, 2016 - $18.0 million).

Joint operations

The following provides information relating to the Corporation's one-third interest in Energas S.A. (Energas) on a 33⅓% basis:

Canadian $ millions, 33⅓% basis, as at		2017 March 31		2016 December 31
Current assets(1)	$	**54.9**	$	49.6
Non-current assets		**145.1**		151.3
Current liabilities		**23.1**		27.0
Non-current liabilities		**90.3**		86.0
Net assets	$	**86.6**	$	87.9

(1) Included in current assets is $31.6 million of cash and cash equivalents (December 31, 2016 - $25.5 million).

Canadian $ millions, 33⅓% basis, for the three months ended March 31		2017		2016
Revenue	**$**	**13.4**	$	15.6
Expense		**(12.0)**		(20.2)
Net earnings (loss)	**$**	**1.4**	$	(4.6)

9. NET FINANCE (EXPENSE) INCOME

Canadian $ millions, for the three months ended March 31	Note		2017		2016
Interest income on cash, cash equivalents and short-term investments		$	**0.8**	$	0.7
Interest income on investments			**0.1**		0.1
Interest income on advances and loans receivable			**17.2**		16.5
Total financing income			**18.1**		17.3
Interest expense and accretion on loans and borrowings			**(44.2)**		(42.4)
Unrealized foreign exchange gain			**7.3**		76.0
Realized foreign exchange gain	18		**0.1**		0.3
Other finance charges	18		**(0.9)**		(0.4)
Accretion expense on environmental rehabilitation provisions	15, 18		**(0.2)**		(0.2)
Total financing expense			**(37.9)**		33.3
Net finance (expense) income		**$**	**(19.8)**	$	50.6

10. INCOME TAXES

Canadian $ millions, for the three months ended March 31		2017		2016
Current income tax expense(1)	$	**13.3**	$	1.6
Deferred income tax recovery(1)		**(9.9)**		(0.9)
Income tax expense	**$**	**3.4**	$	0.7

(1) During the three months ended March 31, 2017, a deferred income tax liability of $8.4 million was reclassified to current income taxes payable as a result of certain tax payments due during the first quarter of 2018. These tax payments relate to taxes owed upon the relinquishment of the Varadero West oil field in November 2017 in the Oil and Gas segment. The reclassification resulted in a current income tax expense of $8.4 million and a corresponding deferred income tax recovery of $8.4 million during the three months ended March 31, 2017.

11. LOSS PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars, for the three months ended March 31		2017		2016
Net loss from continuing operations	$	**(72.6)**	$	(47.8)
Earnings from discontinued operations, net of tax		**-**		-
Net loss - basic and diluted	**$**	**(72.6)**	$	(47.8)
Weighted-average number of common shares - basic and diluted(1)		**294.2**		293.9
Net loss from continuing operations per common share, basic and diluted	**$**	**(0.25)**	$	(0.16)
Earnings from discontinued operations per common share, basic and diluted	**$**	**-**	$	-
Net loss per common share, basic and diluted	**$**	**(0.25)**	$	(0.16)

(1) The determination of the weighted-average number of common shares - diluted excludes 10.7 million shares related to stock options and 18.7 million warrants that were anti-dilutive for the three months ended March 31, 2017 (9.7 million and nil, respectively, for the three months ended March 31, 2016).

12. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents consist of:

Canadian $ millions, as at	2017 March 31	2016 December 31
Cash equivalents	**$ 118.0**	$ 162.9
Cash held in banks	**122.7**	105.7
Restricted cash	**1.0**	1.0
	$ 241.7	$ 269.6

The Corporation's cash balances are deposited with major financial institutions rated A- or higher by Standard and Poor's except for institutions located in Madagascar and Cuba that are not rated. The total cash held in Madagascan and Cuban bank deposit accounts was $3.7 million and $35.2 million, respectively, as at March 31, 2017 (December 31, 2016 – $3.8 million and $26.8 million, respectively).

As at March 31, 2017, $31.6 million of cash on the Corporation's consolidated statements of financial position was held by Energas (December 31, 2016 – $25.5 million). These funds are for use by the joint operation.

Fair value measurement

The following table presents financial instruments with carrying amounts different from their fair values(1):

Canadian $ millions, as at	Note			2017 March 31		2016 December 31
		Hierarchy level	**Carrying value**	**Fair value**	Carrying value	Fair Value
Liabilities:						
8.00% senior unsecured debentures due 2021	14	1	**$ 212.2**	**$ 162.8**	$ 211.8	$ 162.8
7.50% senior unsecured debentures due 2023	14	1	**239.8**	**176.3**	239.5	181.3
7.875% senior unsecured debentures due 2025	14	1	**233.4**	**167.5**	233.1	177.5
Ambatovy Joint Venture additional partner loans(2)	14	2	**1,356.8**	**42.5**	1,367.5	77.7
Ambatovy Joint Venture partner loans(2)	14	2	**132.3**	**65.0**	133.3	66.3
Assets:						
Ambatovy subordinated loans receivable(3)	13	2	**896.1**	**953.7**	943.4	959.8
Energas conditional sales agreement(3)	13	2	**177.3**	**97.2**	168.6	101.3
Moa Joint Venture expansion loans receivable(3)	13	2	**265.6**	**205.9**	264.9	198.2

(1) The carrying values are net of financing costs. Fair values exclude financing costs and are based on market closing prices.

(2) The fair values of the Ambatovy Joint Venture partner loans and Ambatovy Joint Venture additional partner loans are calculated by discounting future cash flows using rates that are based on market rates adjusted for the Corporation's credit quality for instruments with similar maturity horizons.

(3) The fair values of the Ambatovy subordinated loans receivable, Energas conditional sales agreement and Moa Joint Venture expansion loans receivable are calculated by discounting future cash flows using rates that are based on market rates adjusted for the entity's credit quality.

The following table presents financial assets, measured at fair value through profit or loss on a recurring basis:

Canadian $ millions, as at	Hierarchy level	2017 March 31	2016 December 31
Cash equivalents	1	**$ 118.0**	$ 162.9
Short-term investments	1	**59.0**	40.0
Restricted cash	1	**1.0**	1.0

Trade accounts receivable, net

Canadian $ millions, as at	2017 March 31	2016 December 31
Trade accounts receivable	**$ 210.9**	$ 211.4
Allowance for doubtful accounts	**(11.3)**	(11.0)
Accounts receivable from joint operations	**-**	0.4
Accounts receivable from joint venture	**15.2**	11.4
Accounts receivable from associate	**37.6**	33.9
Other	**34.3**	39.7
	$ 286.7	$ 285.8

Aging of receivables not impaired

Canadian $ millions, as at	2017 March 31	2016 December 31
Not past due	**$ 246.9**	$ 227.7
Past due no more than 30 days	**13.9**	25.2
Past due for more than 30 days but no more than 60 days	**6.5**	6.3
Past due for more than 60 days	**19.4**	26.6
	$ 286.7	$ 285.8

13. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	2017 March 31	2016 December 31
Advances and loans receivable		
Ambatovy subordinated loans receivable(1)(2)	**$ 896.1**	$ 943.4
Energas conditional sales agreement(1)	**195.9**	192.4
Moa Joint Venture expansion loans receivable(1)	**265.6**	264.9
Moa Joint Venture working capital facility(4)	**57.0**	56.9
Other	**10.8**	10.8
Other financial assets(3)	**156.6**	157.8
	1,582.0	1,626.2
Current portion of advances, loans receivable and other financial assets	**(78.5)**	(83.5)
	$ 1,503.5	$ 1,542.7

(1) As at March 31, 2017, the non-current portions of the Ambatovy subordinated loans receivable, Energas conditional sales agreement and the Moa Joint Venture expansion loans receivable are $896.1 million, $177.3 million and $265.6 million, respectively (December 31, 2016 – $943.4 million, $168.6 million and $264.9 million, respectively).

(2) During the three months ended March 31, 2017, the Ambatovy Joint Venture converted US$100.0 million of its subordinated loans payable to equity (note 7) which, at the Corporation's 40% share, resulted in a US$40.0 million ($53.0 million) decrease in the Corporation's subordinated loans receivable. There was no change to the Corporation's ownership interest as a result of the conversion.

(3) As at March 31, 2017, included in other financial assets is $153.6 million (December 31, 2016 - $154.9 million) relates to the Corporation's right to receive future distributions from the Ambatovy Joint Venture (note 14). This non-current financial asset has not been included within Ambatovy subordinated loans receivable as the funding has not yet been provided by the Corporation (note 7).

(4) On January 31, 2017, the working capital facility was renewed with a maximum credit available of $65.0 million, of which $13.7 million matured on April 21, 2017. Thereafter, the maximum amount available will decrease by 4.167% quarterly beginning April 28, 2017. Collectively, these reductions in available credit will result in outstanding credit of $38.6 million at January 30, 2018. The interest rates increased from prime plus 2.50% or bankers' acceptance plus 3.50% to prime plus 3.50% or bankers' acceptance plus 4.50%.

14. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

		For the three months ended March 31, 2017				
			Cash flows	Non-cash changes		
Canadian $ millions	Note	As at 2017 March 31	Repayments	Effect of movement in exchange rates	Other	As at 2016 December 31
Non-recourse loans and borrowings						
Ambatovy Joint Venture additional partner loans	12	**$ 1,356.8**	**$ -**	**$ (10.7)**	**$ -**	$ 1,367.5
Other loans and borrowings						
8.00% senior unsecured debentures due 2021	12	**$ 212.2**	**$ -**	**$ -**	**$ 0.4**	$ 211.8
7.50% senior unsecured debentures due 2023	12	**239.8**	**-**	**-**	**0.3**	239.5
7.875% senior unsecured debentures due 2025	12	**233.4**	**-**	**-**	**0.3**	233.1
Ambatovy Joint Venture partner loans	12	**132.3**	**-**	**(1.0)**	**-**	133.3
Syndicated revolving-term credit facility		**22.5**	**(20.5)**	**-**	**-**	43.0
		$ 840.2	**$ (20.5)**	**$ (1.0)**	**$ 1.0**	$ 860.7
Current portion of other loans and borrowings		**(22.5)**				(43.0)
		$ 817.7				$ 817.7

Syndicated revolving-term credit facility

On January 31, 2017, the syndicated revolving-term credit facility was renewed with a maximum credit available of $90.0 million, of which $13.7 million matured on April 21, 2017. Thereafter, the maximum amount available will decrease by 4.167% quarterly beginning April 28, 2017. Collectively, these reductions in available credit will result in outstanding credit of $63.6 million at January 30, 2018. The interest rates increased from prime plus 2.50% or bankers' acceptance plus 3.50% to prime plus 3.50% or bankers' acceptance plus 4.50%. The facility is subject to the following financial covenants and restrictions:

The facility is subject to the following financial covenants and restrictions:

- Net financial debt-to-EBITDA covenant of 4.25:1, increasing to 4.75:1 by maturity;
- EBITDA-to-interest expense covenant of not less than 1.75:1; and
- Limits on capital expenditures, funding of the Ambatovy Joint Venture and Moa Joint Venture, and maintenance of a minimum balance of $180.0 million of cash and cash equivalents and short-term investments held by the Corporation's wholly-owned subsidiaries.

Covenants

As at March 31, 2017, there are no events of default on the Corporation's borrowings or debentures.

Other financial liabilities

Canadian $ millions, as at	2017 March 31	2016 December 31
Other non-current financial liabilities(1)	**$ 154.5**	$ 155.7
Stock-based compensation liability	**10.8**	12.3
	165.3	168.0
Current portion of other financial liabilities	**(3.7)**	(5.0)
	$ 161.6	$ 163.0

(1) Included in other non-current financial liabilities is $153.6 million (December 31, 2016 - $154.9 million) related to the Corporation's obligation for outstanding shareholder funding to the Ambatovy Joint Venture. This obligation represents cash calls that were not funded since financial completion (note 7). The Corporation has also recognized a financial asset relating to its right to future distributions from the Ambatovy Joint Venture if and when this financial obligation is cured (note 13).

15. PROVISIONS

Canadian $ millions, as at	2017 March 31	2016 December 31
Environmental rehabilitation provisions	$ 103.9	$ 103.2
Other provisions	11.3	11.4
	115.2	114.6
Current portion of provisions	(14.0)	(12.2)
	$ 101.2	$ 102.4

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian $ millions	Note	For the three months ended 2017 March 31	For the year ended 2016 December 31
Balance, beginning of the period		$ 103.2	$ 107.8
Change in estimates		0.5	(0.6)
Utilized during the period		(0.4)	(1.3)
Accretion	9	0.2	1.0
Effect of movement in exchange rates		0.4	(3.7)
Balance, end of the period		$ 103.9	$ 103.2

The following is a reconciliation of other provisions:

Canadian $ millions	For the three months ended 2017 March 31	For the year ended 2016 December 31
Balance, beginning of the period	$ 11.4	$ 18.8
Utilized during the period	(0.1)	(7.4)
Balance, end of the period	$ 11.3	$ 11.4

For the three months ended March 31, 2017, the Corporation has recognized $0.1 million in cash used by discontinued operations in the condensed consolidated statements of cash flow ($2.9 million for the three months ended March 31, 2016). Cash used by discontinued operations relates to cash paid to settle the obligations relating to the Obed breach retained by the Corporation after the disposition of the Coal operations in 2014.

16. SHAREHOLDERS' EQUITY

Capital stock

The Corporation's common shares have no par value and the authorized share capital is composed of an unlimited number of common shares. The changes in the Corporation's outstanding common shares were as follows:

Canadian $ millions, except share amounts	For the three months ended 2017 March 31 Number	For the three months ended 2017 March 31 Capital stock	For the year ended 2016 December 31 Number	For the year ended 2016 December 31 Capital stock
Balance, beginning of the period	**294,174,923**	**$ 2,775.7**	293,853,001	$ 2,775.3
Warrants exercised	**115,277**	**0.1**	321,922	0.4
Balance, end of the period	**294,290,200**	**$ 2,775.8**	294,174,923	$ 2,775.7

Reserves

Canadian $ millions	For the three months ended 2017 March 31	For the year ended 2016 December 31
Stated capital reserve		
Balance, beginning of the period	**$ 225.8**	$ 217.8
Warrant issuance	**-**	8.2
Warrants exercised	**(0.1)**	(0.2)
Balance, end of the period	**$ 225.7**	$ 225.8
Stock-based compensation reserve		
Balance, beginning of the period	**$ 8.9**	$ 7.1
Stock option plan expense	**0.6**	1.8
Balance, end of the period	**9.5**	8.9
Total reserves, end of the period	**$ 235.2**	$ 234.7

Accumulated other comprehensive income

Canadian $ millions	For the three months ended 2017 March 31	For the year ended 2016 December 31
Foreign currency translation reserve		
Balance, beginning of the period	**$ 813.2**	$ 903.0
Foreign currency translation differences on foreign operations	**(18.3)**	(89.8)
Balance, end of the period	**794.9**	813.2
Actuarial gains (losses) on pension plans		
Balance, beginning of the period	**$ (4.2)**	$ (3.5)
Actuarial gains (losses) on pension plans, net of tax	**0.6**	(0.7)
Balance, end of the period	**(3.6)**	(4.2)
Total accumulated other comprehensive income	**$ 791.3**	$ 809.0

17. STOCK-BASED COMPENSATION PLANS

Other stock-based compensation

Performance Share Units (PSUs)

Beginning in February 2017, the Corporation's Board of Directors approved the grant of PSUs to certain employees. The PSUs represent a right to receive a cash amount payable by the Corporation to a participant at the end of the vesting period determined by reference to the market price of the common shares multiplied by the number of PSUs held by the participant as adjusted for dividend equivalents credited, if any. A liability is accrued related to the units awarded and a compensation expense is recognized in the condensed consolidated statements of comprehensive income (loss) over the 3-year service period required for employees to become fully entitled to the award. The PSUs are issued subject to vesting conditions, including performance conditions, which are set by the Human Resources Committee. The vesting of PSUs will be subject to the achievement of two equally-weighted performance conditions measured over the 3-year vesting period: (i) the Corporation's total shareholder return relative to benchmark indices comprised of mining and oil and gas companies (a market condition); and (ii) unit cost of production compared to budget (a non-market condition). The value of PSUs that vest will vary from 0% to 200% based on the achievement of the market and non-market performance conditions. The number of PSUs subject to these performance conditions granted during the three months ended March 31, 2017 was 3,774,328.

Restricted Share Units (RSUs)

In February 2017, the Corporation's Board of Directors approved the grant of RSUs to certain employees with a 3-year vesting period with no performance conditions. The number of these RSUs granted during the three months ended March 31, 2017 was 2,400,370.

18. SUPPLEMENTAL CASH FLOW INFORMATION

Other operating items

Canadian $ millions, for the three months ended March 31	Note		2017		2016
Add (deduct) non-cash items:					
Accretion expense on environmental rehabilitation provisions	9, 15	**$**	**0.2**	$	0.2
Stock-based compensation expense (recovery), net	6		**1.7**		1.8
Other items			**0.8**		0.7
Cash flow arising from changes in:					
Other finance charges	9		**(0.9)**		(0.4)
Realized foreign exchange gain (loss)	9		**0.1**		0.3
		$	**1.9**	$	2.6

Net change in non-cash working capital

Canadian $ millions, for the three months ended March 31		2017		2016
Trade accounts receivable, net	**$**	**2.1**	$	(4.4)
Inventories		**(1.2)**		(3.8)
Prepaid expenses		**0.3**		2.4
Trade accounts payable and accrued liabilities		**(4.7)**		(4.8)
Deferred revenue		**13.9**		6.4
	$	**10.4**	$	(4.2)

19. RELATED PARTY TRANSACTIONS

The Corporation enters into transactions related to its investment in an associate (note 7) and joint arrangements (note 8). Transactions between related parties are generally based on standard commercial terms. All amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received on the outstanding amounts. No expense has been recognized in the current or prior periods for bad debts in respect of amounts owed by related parties.

20. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at March 31		2017
Property, plant and equipment commitments	$	**10.9**
Joint venture:		
Property, plant and equipment commitments		**9.1**

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