Q3

2017 THIRD QUARTER REPORT

Sherritt International Corporation

For the three and nine months ended September 30, 2017

For immediate release

Sherritt Reports Q3 2017 Results

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Toronto, Ontario – October 24, 2017 – Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S), the world leader in the mining and hydrometallurgical refining of nickel from lateritic ores, today reported its financial results for the three and nine months ended September 30, 2017. All amounts are in Canadian currency unless noted.

CEO COMMENTARY

"Q3 was marked by progress across a number of key financial and operating metrics," said David Pathe, President and CEO of Sherritt International. "Against a backdrop of improving commodity prices, we achieved the lowest net direct cash cost[1] at Moa since 2004 with a cost of $1.94 per pound of nickel, produced 799 tonnes of finished cobalt at a realized price of $35.44 per pound and ended the quarter with a higher cash balance totaling $291.3 million."

Mr. Pathe added, "Backed by a strong market outlook for nickel and cobalt, we expect to sustain this momentum through the completion of a number of near-term milestones, including the restructuring of our Ambatovy joint venture, completing the drilling of the second well on Block 10 and achieving our production targets for 2017."

Q3 2017 HIGHLIGHTS

- Sherritt ended the quarter with cash, cash equivalents and short-term investments of $291.3 million, up $17.1 million from June 30, 2017.
- Sherritt and its Ambatovy Joint Venture partners continue to work towards implementation of the previously announced Agreement in Principle that will result in the re-structuring of the Joint Venture and the elimination of approximately $1.3 billion of non-recourse debt. Closing of the transaction is expected to occur in Q4 of this year.
- Sherritt's operations in Cuba incurred minimal damages as a result of Hurricane Irma; nickel, cobalt, power, oil and gas production were only moderately impacted due to hurricane readiness and shutdown procedures.
- Moa JV Net Direct Cash Cost (NDCC) for nickel was US$1.94/lb, representing the lowest total since the fourth quarter of 2004. The decline was driven primarily by high cobalt prices and the US$0.50/lb cost savings achieved with the commissioning of the third acid plant at Moa in 2016.
- Unit operating costs in Cuba were $8.98 per barrel of oil, down 4% from $9.31 in Q3 2016.
- Unit operating costs for power production were $16.59 per megawatt hour, down 35% from $25.55 for last year.
- Sherritt's share of production totals from its operations were: 4,049 tonnes of finished nickel at the Moa JV; 3,247 tonnes of finished nickel at Ambatovy; 464 tonnes of finished cobalt at the Moa JV; 335 tonnes of finished cobalt at Ambatovy; 7,658 net working interest barrels of oil equivalent per day and 210 gigawatt hours of electricity.
- Adjusted EBITDA was $33.8 million, up 194% from $11.5 million in Q3 2016.
- Sherritt received US$32.6 million of Cuban energy payments, including US$15.6 million received by Sherritt's Oil and Gas division and US$17.0 million received by the Power division from Energas.
- Net loss was $69.5 million, or $0.24 per share outstanding, down from a net loss of $120.8 million, or $0.41 per share outstanding, in Q3 2016.

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

Q3 2017 FINANCIAL HIGHLIGHTS

	For the three months ended			For the nine months ended		
$ millions, except per share amount	**2017 September 30**	2016 September 30	Change	**2017 September 30**	2016 September 30	Change
Revenue	**63.3**	58.5	8%	**$ 212.5**	$ 191.8	11%
Combined Revenue[(1)]	**234.7**	184.5	27%	**693.7**	579.9	20%
Net loss for the period	**(69.5)**	(120.8)	42%	**(244.0)**	(272.2)	10%
Adjusted EBITDA[(1)]	**33.8**	11.5	194%	**100.2**	2.6	3,754%
Cash provided (used) by continuing operations	**28.7**	60.3	(52%)	**24.3**	24.2	-
Combined free cash flow [(1)]	**7.3**	20.3	(64%)	**(20.9)**	(66.4)	69%
Net loss from continuing operations per share	**(0.24)**	(0.41)	41%	**(0.83)**	(0.93)	11%

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

$ millions, except as otherwise noted, as at	**2017 September 30**	2016 December 31	Change
Cash, cash equivalents and short term investments	**$ 291.3**	$ 309.6	(6%)
Non-recourse loans and borrowings	**1,324.6**	1,367.5	(3%)
Other loans and borrowings	**828.8**	860.7	(4%)

In Q3 2017, Sherritt generated $28.7 million in cash flow from operations. The consolidated total included $17.6 million in contributions from the Moa JV and Fort Site, $7.9 million from the Oil and Gas division and $18.4 million from the Power division. The consolidated total was partially offset by $9.6 million in interest payments on debentures and $5.2 million in payments relating to the previously-owned Obed mine.

Cash, cash equivalents and short-term investments at the end of the third quarter were $291.3 million, up $17.1 million from their level at June, 2017.

During the quarter, US$32.6 million of Cuban energy payments were received compared to US$28.8 million in the second quarter of 2017. Included in this amount was US$15.6 million received by the Oil and Gas division and US$17.0 million received from Energas in the Power division. Total Cuban overdue receivables were US$100.5 million at September 30, 2017 compared to US$90.2 million at June 30, 2017.

Adjusted earnings (loss) from continuing operations[(1)]

For the three months ended September 30	**$ millions**	**2017 $/share**	$ millions	2016 $/share
Net loss from continuing operations	**(69.5)**	**(0.24)**	(120.8)	(0.41)
Adjusting items, net of tax:				
Unrealized foreign exchange (gain) loss	**(13.5)**	**(0.05)**	12.8	0.04
Other	**(1.4)**	**(0.00)**	3.7	0.01
Adjusted net loss from continuing operations	**(84.4)**	**(0.29)**	(104.3)	(0.34)

For the nine months ended September 30	**$ millions**	**2017 $/share**	$ millions	2016 $/share
Net loss from continuing operations	**(244.0)**	**(0.83)**	(272.2)	(0.93)
Adjusting items, net of tax:				
Impairments	**-**	**-**	8.5	-
Unrealized foreign exchange (gain) loss	**(16.4)**	**(0.06)**	(61.6)	(0.21)
Other	**(6.5)**	**(0.02)**	(22.7)	(0.08)
Adjusted net loss from continuing operations	**(266.9)**	**(0.90)**	(348.0)	(1.21)

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

The adjusted net loss from continuing operations in the third quarter of 2017 was $84.4 million, or $0.29 per share outstanding, and included a $13.5 million unrealized foreign exchange loss. In the same period of 2016, Sherritt incurred an adjusted net loss of $104.3 million or $0.34 per share outstanding. The improvement was largely due to higher realized prices for nickel, cobalt and oil and lower unit operating costs, primarily for nickel and electricity.

REVIEW OF OPERATIONS

METALS

$ millions except as otherwise noted, for the three months ended September 30	**2017** Moa JV & Fort Site(1) (50%)	Ambatov JV (40%)	Other(2)	Total	2016 Moa JV and Fort Site(1) (50%)	Ambatovy JV (40%)	Other(2)	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	$ **100.7**	$ **78.0**	$ **14.1**	$ **192.8**	$ 80.6	$ 51.0	$ 11.4	$ 143.0	35%
Earnings (loss) from operations	**12.8**	**(34.2)**	**0.2**	**(21.2)**	(4.0)	(38.5)	0.3	(42.2)	50%
Adjusted EBITDA(3)	**23.9**	**1.3**	**0.2**	**25.4**	7.5	(4.5)	0.3	3.3	670%
Cash provided (used) by operations	**17.6**	**(8.9)**	**(1.7)**	**7.0**	25.6	(11.4)	(5.4)	8.8	(20%)
Free cash flow(3)	**14.5**	**(13.8)**	**(1.7)**	**(1.0)**	17.3	(21.8)	(5.4)	(9.9)	90%
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**4,555**	**3,406**	**-**	**7,961**	4,496	3,821	-	8,317	(4%)
Finished Nickel	**4,049**	**3,247**	**-**	**7,296**	4,295	3,669	-	7,964	(8%)
Finished Cobalt	**464**	**335**	**-**	**799**	489	270	-	759	5%
Fertilizer	**60,033**	**10,407**	**-**	**70,440**	66,893	12,106	-	78,999	(11%)
NICKEL RECOVERY (%)	**87%**	**77%**			89%	81%			
SALES VOLUMES (tonnes)									
Finished Nickel	**4,018**	**3,817**	**-**	**7,835**	4,218	3,167	-	7,385	6%
Finished Cobalt	**447**	**344**	**-**	**791**	418	229	-	647	22%
Fertilizer	**32,080**	**11,120**	**-**	**43,200**	30,167	9,126	-	39,293	10%
AVERAGE EXCHANGE RATE (CAD/US)				**1.253**				1.305	(4%)
AVERAGE REFERENCE PRICES (US$ per pound)									
Nickel				$ **4.78**				$ 4.66	3%
Cobalt				**28.84**				12.33	134%
AVERAGE-REALIZED PRICES(3)									
Nickel ($ per pound)	$ **6.02**	$ **5.77**	$ **-**	$ **5.90**	$ 5.91	$ 5.85	$ -	$ 5.88	-
Cobalt ($ per pound)	**34.89**	**36.16**	**-**	**35.44**	15.20	17.04	-	15.78	125%
Fertilizer ($ per tonne)	**309**	**160**	**-**	**269**	288	161	-	260	3%
UNIT OPERATING COSTS(3) (US$ per pound)									
Nickel - net direct cash cost	$ **1.94**	$ **4.27**	**-**	**3.08**	$ 3.55	$ 4.67	-	4.03	(24%)
SPENDING ON CAPITAL									
Sustaining	$ **3.0**	$ **13.0**	$ **-**	$ **16.0**	$ 6.9	$ 9.5	$ -	$ 16.4	(2%)
Expansion	**-**	**-**	**-**	**-**	4.3	-	-	4.3	(100%)
	$ **3.0**	$ **13.0**	$ **-**	$ **16.0**	$ 11.2	$ 9.5	$ -	$ 20.7	(15%)

(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.

$ millions, except as otherwise noted, for the nine months ended September 30	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	**$ 294.1**	**$ 221.1**	**$ 40.1**	**$ 555.3**	$ 246.8	$ 176.6	$ 33.1	$ 456.5	22%
Earnings (loss) from operations	**11.4**	**(101.8)**	**0.9**	**(89.5)**	(20.8)	(135.9)	0.6	(156.1)	43%
Adjusted EBITDA[3]	**48.4**	**7.9**	**0.9**	**57.2**	14.0	(31.4)	0.6	(16.8)	440%
Cash provided (used) by operations	**25.8**	**(23.3)**	**3.5**	**6.0**	14.2	(33.8)	(0.2)	(19.8)	130%
Free cash flow[3]	**12.5**	**(34.9)**	**3.5**	**(18.9)**	(13.3)	(45.3)	(0.2)	(58.8)	68%
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**13,207**	**11,507**	**-**	**24,714**	13,249	12,235	-	25,484	(3%)
Finished Nickel	**11,628**	**10,507**	**-**	**22,135**	12,682	11,731	-	24,413	(9%)
Finished Cobalt	**1,336**	**928**	**-**	**2,264**	1,465	905	-	2,370	(4%)
Fertilizer	**181,759**	**33,107**	**-**	**214,866**	195,352	37,258	-	232,610	(8%)
NICKEL RECOVERY (%)	**87%**	**82%**			88%	86%			
SALES VOLUMES (tonnes)									
Finished Nickel	**11,550**	**11,092**	**-**	**22,642**	12,427	11,909	-	24,336	(7%)
Finished Cobalt	**1,303**	**995**	**-**	**2,298**	1,359	921	-	2,280	1%
Fertilizer	**127,350**	**33,902**	**-**	**161,252**	121,827	36,997	-	158,824	2%
AVERAGE EXCHANGE RATE (CAD/USD)				**1.307**				1.322	(1%)
AVERAGE REFERENCE PRICES (US$ per pound)[3]									
Nickel				**$ 4.55**				$ 4.18	9%
Cobalt				**24.84**				11.39	118%
AVERAGE-REALIZED PRICES[3]									
Nickel ($ per pound)	**$ 5.94**	**$ 5.92**	**$ -**	**$ 5.93**	$ 5.38	$ 5.31	$ -	$ 5.35	11%
Cobalt ($ per pound)	**30.85**	**31.89**	**-**	**31.30**	14.09	15.04	-	14.47	116%
Fertilizer ($ per tonne)	**367**	**166**	**-**	**324**	397	165	-	343	(6%)
UNIT OPERATING COSTS (US$ per pound)[3]									
Nickel - net direct cash cost	**$ 2.53**	**$ 3.96**	**$ -**	**$ 3.23**	$ 3.30	$ 4.79	$ -	$ 4.03	(20%)
SPENDING ON CAPITAL									
Sustaining	**$ 13.2**	**$ 34.2**	**$ -**	**$ 47.4**	$ 17.9	$ 14.1	$ -	$ 32.0	48%
Expansion	**-**	**-**	**-**	**-**	12.4	-	-	12.4	(100%)
	$ 13.2	**$ 34.2**	**$ -**	**$ 47.4**	$ 30.3	$ 14.1	$ -	$ 44.4	(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.

METAL MARKETS

Nickel

Q3 2017 saw a nickel price rally for much of the quarter. Starting at US$4.25/lb at the beginning of May, nickel prices increased to a peak of US$5.51/lb on September 5th and then began a slow decline for the balance of the month.

Q3's average nickel reference price of US$4.78/lb was up by 14% when compared to the second quarter reference price of US$4.18/lb.

The recent increase in nickel prices has been driven by a number of factors affecting both supply and demand market conditions. Most significant are the strong demand for Chinese stainless steel and growing concerns on the supply side due to the announced shutdown of a major laterite nickel operation in Western Australia.

Global finished nickel stocks continued to slowly contract in Q3 and the refined nickel market is expected to be in deficit in 2017. A consistent decline in both LME and SHFE stocks is needed, however, for a sustained recovery of nickel prices.

In the short-term, uncertain geopolitical conditions in Indonesia and the Philippines may impact short-term supply conditions and result in nickel price volatility. Over the longer term, market fundamentals remain strong, particularly for high quality, LME briquettes and other forms of refined nickel suitable for battery manufacturing given the expected growing demand for electric vehicles.

Cobalt

Cobalt prices experienced continued growth in the third quarter with the Metal Bulletin Low Grade Mean averaging at US$28.84/lb, up 12% from US$25.87/lb in the second quarter.

Tight supply conditions and rising demand for battery materials led by the electric vehicle industry continue to drive cobalt prices upward.

In the short term, the risk of cobalt substitution in battery production is considered low given its unique energy transference properities. While battery manufacturers are exploring alternatives to cobalt, the likely beneficiary of any substitution is expected to be nickel.

The strength in cobalt pricing is further supported by the limited number of copper and nickel projects with significant cobalt by-products and the political risks in the Democratic Republic of Congo, the world's largest country source of cobalt.

Overall, deficits are expected to continue in the cobalt market for next few years. In addition to demand from the industrial end users, financial investors are also driving the bullish trend in cobalt pricing by stockpiling inventory, further impacting the expected supply deficit.

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

The Moa JV produced 4,049 tonnes of finished nickel in Q3 2017, down from 4,295 tonnes produced in Q3 last year even though mixed sulphides production was higher this year by 59 tonnes. The decline was largely due to shipment delays of mixed sulphides to the refinery in Fort Saskatchewan, Alberta that were primarily caused by the impact of Hurricane Irma.

The nickel to cobalt ratio of mixed sulphides produced at Moa in Q3 was strong and comparable to the ratio produced in Q2 of this year. This high ratio is expected to be consistent for the balance of the year based on the current mine plan sequencing.

Q3 2017 revenue for the Moa JV and the Fort Site totaled $100.7 million, up 25% from last year. The growth was driven by higher realized prices for nickel and cobalt. Nickel sales represented 53% of total Q3 2017 revenue while cobalt sales represented 34%. Fertilizer sales in Q3 2017 were up 14% from last year, reflecting stronger demand ahead of the fall harvest season.

Moa's NDCC of US$1.94/lb of nickel produced in Q3 2017 was the lowest experienced since Q4 2004. The cobalt credit of US$3.10/lb reflects Moa's high cobalt to nickel production ratio as well as the 129% growth in realized prices since Q3 2016. NDCC improvement was also due to the benefit from the commissioning of a third sulphuric acid plant at Moa in 2016 that generated approximate savings of US$0.50/lb.

Cash provided by operations in Q3 2017 totaled $17.6 million, down from $25.6 million for Q3 last year. The decline was primarily due to working capital changes, including the impact of reference pricing changes on accounts receivable and the impact of shipping delays on mixed sulphides feed inventory volumes.

Moa's sustaining capital spending in Q3 2017 was $3.0 million, down from $6.9 million in Q3 last year, reflecting the timing of expenditures.

Based on year-to-date performance and near-term visibility, the Moa JV is expected to reach its production targets for 2017 but has lowered its estimated NDCC for nickel to between US$2.50 and US$2.75 per pound of nickel from between US$2.80 and US$3.30 per pound of nickel to reflect higher cobalt prices.

Ambatovy Joint Venture (40% interest)

Finished nickel production at Ambatovy in Q3 2017 was 3,247 tonnes, down 12% from the comparable period of 2016. The decline was due to a number of developments that impacted asset plant reliability. Among these were the poor reliability of the pressure acid leach circuit, an unplanned shutdown to address hydrogen sulphide emissions from the sulphide precipitation circuits and unplanned maintenance of the counter current decantation circuit. Finished nickel production was also impacted by a scheduled full asset plant shutdown in September and lower nickel recoveries initiated by a change in ore composition. Maintenance activities completed in Q3 as well as replacement of equipment, including rubber-lined spools, are expected to improve asset plant reliability and production stability over time.

Finished cobalt production in Q3 2017 was 335 tonnes, up 24% from 270 tonnes for the same period of 2016. The increase was largely due to a higher cobalt to nickel ratio in the ore processed.

Despite lower production volumes, NDCC for nickel at Ambatovy in Q3 2017 declined by 9% to US$4.27/lb from US$4.67/lb for the comparable period of 2016. The decline was largely due to higher cobalt prices.

Spending on sustaining capital in Q3 2017 was $13.0 million, up from $9.5 million for last year. The increase was largely due to scheduled maintenance activities. Capital spending is focused on improving plant reliability and for mining and production equipment, including mine development, tailings management facility construction and the purchase of heavy mine equipment.

Based on production totals on a year to date basis and near-term visibility, Ambatovy has updated its production targets for 2017, and expects to produce between 36,000 and 39,000 tonnes of finished nickel and between 3,300 and 3,600 tonnes of finished cobalt. Its estimated NDCC for nickel remains unchanged at between US$3.10 and US$3.70 per pound of nickel as higher cobalt prices are expected to offset reduced production.

Status of Ambatovy Joint Venture Restructuring

The Ambatovy Joint Venture partners continue to work towards implementation of the previously announced Agreement in Principle, with closing expected to occur in Q4 of this year.

OIL AND GAS

	For the three months ended			For the nine months ended		
	2017	2016		**2017**	2016	
$ millions, except as otherwise noted	**September 30**	September 30	Change	**September 30**	September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 29.9**	$ 27.3	10%	**$ 99.3**	$ 78.0	27%
Earnings (loss) from operations	**5.8**	(7.4)	178%	**25.7**	(19.1)	235%
Adjusted EBITDA(1)	**14.0**	11.1	26%	**51.4**	24.0	114%
Cash provided by operations	**7.9**	54.5	(86%)	**33.1**	65.0	(49%)
Free cash flow(1)	**0.7**	46.5	(98%)	**18.8**	47.1	(60%)
PRODUCTION AND SALES (bopd)						
Gross working-interest (GWI) - Cuba	**13,831**	14,709	(6%)	**14,524**	15,782	(8%)
Total net working-interest (NWI)	**7,658**	8,719	(12%)	**8,446**	9,925	(15%)
AVERAGE EXCHANGE RATE (CAD/USD)	**1.253**	1.305	(4%)	**1.307**	1.322	(1%)
AVERAGE REFERENCE PRICE (US$ per barrel)						
West Texas Intermediate (WTI)	**$ 48.21**	$ 44.90	7%	**$ 49.29**	$ 41.42	19%
Gulf Coast Fuel Oil No. 6	**46.42**	34.88	33%	**45.10**	29.13	55%
Brent	**52.51**	45.57	15%	**51.66**	41.58	24%
AVERAGE-REALIZED PRICE(1) (NWI)						
Cuba ($ per barrel)	**$ 42.10**	$ 32.88	28%	**$ 42.63**	$ 27.28	56%
UNIT OPERATING COSTS(1) (GWI)						
Cuba ($ per barrel)	**$ 8.98**	$ 9.31	(4%)	**$ 9.19**	$ 9.39	(2%)
SPENDING ON CAPITAL(2)						
Development, facilities and other	**$ 0.9**	$ 0.8	13%	**$ (0.3)**	$ 8.5	(104%)
Exploration	**6.6**	7.3	(10%)	**12.5**	9.2	36%
	$ 7.5	$ 8.1	(7%)	**$ 12.2**	$ 17.7	(31%)

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

Gross working-interest oil production in Q3 2017 was 13,831 barrels of oil per day, down from 14,709 barrels of oil per day (bopd) for the comparable period of 2016. The decrease was primarily due to natural reservoir declines, the absence of new development drilling and the impact of Hurricane Irma, which temporarily curtailed production due to standard storm safety and shutdown procedures.

Revenue in Q3 2017 was $29.9 million, up 10% from $27.3 million for last year. The growth was due to an increase in realized prices of 28% to $42.10 per barrel in Cuba, though partially offset by the negative impact of a stronger Canadian dollar.

Cost-recovery oil production in Cuba for Q3 2017 was lower when compared to the same period of 2016. The decline was due to lower cost-recovery spending and the impact of higher oil prices in the current year period.

Unit operating costs in Q3 2017 in Cuba were $8.98 per barrel, down 4% from $9.31 in Q3 2016, driven largely by lower labour, treatment and transportation costs. Unit operating costs also improved due to the strengthening of the Canadian dollar.

Capital spending in Q3 2017 totaled $7.5 million and was largely focused on Block 10 drilling activities. Drilling of the second development well began in August. Drilling results for the second well on Block 10 are expected in December of 2017.

Given its performance on a year-to-date basis, the Oil and Gas division has increased its production targets for 2017, and expects to produce between 13,000 and 14,000 GWI bopd in Cuba, up from between 11,500 to 12,500 bopd. On a net working basis in all operations, the Oil and Gas division expects to produce between 7,500 and 8,000 barrels of oil equivalent per day (boepd), up from 6,400 and 7,000 boepd. The Oil and Gas division has also lowered its unit costs in Cuba to between $10.00 and $10.50 per barrel.

POWER

	For the three months ended			For the nine months ended		
	2017	2016		**2017**	2016	
$ millions (33 ⅓% basis), except as otherwise noted	**September 30**	September 30	Change	**September 30**	September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 12.2**	$ 14.4	(15%)	**$ 39.2**	$ 44.9	(13%)
Earnings (loss) from operations	**1.5**	(2.0)	175%	**5.8**	(4.0)	245%
Adjusted EBITDA(1)	**7.5**	6.6	14%	**24.6**	22.1	11%
Cash provided by operations	**18.4**	5.5	235%	**39.1**	11.3	246%
Free cash flow(1)	**18.2**	5.1	257%	**37.7**	10.7	252%
PRODUCTION AND SALES						
Electricity (GWh)	**210**	226	(7%)	**647**	670	(3%)
AVERAGE-REALIZED PRICE(1)						
Electricity ($/MWh)	**$ 53.10**	$ 55.47	(4%)	**$ 55.50**	$ 56.05	(1%)
UNIT OPERATING COSTS(1) ($/MWh)						
Base	**14.19**	17.86	(21%)	**15.18**	16.13	(6%)
Non-base(2)	**2.40**	7.69	(69%)	**2.82**	6.21	(55%)
	16.59	25.55	(35%)	**18.00**	22.34	(19%)
NET CAPACITY FACTOR (%)	**65**	69	(6%)	**67**	70	(4%)
SPENDING ON CAPITAL AND SERVICE CONCESSION ARRANGEMENTS(3)						
Sustaining	**$ 0.2**	$ 0.3	(33%)	**$ 1.4**	$ 0.6	133%
Service concession arrangements	**-**	0.9	(100%)	**-**	4.5	(100%)
	$ 0.2	$ 1.2	(83%)	**$ 1.4**	$ 5.1	(73%)

(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) Spending on capital includes accruals.

Power production in Q3 2017 was 210 gigawatt hours ("GWh") of electricity, down 7% from 226 GWh for the comparable period of 2016. The decline was largely due to reduced gas supply and the impact of Hurricane Irma.

Average realized prices in Q3 2017 declined to $53.10 per MWh of electricity from $55.47 per MWh in Q3 2016. The decline was due to the appreciation of the Canadian dollar relative to the U.S. currency.

Revenue in Q3 2017 totaled $12.2 million, down 15% from $14.4. The decrease is attributable to lower production and lower realized prices.

Cash flow from operations grew by 235% to $18.4 million largely as a result of a $US17.0 million in payments received from Energas in the quarter, compared to US$9.6 million received in Q3 2016.

Unit operating cost in Q3 2017 was $16.59 per MWh of electricity, down 35% from $25.55 per MWh for Q3 2016. The decrease was due principally to reduced maintenance activities at the Boca and Puerto Escondido facilities this year.

Total capital spending in Q3 2017 was $0.2 million, down from $1.2 million for the comparable period of last year. The decline was primarily due to the absence of service concession spending this year.

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
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH	Finalize long-term Ambatovy equity and funding structure	Agreement in principle reached with the Ambatovy project partners, closing of the transaction is expected in Q4 2017.
	Optimize working capital and receivables collection	Timing of working capital changes at the Fort Site fluctuate quarter-to-quarter. Management continues to take action to expedite Cuban energy receipts. In Q3, Sherritt received $32.6 million of Cuban energy payments.
	Operate Metals and Power businesses to be free cash flow neutral or better	On a year-to-date basis, Oil and Gas and Power divisions continued to generate positive free cash flow. The Moa JV has generated sufficient operating cash flow to repay a portion of the working capital facility.
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS	Determine future capital allocation based on results from first two wells drilled on Block 10	The results from the first well have provided constructive data to optimize the drilling of the second well, again targeting the Lower Veloz formation. Drill results from the second well are expected in Q4 2017.
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	Q3 NDCC of US$1.94/lb at the Moa JV is the lowest since Q4 2004. Moa's NDCC ranked it within the lowest cost quartile for the second consecutive quarter. Ambatovy's Q3 NDCC of US$4.27/lb marked an improvement from last year, but was below expectations due to lower production and higher maintenance costs.
	Increase Ambatovy production and predictability over 2016	Ambatovy year-to-date production has experienced unanticipated challenges. Initiatives, such as replacing certain equipment, are being implemented to improve asset reliability.
	Achieve peer leading performance in environmental, health, safety and sustainability	Sherritt was named as one of *Corporate Knights'* 2017 Future 40 Responsible Corporate Leaders in Canada, based on sustainability disclosures. Sherritt has been supporting ongoing Hurricane Irma recovery efforts in Cuba, and promoting good hygiene in communities suffering from pneumonic plague in Madagascar. Sherritt was also named a finalist for the Canadian Nature Museum's "Nature Inspiration Award," largely for its conservation work in Madagascar, and continues implementing the Mining Association of Canada's *Towards Sustainable Mining* program.

OUTLOOK

2017 PRODUCTION, UNIT OPERATING COST AND CAPITAL SPENDING GUIDANCE

The guidance for 2017 reflects updates announced previously on July 26.

Production volumes, unit operating costs and spending on capital	Guidance at 2017 June 30	Actual 2017 September 30	Updated Guidance at 2017 September 30
Production volumes			
Nickel, finished (tonnes, 100% basis)			
Moa Joint Venture	31,500-32,500	23,256	Unchanged
Ambatovy Joint Venture	40,000-43,000	26,268	36,000-39,000
Total	71,500-75,500	49,524	67,500-71,500
Cobalt, finished (tonnes, 100% basis)			
Moa Joint Venture	3,500-3,800	2,672	Unchanged
Ambatovy Joint Venture	3,600-3,900	2,320	3,300-3,600
Total	7,100-7,700	4,992	6,800-7,400
Oil – Cuba (gross working-interest, bopd)	11,500-12,500	14,524	13,000 – 14,000
Oil and Gas – All operations (net working-interest, boepd)	6,400-7,000	8,446	7,500 – 8,000
Electricity (GWh, 33⅓% basis)	850-900	647	Unchanged
Unit operating costs			
NDCC (US$ per pound)			
Moa Joint Venture	2.80-3.30	2.53	2.50-2.75
Ambatovy Joint Venture	3.10-3.70	3.96	Unchanged
Total	2.95-3.35	3.23	2.83-3.26
Oil and Gas - Cuba (unit operating costs, $ per barrel)	11.00-12.00	9.19	10.00 – 10.50
Electricity (unit operating cost, $ per MWh)	18.75-19.50	18.00	Unchanged
Spending on capital (US$ millions)			
Metals – Moa Joint Venture (50% basis), Fort Site (100% basis) (1)	US$28 (CDN$38)	US$10 (CDN$13)	US$19 (CDN$25)
Metals – Ambatovy Joint Venture (40% basis)	US$45 (CDN$61)	US$26 (CDN$34)	US$38 (CDN$50)
Oil and Gas	US$35 (CDN$47)	US$9 (CDN$12)	Unchanged
Power (33⅓% basis)	US$1 (CDN$2)	US$1 (CDN$1)	Unchanged
Spending on capital (excluding Corporate)	US$109 ($CDN148)	US$46 (CDN$60)	US$93 (CDN$122)

(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 September 30, 2017 for further information.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its quarterly conference call and webcast tomorrow at 9:00 a.m. Eastern Time.

Conference Call and Webcast:	October 25, 2017, 9:00 a.m. ET
North American callers, please dial:	1-800-274-0251
International callers, please dial:	416-640-5944
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 October 30, 2017 by calling 647-436-0148 or 1-888-203-1112, access code 3669674#.

COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's complete condensed consolidated financial statements and MD&A for the three and nine months ended September 30, 2017 are available at www.sherritt.com and should be read in conjunction with this news release. Financial and operating data can also viewed in the investor relations section of Sherritt's website.

ABOUT SHERRITT

Sherritt, 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 regarding production volumes, operating costs and capital spending; supply, demand and pricing outlook in the nickel and cobalt markets; sources of funding for the Moa Joint Venture; restructuring of the Ambatovy Joint Venture shareholder interests and future financing arrangements at the Ambatovy Joint Venture; results of discussions regarding timing of ongoing Cuban payments; drill results on exploration wells; joint venture environmental rehabilitation costs and amounts of certain other 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:
Joe Racanelli, Director of Investor Relations
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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 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 October 24, 2017, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three and nine months ended September 30, 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 and an associate. 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 interest recognized in the Corporation's financial statements are as follows:

	Relationship for accounting purposes	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 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.

In May 2017, the Corporation announced it had reached an agreement in principle with its Ambatovy Joint Venture partners which would facilitate the reduction of its interest in the joint venture from 40% to 12%. The closing of the transaction is expected in the fourth quarter of this year. Until then, the Corporation continues to account for its investment in the Ambatovy Joint Venture and provide financial results in this MD&A based on its 40% interest.

Amounts presented in this MD&A can be reconciled to note 5, Segmented information, of the condensed consolidated financial statements for the three and nine months ended September 30, 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
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH	Finalize long-term Ambatovy equity and funding structure	Agreement in principle reached with the Ambatovy project partners, closing of the transaction is expected in Q4 2017.
	Optimize working capital and receivables collection	Timing of working capital changes at the Fort Site fluctuate quarter-to-quarter. Management continues to take action to expedite Cuban energy receipts. In Q3, Sherritt received $32.6 million of Cuban energy payments.
	Operate Metals and Power businesses to be free cash flow neutral or better	On a year-to-date basis, Oil and Gas and Power divisions continued to generate positive free cash flow. The Moa JV has generated sufficient operating cash flow to repay a portion of the working capital facility.
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS	Determine future capital allocation based on results from first two wells drilled on Block 10	The results from the first well have provided constructive data to optimize the drilling of the second well, again targeting the Lower Veloz formation. Drill results from the second well are expected in Q4 2017.
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	Q3 NDCC of US$1.94/lb at the Moa JV is the lowest since Q4 2004. Moa's NDCC ranked it within the lowest cost quartile for the second consecutive quarter. Ambatovy's Q3 NDCC of US$4.27/lb marked an improvement from last year, but was below expectations due to lower production and higher maintenance costs.
	Increase Ambatovy production and predictability over 2016	Ambatovy year-to-date production has experienced unanticipated challenges. Initiatives, such as replacing certain equipment, are being implemented to improve asset reliability.
	Achieve peer leading performance in environmental, health, safety and sustainability	Sherritt was named as one of *Corporate Knights'* 2017 Future 40 Responsible Corporate Leaders in Canada, based on sustainability disclosures. Sherritt has been supporting ongoing Hurricane Irma recovery efforts in Cuba, and promoting good hygiene in communities suffering from pneumonic plague in Madagascar. Sherritt was also named a finalist for the Canadian Nature Museum's "Nature Inspiration Award," largely for its conservation work in Madagascar, and continues implementing the Mining Association of Canada's *Towards Sustainable Mining* program.

Highlights

OPERATIONS UPDATE

The Metals operations produced 7,296 tonnes of finished nickel (Sherritt's share) in the third quarter of 2017 with lower production than the same period in the prior year at both the Moa Joint Venture and the Ambatovy Joint Venture. Finished nickel production was higher at the Moa Joint Venture and lower at Ambatovy Joint Venture compared to the second quarter of 2017. At the Moa Joint Venture, the changes in production were primarily due to mixed sulphides availability due to timing of shipments to the refinery in each period. At the Ambatovy Joint Venture production continued to be impacted by PAL production reliability issues and planned and unplanned shutdowns.

Metals operation's weighted average net direct cash cost (NDCC) for nickel of US$3.08/lb in the third quarter was lower compared to the same period in the prior year as the benefit of significantly higher cobalt by-product credits offset higher maintenance costs. NDCC of US$1.94/lb at the Moa Joint Venture, which is the lowest since 2004, continues to benefit from cost savings related to the new acid plant at Moa.

Sherritt's operations in Cuba incurred minimal damages as a result of Hurricane Irma. Nickel, cobalt, power, oil and gas production were only moderately impacted due to hurricane readiness and shutdown procedures.

CASH UPDATE

Cash, cash equivalents and short-term investments at the end of the third quarter were $291.3 million, an increase of $17.1 million from their level at June 30, 2017. This increase is primarily due to cash flows from the Oil and Gas and Power divisions and fertilizer fall presales, partly offset by $9.6 million in interest payments on debentures and $5.2 million in payments relating to the previously-owned Obed mine.

During the quarter, US$32.6 million of Cuban energy payments were received compared to US$28.8 million in the second quarter of 2017. Included in this amount was US$15.6 million received by Oil and Gas and US$17.0 million received from Energas in Power. Total Cuban overdue receivables were US$100.5 million at September 30, 2017 compared to US$90.2 million at June 30, 2017.

AMBATOVY FUNDING UPDATE

Sherritt and its Ambatovy Joint Venture partners continue to work towards implementation of the previously announced Agreement in Principle that will result in the re-structuring of the Joint Venture and the elimination of approximately $1.3 billion of non-recourse debt. Closing of the transaction is expected to occur in the fourth quarter of this year.

Financial results

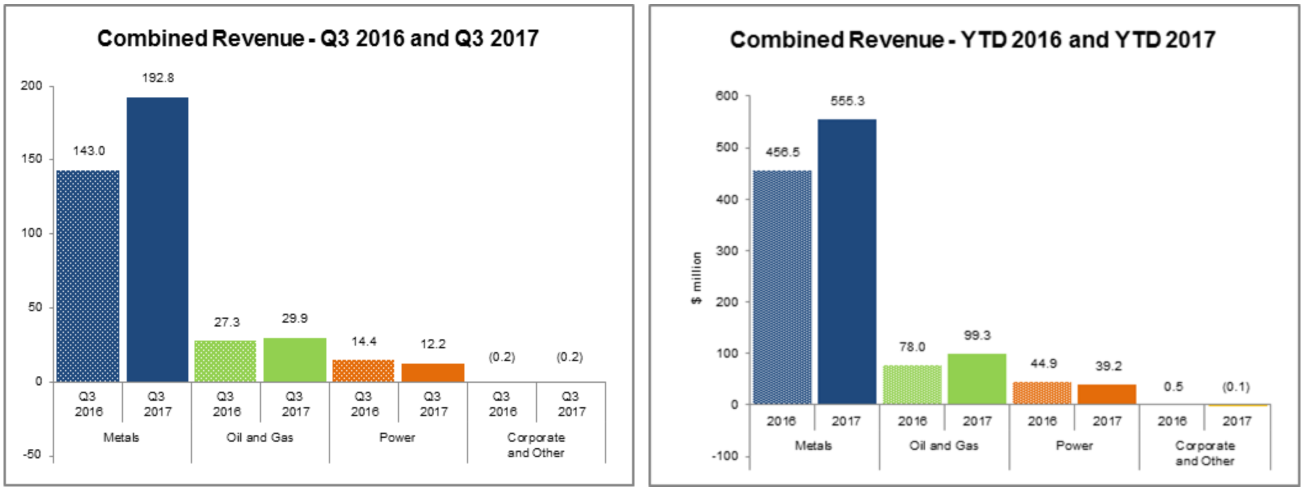
$ millions, except as otherwise noted	For the three months ended 2017 September	2016 September 30	Change	For the nine months ended 2017 September 30	2016 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 63.3**	$ 58.5	8%	**$ 212.5**	$ 191.8	11%
Combined revenue[1]	**234.7**	184.5	27%	**693.7**	579.9	20%
Loss from operations, associate and joint venture	**(52.3)**	(82.1)	36%	**(165.7)**	(268.6)	38%
Loss from continuing operations	**(69.5)**	(120.8)	42%	**(244.0)**	(272.2)	10%
Net loss for the period	**(69.5)**	(120.8)	42%	**(244.0)**	(272.2)	10%
Adjusted loss from continuing operations[1]	**(84.4)**	(104.3)	19%	**(266.9)**	(348.0)	23%
Adjusted EBITDA[1]	**33.8**	11.5	194%	**100.2**	2.6	3,754%
Loss per share (basic and diluted)($ per share)						
Net loss from continuing operations	**(0.24)**	(0.41)	41%	**(0.83)**	(0.93)	11%
Net loss for the period	**(0.24)**	(0.41)	41%	**(0.83)**	(0.93)	11%
CASH						
Cash, cash equivalents and short-term investments (prior period, December 31, 2016)	**$ 291.3**	$ 309.6	(6%)	**$ 291.3**	$ 309.6	(6%)
Cash provided by continuing operating activities	**28.7**	60.3	(52%)	**24.3**	24.2	-
Combined free cash flow[1]	**7.3**	20.3	(64%)	**(20.9)**	(66.4)	69%
Combined adjusted operating cash flow[1]	**26.1**	3.0	770%	**35.0**	(55.0)	164%
OPERATIONAL DATA						
SPENDING ON CAPITAL AND INTANGIBLE ASSETS[2]	**$ 23.7**	$ 29.0	(18%)	**$ 61.0**	$ 62.8	(3%)
PRODUCTION VOLUMES						
Finished nickel (tonnes)(Sherritt's share)	**7,296**	7,964	(8%)	**22,135**	24,413	(9%)
Finished cobalt (tonnes)(Sherritt's share)	**799**	759	5%	**2,264**	2,370	(4%)
Oil (boepd, NWI production)[3]	**7,658**	8,719	(12%)	**8,446**	9,925	(15%)
Electricity (gigawatt hours) (33⅓% basis)	**210**	226	(7%)	**647**	670	(3%)
AVERAGE EXCHANGE RATE (CAD/USD)	**1.253**	1.305	(4%)	**1.307**	1.322	(1%)
AVERAGE-REALIZED PRICES[1]						
Nickel ($ per pound)	**$ 5.90**	$ 5.88	-	**$ 5.93**	$ 5.35	11%
Cobalt ($ per pound)	**35.44**	15.78	125%	**31.30**	14.47	116%
Oil ($ per boe, NWI)[3]	**41.14**	32.71	26%	**41.79**	27.50	52%
Electricity ($ per megawatt hour)	**53.10**	55.47	(4%)	**55.50**	56.05	(1%)
UNIT OPERATING COSTS[1]						
Nickel (US$ per pound)(NDCC)	**$ 3.08**	$ 4.03	(24%)	**$ 3.23**	$ 4.03	(20%)
Oil ($ per boe, GWI)[3]	**9.52**	9.76	(2%)	**9.92**	10.24	(3%)
Electricity ($ per megawatt hour)	**16.59**	25.55	(35%)	**18.00**	22.34	(19%)

(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)] of $234.7 million and $693.7 million for the three and nine months ended September 30, 2017 compared to $184.5 million and $579.9 million, respectively, for the same periods in the prior year. Combined revenue is composed of the following:

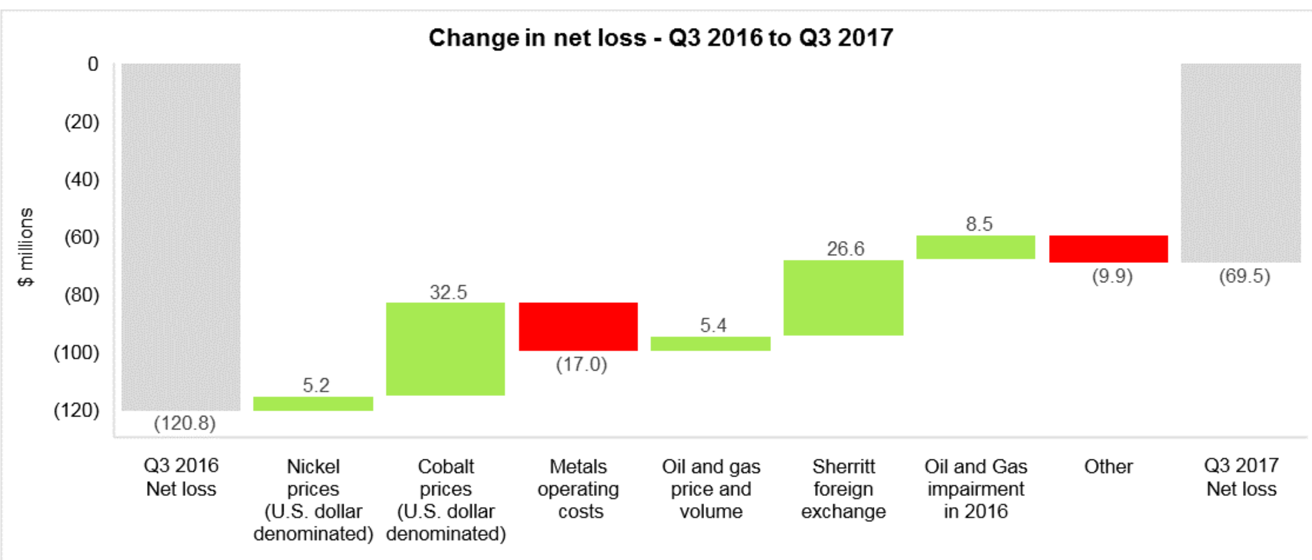


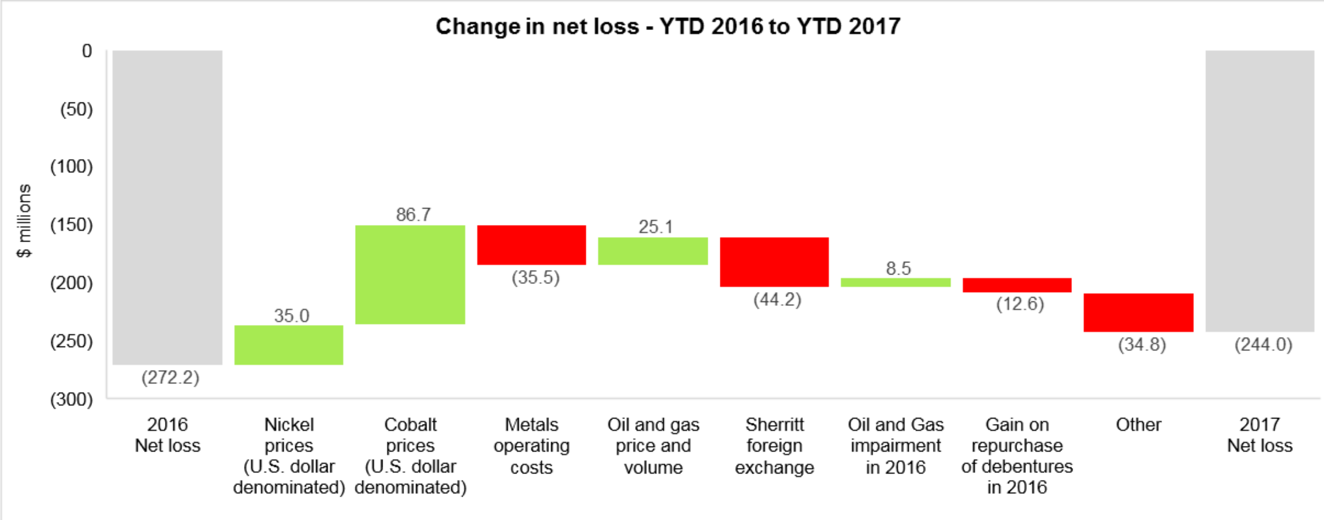
(1) For additional information see the Non-GAAP measures section.

For the three months ended September 30, 2017, the net loss from continuing operations was $69.5 million, or $0.24 per share, compared to a loss of $120.8 million, or $0.41 per share in the same period in the prior year.

For the nine months ended September 30, 2017, the net loss from continuing operations was $244.0 million, or $0.83 per share, compared to a loss of $272.2 million, or $0.93 per share in the same period in the prior year.

The change in net loss from continuing operations is detailed below:





Combined revenue for the three and nine months ended September 30, 2017 was higher compared to the same periods in the prior year primarily due to higher realized prices for cobalt. Nickel revenue was higher in the third quarter due to higher sales volume on marginally higher realized prices; for the current year-to-date period, revenue was higher due to higher realized prices on lower sales volume compared to the same periods in the prior year.

The average reference price for nickel was 3% and 9% higher for the three and nine months ended September 30, 2017, respectively, compared to the same periods in the prior year. The recent increase in nickel prices has been driven by a number of factors affecting both supply and demand market conditions. Most significantly, strong demand for Chinese stainless steel and growing concerns on the supply side due to the shutdown of a major laterite nickel mine in Western Australia. Global finished nickel stocks continued to slowly contract in third quarter of 2017 and the refined nickel market is expected to be in deficit in 2017. A consistent decline in both LME and SHFE stocks, however, is needed for a sustained recovery of nickel prices. In the short-term, uncertain geopolitical conditions in Indonesia and the Philippines may impact short-term supply conditions and result in nickel price volatility. Over the longer term, market fundamentals remain strong, particularly for high quality, LME briquettes and other forms of refined nickel suitable for battery manufacturing given the expected growing demand for electric vehicles.

The average reference price for cobalt was 134% and 118% higher for the three and nine months ended September 30, 2017, respectively, compared to the same periods in the prior year.

Tight supply conditions and rising demand for battery materials led by the electric vehicle industry continue to drive cobalt prices upward. In the short term, the risk of cobalt substitution in battery production is considered low given its unique energy transference properties. While battery manufacturers are exploring alternatives to cobalt, the likely beneficiary of any substitution is expected to be nickel. The strength in cobalt pricing is further supported by the limited number of copper and nickel projects with significant cobalt by-products and the political risks in the Democratic Republic of Congo, the world's largest country source of cobalt.

Overall, deficits are expected to continue in the cobalt market. In addition to demand from the industrial end users, financial investors are also driving the bullish trend in cobalt pricing by stockpiling inventory, further impacting the expected supply deficit.

Mining, processing and refining (MPR) costs at the Ambatovy Joint Venture and Moa Joint Venture were higher for the three and nine months ended September 30, 2017 compared to the same periods in the prior year primarily as a result of higher maintenance and energy input costs.

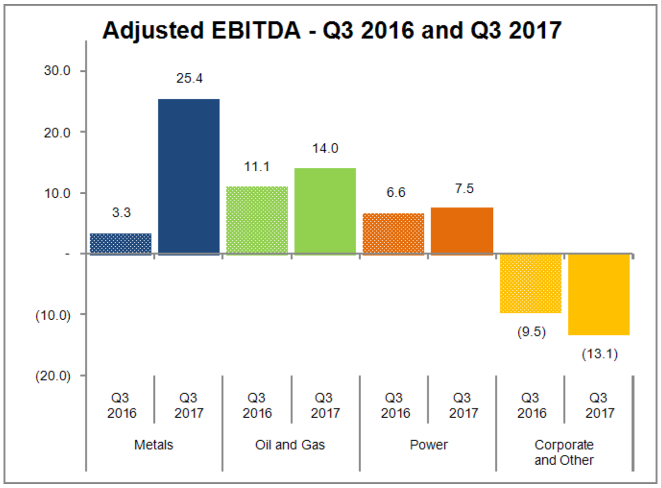
In the current year period, oil revenues were higher than the prior-year periods as the higher oil reference price offset lower production volumes. The average reference price for Gulf Coast Fuel Oil #6 was 33% and 55% higher for the three and nine months ended, respectively, than the same periods in the prior year. Production and sales volumes at Oil and Gas for the both periods in the current year were lower due to natural reservoir declines and the absence of new development drilling.

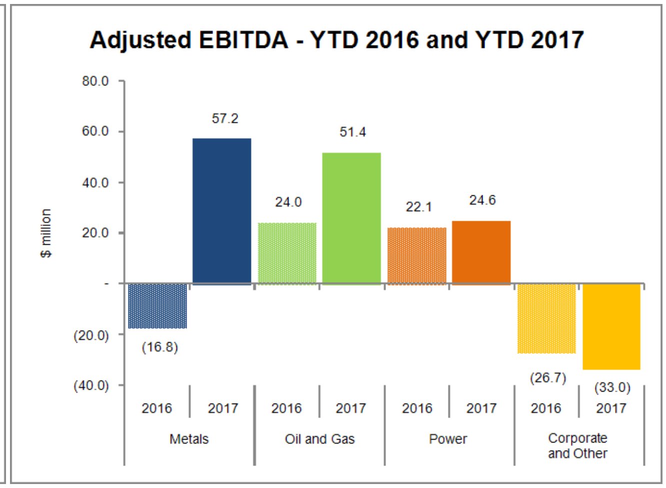
The Corporation recognized unrealized foreign exchange gains of $13.5 million and $16.4 million in the three and nine months ended September 30, 2017, respectively compared to a loss of $12.8 million and gain of $61.6 for the same periods in the prior year, respectively. Unrealized exchange gains/losses are determined by the change in period-end exchange rates and the balance of the Corporation's U.S. dollar denominated net liabilities.

Other primarily includes higher interest expense at Corporate and interest and foreign exchange at Ambatovy. The year-to-date period also includes the impact of lower fertilizer contributions.

ADJUSTED EBITDA[1]

Total combined Adjusted EBITDA for the three and nine months ended September 30, 2017 was $33.8 million and $100.2 million, respectively, compared to $11.5 million and $2.6 million in the same periods in the prior year. Adjusted EBITDA by business segment is as follows:





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

CONSOLIDATED FINANCIAL POSITION

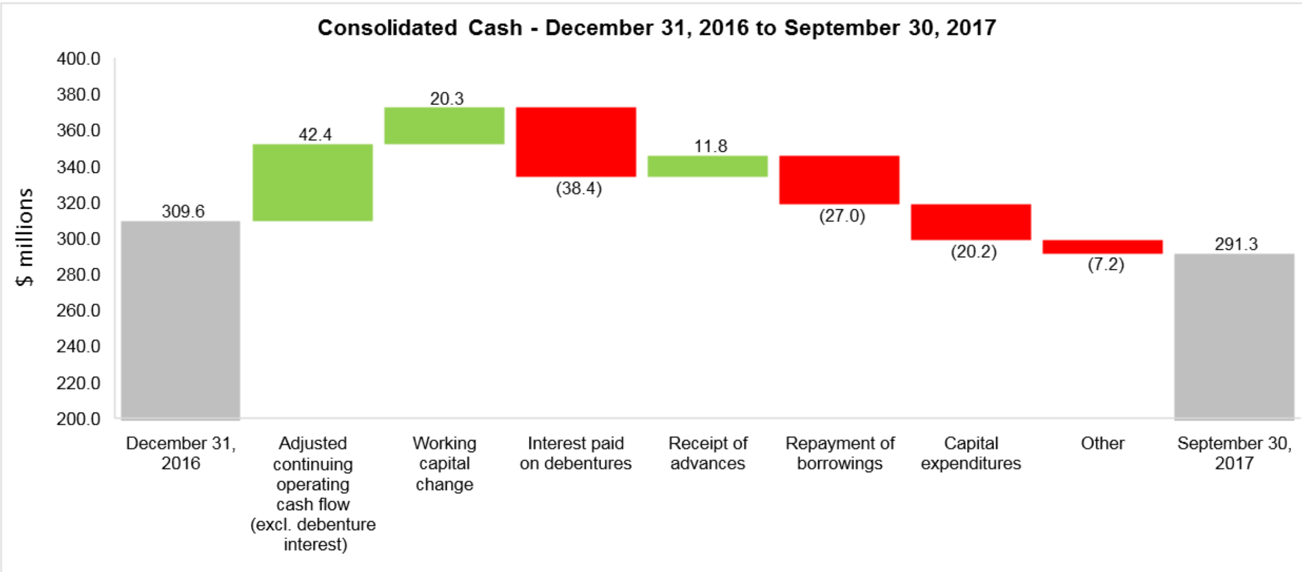
The following table summarizes the significant items as derived from the consolidated statements of financial position:

$ millions, except as noted, as at	**2017 September 30**	2016 December 31	Change
Financial Condition			
Cash, cash equivalents and short-term investments	**$ 291.3**	$ 309.6	(6%)
Net working capital balance	**414.4**	494.9	(16%)
Current ratio	**2.56:1**	3.19:1	-
Total assets	**3,489.3**	3,806.9	(8%)
Non-recourse loans and borrowings	**1,324.6**	1,367.5	(3%)
Other loans and borrowings	**828.8**	860.7	(4%)
Total liabilities	**2,723.5**	2,709.0	1%
Shareholders' equity	**765.8**	1,097.9	(30%)

LIQUIDITY

At September 30, 2017 total available liquidity was $294.1 million which is composed of cash, cash equivalents, short-term investments and $2.8 million of available credit facilities.

Cash, cash equivalents and short-term investments at September 30, 2017 decreased by $18.3 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 at Power and Oil and Gas primarily as a result of higher commodity prices and lower operating costs at Oil and Gas;
- collections of Cuban energy receivables;
- payment of interest on the Corporation's debentures;
- receipt of $11.8 million from the Moa Joint Venture as repayment on its working capital facility; and
- repayment of $27.0 million on the Corporation's syndicated revolving-term loan during the year.

Outlook

2017 PRODUCTION, OPERATING COST AND CAPITAL SPENDING GUIDANCE

Production volumes, unit operating costs and spending on capital	Guidance at 2017 June 30	Actual 2017 September 30	Updated Guidance at 2017 September 30
Production volumes			
Nickel, finished (tonnes, 100% basis)			
Moa Joint Venture	31,500-32,500	23,256	Unchanged
Ambatovy Joint Venture	40,000-43,000	26,268	36,000-39,000
Total	71,500-75,500	49,524	67,500-71,500
Cobalt, finished (tonnes, 100% basis)			
Moa Joint Venture	3,500-3,800	2,672	Unchanged
Ambatovy Joint Venture	3,600-3,900	2,320	3,300-3,600
Total	7,100-7,700	4,992	6,800-7,400
Oil – Cuba (gross working-interest, bopd)	11,500-12,500	14,524	13,000 – 14,000
Oil and Gas – All operations (net working-interest, boepd)	6,400-7,000	8,446	7,500 – 8,000
Electricity (GWh, 33⅓% basis)	850-900	647	Unchanged
Unit operating costs			
NDCC (US$ per pound)			
Moa Joint Venture	2.80-3.30	2.53	2.50-2.75
Ambatovy Joint Venture	3.10-3.70	3.96	Unchanged
Total	2.95-3.35	3.23	2.83-3.26
Oil and Gas - Cuba (unit operating costs, $ per barrel)	11.00-12.00	9.19	10.00 – 10.50
Electricity (unit operating cost, $ per MWh)	18.75-19.50	18.00	Unchanged
Spending on capital (US$ millions)			
Metals – Moa Joint Venture (50% basis), Fort Site (100% basis) (1)	US$28 (CDN$38)	US$10 (CDN$13)	US$19 (CDN$25)
Metals – Ambatovy Joint Venture (40% basis)	US$45 (CDN$61)	US$26 (CDN$34)	US$38 (CDN$50)
Oil and Gas	US$35 (CDN$47)	US$9 (CDN$12)	Unchanged
Power (33⅓% basis)	US$1 (CDN$2)	US$1 (CDN$1)	Unchanged
Spending on capital (excluding Corporate)	US$109 ($CDN148)	US$46 (CDN$60)	US$93 (CDN$122)

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

The Moa Joint Venture is expected to reach its production targets for 2017 but has lowered its estimated NDCC for nickel to between US$2.50 and US$2.75 per pound of nickel from between US$2.80 and US$3.30 per pound of nickel to reflect the impact of higher cobalt prices.

Based on production totals on a year to date basis and near-term visibility, the Ambatovy Joint Venture has updated its production targets for 2017 and expects to produce between 36,000 and 39,000 tonnes of finished nickel and 3,300 to 3,600 tonnes of finished cobalt. Its estimated NDCC for nickel remains unchanged at between US$3.10 and US$3.70 per pound as higher cobalt prices are expected to offset reduced production.

Given its performance on a year-to-date basis, the Oil and Gas division has increased its production targets for 2017, and expects to produce between 13,000 and 14,000 GWI bopd in Cuba up from 11,500 to 12,500 bopd. On a net working-interest basis, the Oil and Gas division expects to produce between 7,500 and 8,000 boepd, up from 6,400 to 7,000 boepd. The Oil and Gas division has also lowered its unit costs in Cuba to between $10.00 and $10.50 per barrel.

Review of operations

METALS

Financial Review

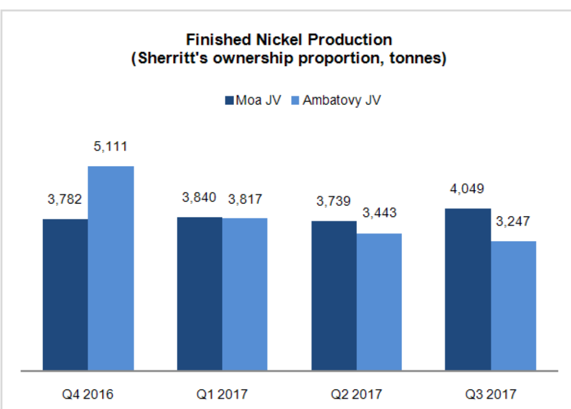
$ millions, except as otherwise noted, for the three months ended September 30	**2017**				2016				
	Moa JV and Fort Site	**Ambatovy JV**	**Other**	**Total**	Moa JV and Fort Site	Ambatovy JV	Other	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	**$ 100.7**	**$ 78.0**	**$ 14.1**	**$ 192.8**	$ 80.6	$ 51.0	$ 11.4	$ 143.0	35%
(Loss) earnings from operations	**12.8**	**(34.2)**	**0.2**	**(21.2)**	(4.0)	(38.5)	0.3	(42.2)	50%
Adjusted EBITDA[1]	**23.9**	**1.3**	**0.2**	**25.4**	7.5	(4.5)	0.3	3.3	670%
CASH FLOW									
Cash provided (used) by operations	**$ 17.6**	**$ (8.9)**	**$ (1.7)**	**$ 7.0**	$ 25.6	$ (11.4)	$ (5.4)	$ 8.8	(20%)
Free cash flow[1]	**14.5**	**(13.8)**	**(1.7)**	**(1.0)**	17.3	(21.8)	(5.4)	(9.9)	90%
Adjusted operating cash flow[1]	**21.5**	**0.9**	**2.5**	**24.9**	6.8	(4.9)	0.4	2.3	983%
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**4,555**	**3,406**	**-**	**7,961**	4,496	3,821	-	8,317	(4%)
Finished Nickel	**4,049**	**3,247**	**-**	**7,296**	4,295	3,669	-	7,964	(8%)
Finished Cobalt	**464**	**335**	**-**	**799**	489	270	-	759	5%
Fertilizer	**60,033**	**10,407**	**-**	**70,440**	66,893	12,106	-	78,999	(11%)
NICKEL RECOVERY (%)	**87%**	**77%**			89%	81%			
SALES VOLUMES (tonnes)									
Finished Nickel	**4,018**	**3,817**	**-**	**7,835**	4,218	3,167	-	7,385	6%
Finished Cobalt	**447**	**344**	**-**	**791**	418	229	-	647	22%
Fertilizer	**32,080**	**11,120**	**-**	**43,200**	30,167	9,126	-	39,293	10%
AVERAGE REFERENCE PRICES (US$ per pound)									
Nickel				**$ 4.78**				$ 4.66	3%
Cobalt[2]				**28.84**				12.33	134%
AVERAGE-REALIZED PRICES[1]									
Nickel ($ per pound)	**$ 6.02**	**$ 5.77**	**$ -**	**$ 5.90**	$ 5.91	$ 5.85	$ -	$ 5.88	-
Cobalt ($ per pound)	**34.89**	**36.16**	**-**	**35.44**	15.20	17.04	-	15.78	125%
Fertilizer ($ per tonne)	**309**	**160**	**-**	**269**	288	161	-	260	3%
UNIT OPERATING COSTS[1] (US$ per pound)									
Nickel - net direct cash cost	**$ 1.94**	**$ 4.27**	**$ -**	**$ 3.08**	$ 3.55	$ 4.67	$ -	$ 4.03	(24%)
SPENDING ON CAPITAL									
Sustaining	**$ 3.0**	**$ 13.0**	**$ -**	**$ 16.0**	$ 6.9	$ 9.5	$ -	$ 16.4	(2%)
Expansion	**-**	**-**	**-**	**-**	4.3	-	-	4.3	(100%)
	$ 3.0	**$ 13.0**	**$ -**	**$ 16.0**	$ 11.2	$ 9.5	$ -	$ 20.7	(23%)

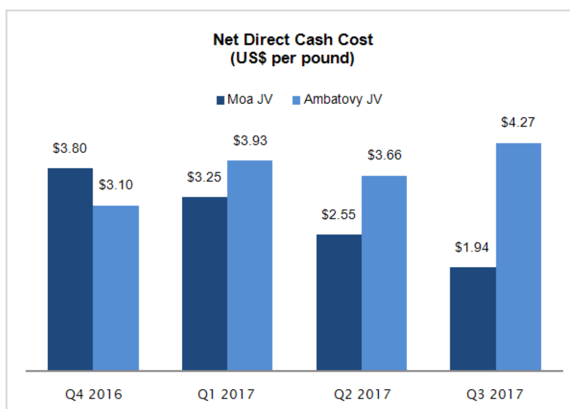
(1) For additional information see the Non-GAAP measures section.

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

$ millions, except as otherwise noted, for the nine months ended September 30	2017				2016				
	Moa JV and Fort Site	**Ambatovy JV**	**Other**	**Total**	Moa JV and Fort Site	Ambatovy JV	Other	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	**$ 294.1**	**$ 221.1**	**$ 40.1**	**$ 555.3**	$ 246.8	$ 176.6	$ 33.1	$ 456.5	22%
(Loss) earnings from operations	**11.4**	**(101.8)**	**0.9**	**(89.5)**	(20.8)	(135.9)	0.6	(156.1)	43%
Adjusted EBITDA[1]	**48.4**	**7.9**	**0.9**	**57.2**	14.0	(31.4)	0.6	(16.8)	440%
CASH FLOW									
Cash provided (used) by operations	**$ 25.8**	**$ (23.3)**	**$ 3.5**	**$ 6.0**	$ 14.2	$ (33.8)	$ (0.2)	$ (19.8)	130%
Free cash flow[1]	**12.5**	**(34.9)**	**3.5**	**(18.9)**	(13.3)	(45.3)	(0.2)	(58.8)	68%
Adjusted operating cash flow[1]	**40.5**	**(10.6)**	**4.4**	**34.3**	10.3	(47.8)	0.6	(36.9)	193%
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**13,207**	**11,507**	**-**	**24,714**	13,249	12,235	-	25,484	(3%)
Finished Nickel	**11,628**	**10,507**	**-**	**22,135**	12,682	11,731	-	24,413	(9%)
Finished Cobalt	**1,336**	**928**	**-**	**2,264**	1,465	905	-	2,370	(4%)
Fertilizer	**181,759**	**33,107**	**-**	**214,866**	195,352	37,258	-	232,610	(8%)
NICKEL RECOVERY (%)	**87%**	**82%**			88%	86%			
SALES VOLUMES (tonnes)									
Finished Nickel	**11,550**	**11,092**	**-**	**22,642**	12,427	11,909	-	24,336	(7%)
Finished Cobalt	**1,303**	**995**	**-**	**2,298**	1,359	921	-	2,280	1%
Fertilizer	**127,350**	**33,902**	**-**	**161,252**	121,827	36,997	-	158,824	2%
AVERAGE REFERENCE PRICES (US$ per pound)									
Nickel				**$ 4.55**				$ 4.18	9%
Cobalt[2]				**24.84**				11.39	118%
AVERAGE-REALIZED PRICES[1]									
Nickel ($ per pound)	**$ 5.94**	**$ 5.92**	**$ -**	**$ 5.93**	$ 5.38	$ 5.31	$ -	$ 5.35	11%
Cobalt ($ per pound)	**30.85**	**31.89**	**-**	**31.30**	14.09	15.04	-	14.47	116%
Fertilizer ($ per tonne)	**367**	**166**	**-**	**324**	397	165	-	343	(6%)
UNIT OPERATING COSTS[1] (US$ per pound)									
Nickel - net direct cash cost	**$ 2.53**	**$ 3.96**	**$ -**	**$ 3.23**	$ 3.30	$ 4.79	$ -	$ 4.03	(20%)
SPENDING ON CAPITAL									
Sustaining	**$ 13.2**	**$ 34.2**	**$ -**	**$ 47.4**	$ 17.9	$ 14.1	$ -	$ 32.0	48%
Expansion	**-**	**-**	**-**	**-**	12.4	-	-	12.4	(100%)
	$ 13.2	**$ 34.2**	**$ -**	**$ 47.4**	$ 30.3	$ 14.1	$ -	$ 44.4	7%

(1) For additional information see the Non-GAAP measures section.
(2) Average low-grade cobalt published price per Metals Bulletin.



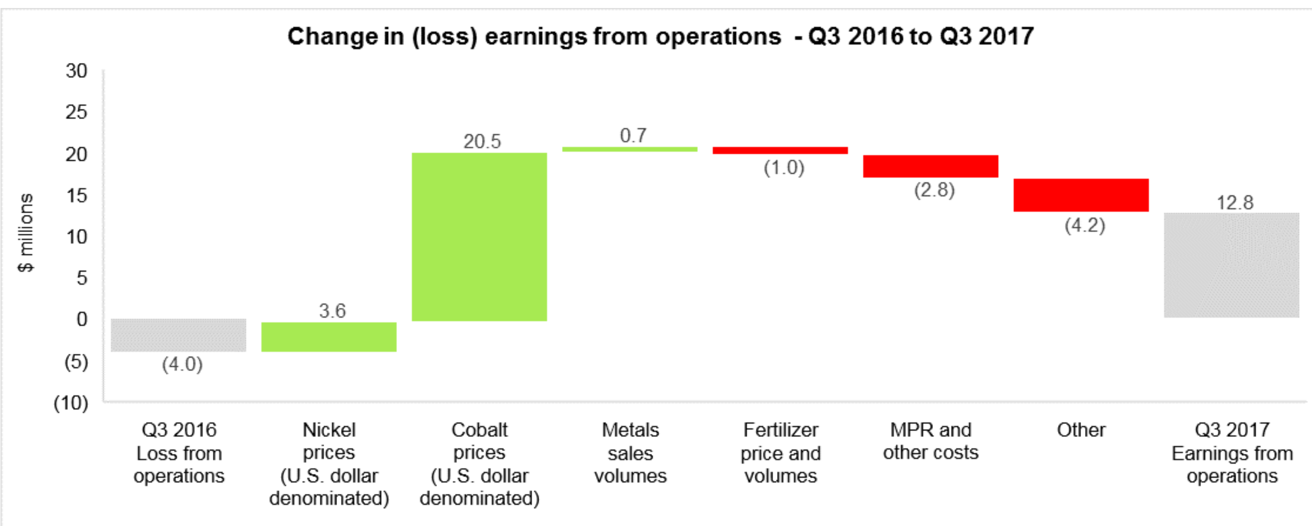


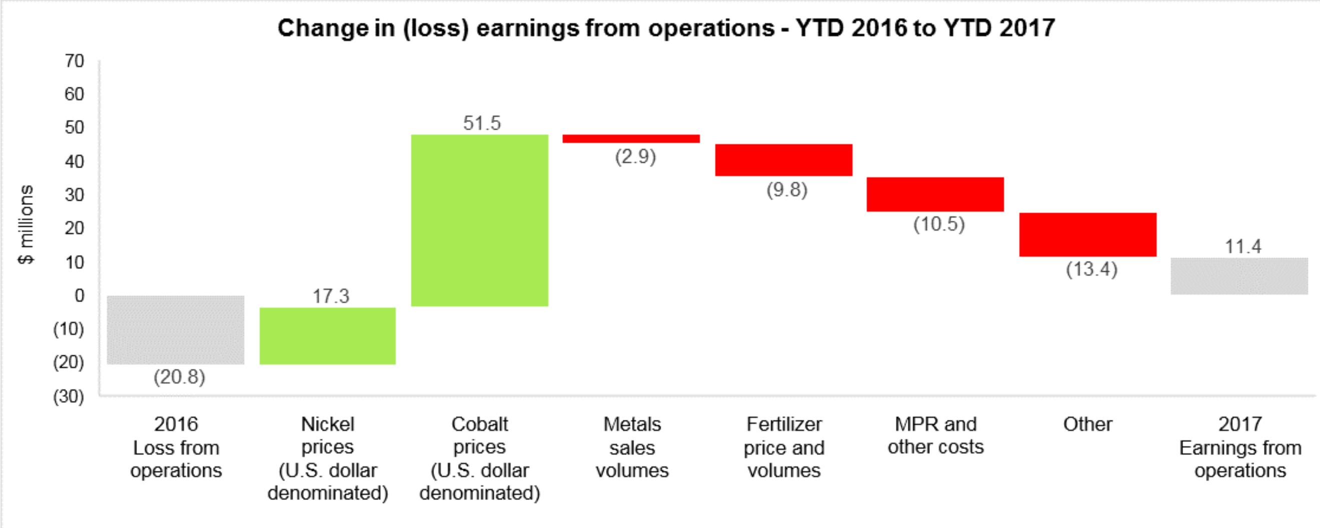
Moa Joint Venture and Fort Site

	For the three months ended			For the nine months ended		
	2017	2016		**2017**	2016	
$ millions	**September 30**	September 30	Change	**September 30**	September 30	Change
REVENUE						
Nickel	**$ 53.3**	$ 55.0	(3%)	**$ 151.2**	$ 147.5	3%
Cobalt	**34.4**	14.0	146%	**88.6**	42.2	110%
Fertilizers	**9.9**	8.7	14%	**46.7**	48.3	(3%)
Other	**3.1**	2.9	7%	**7.6**	8.8	(14%)
	$ 100.7	$ 80.6	25%	**$ 294.1**	$ 246.8	19%
COST OF SALES[(1)]						
Mining, processing and refining	**$ 50.1**	$ 53.2	(6%)	**$ 156.0**	$ 164.5	(5%)
Third-party feed costs	**4.8**	2.7	78%	**13.0**	8.0	63%
Fertilizers	**8.8**	6.6	33%	**38.5**	30.3	27%
Selling costs	**3.8**	3.9	(3%)	**12.5**	11.9	5%
Other	**6.5**	3.8	71%	**19.3**	10.8	79%
	$ 74.0	$ 70.2	5%	**$ 239.3**	$ 225.5	6%
NET DIRECT CASH COST[(2)] (US$ per pound of nickel)						
Mining, processing and refining costs	**$ 4.57**	$ 4.43	3%	**$ 4.77**	$ 4.53	5%
Third-party feed costs	**0.43**	0.22	95%	**0.39**	0.22	77%
Cobalt by-product credits	**(3.10)**	(1.15)	(170%)	**(2.67)**	(1.17)	(128%)
Other[(3)]	**0.04**	0.05	(20%)	**0.04**	(0.28)	114%
	$ 1.94	$ 3.55	(45%)	**$ 2.53**	$ 3.30	(23%)

(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 loss from operations is detailed below:





Realized prices for nickel and cobalt were higher in three and nine months ended September 30, 2017 compared to the same periods in the prior year reflecting higher reference prices. Cobalt prices were more than double that of the prior-year periods. Realized prices were negatively impacted by a strengthening of the Canadian dollar relative to the U.S. dollar in the third quarter and year-to date periods of 2017 compared to the same periods in the prior year.

Finished nickel and cobalt production for the three months ended September 30, 2017 was lower compared to the same period in the prior year primarily due to the impact of lower mixed sulphides availability as a result of lower production earlier in the year and the timing of shipments to the refinery. The shutdown of operations in Moa due to Hurricane Irma in September temporarily impacted mixed sulphides production and resulted in shipping delays which impacted finished nickel and cobalt production in the quarter.

For the nine months ended September 30, 2017, lower nickel and cobalt production was impacted by mixed sulphides availability in the first quarter as a result of lower production in the fourth quarter of 2016 following Hurricane Matthew and timing of shipments during the period, partly offset by increased third party feed usage. Finished nickel production was also impacted by a higher cobalt to nickel ratio in the mixed sulphides.

Fertilizer's contribution to operating earnings for the three and nine months ended September 30, 2017 was lower compared to the same periods in the prior year. Fertilizer contributions were negatively impacted by higher energy costs, and for the current year-to-date period the impact of the bi-annual Fort Saskatchewan acid plant shutdown in the second quarter. Realized prices were higher in the third quarter of 2017 and lower for the current year-to-date periods compared to the same periods in the prior year consistent with market prices. Sales volumes were higher in both the three and nine months ended September 30, 2017 compared to the same periods in the prior year reflecting timing of sales.

Net direct cash cost of nickel (NDCC) for the three and nine months ended September 30, 2017 was lower compared to the same periods in the prior year as higher cobalt credits more than offset lower metals sales volumes, higher energy costs, higher third party feed costs, higher planned maintenance cost and lower net fertilizer by-product credits. NDCC continues to benefit from cost savings of approximately US$0.50/lb from the new acid plant at Moa.

For the year-to-date period, other costs includes higher depreciation primarily related to the acid plant at Moa, higher royalties as a result of higher reference prices, and lower margin on Fort Saskatchewan sulphuric acid sales as a result of costs associated with the bi-annual plant shutdown and lower realized prices.

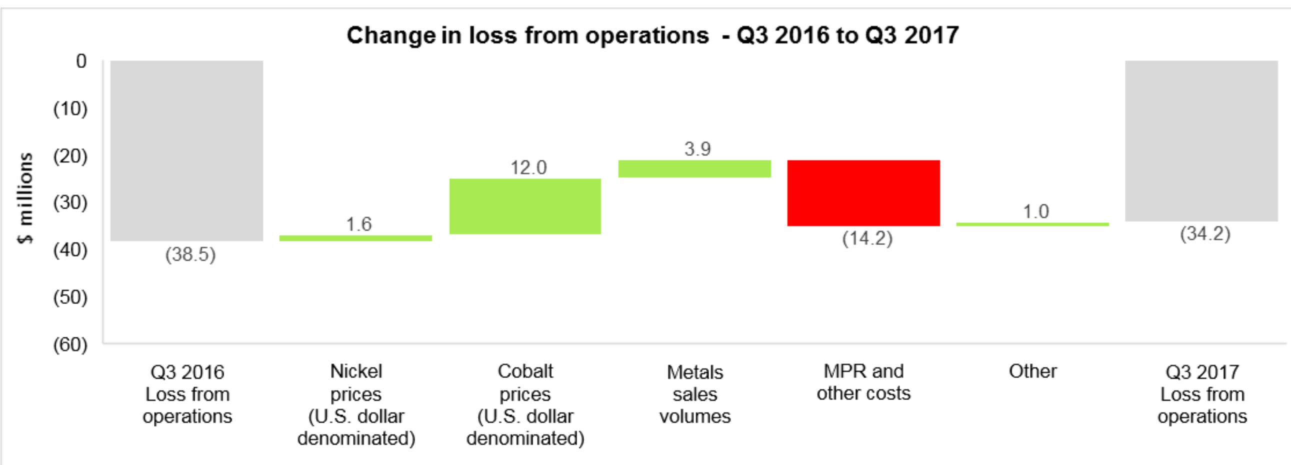
Sustaining capital spending in the three and nine months ended September 30, 2017 was lower compared to the same periods in the prior year; the variances reflect timing of expenditures. Expansion spending in 2016 was related to the new acid plant. The Moa Joint Venture is expected to continue to operate and fund capital expenditures through internally generated joint venture cash flows and/or external loans, without shareholder funding.

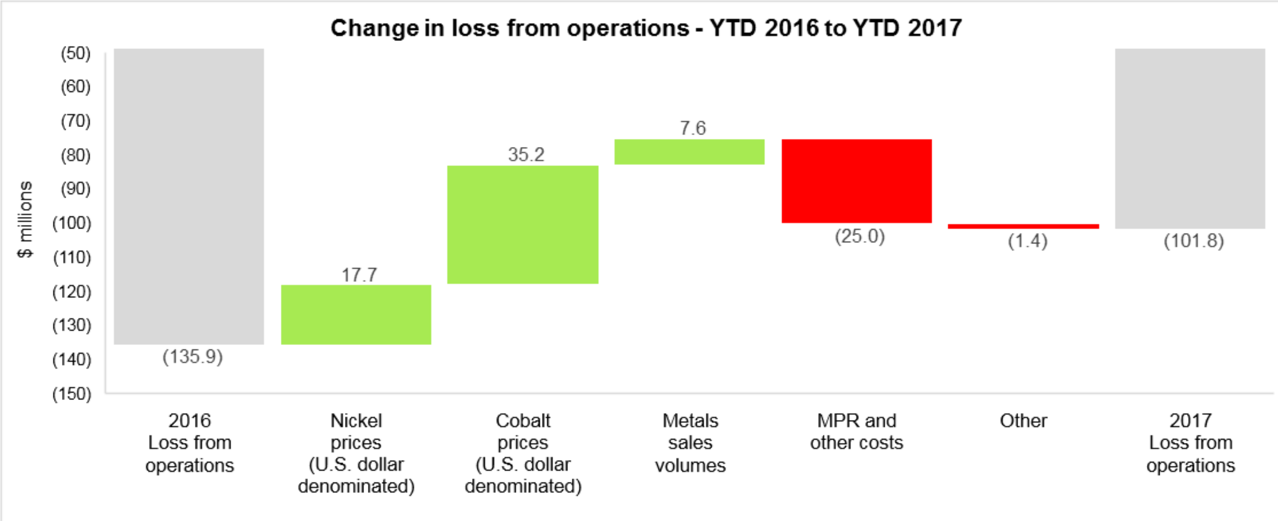
Ambatovy

$ millions	For the three months ended 2017 September 30	2016 September 30	Change	For the nine months ended 2017 September 30	2016 September 30	Change
REVENUE						
Nickel	**$ 48.5**	$ 40.8	19%	**$ 144.7**	$ 139.4	4%
Cobalt	**27.4**	8.5	222%	**69.9**	30.5	129%
Fertilizers	**1.7**	1.5	13%	**5.6**	6.1	(8%)
Other	**0.4**	0.2	100%	**0.9**	0.6	50%
	$ 78.0	$ 51.0	53%	**$ 221.1**	$ 176.6	25%
COST OF SALES(1)						
Mining, processing and refining	**$ 68.7**	$ 46.2	49%	**$ 189.4**	$ 181.4	4%
Selling costs	**3.0**	3.1	(3%)	**8.9**	10.5	(15%)
Other	**1.8**	1.0	80%	**4.7**	2.1	124%
	$ 73.5	$ 50.3	46%	**$ 203.0**	$ 194.0	5%
NET DIRECT CASH COST(2) (US$ per pound of nickel)						
Mining, processing and refining costs	**$ 6.58**	$ 5.13	28%	**$ 6.08**	$ 5.26	16%
Cobalt by-product credits	**(2.64)**	(0.82)	(222%)	**(2.26)**	(0.76)	(197%)
Other(3)	**0.33**	0.36	(8%)	**0.14**	0.29	(52%)
	$ 4.27	$ 4.67	(9%)	**$ 3.96**	$ 4.79	(17%)

(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 loss from operations is detailed below:





Realized prices for nickel and cobalt were higher in the three and nine months ended September 30, 2017 compared to the same periods in the prior year reflecting higher reference prices. Cobalt prices were more than double than that of the prior-year period. Realized prices were negatively impacted by a strengthening of the Canadian dollar relative to the U.S. dollar in the third quarter and year-to date periods of 2017 compared to the same periods in the prior year.

The differences in nickel and cobalt sales volume compared to production volume for the three and nine months ended September 30, 2017 were related to timing of shipments and the drawdown of finished nickel inventory in the third quarter and in the year-to-date period.

Production of finished nickel was lower in the three month period compared to the same period in the prior year as a result of continued asset plant reliability issues. These included poor reliability of the pressure acid leach (PAL) circuit, an unplanned shutdown to address hydrogen sulphide emissions from the sulphide precipitation circuits and unplanned maintenance of the counter current decantation (CCD) circuit. Nickel production was also impacted by a planned full plant shutdown in September and lower nickel recoveries initiated by a change in ore composition. Maintenance activities completed in third quarter as well as replacement of equipment, including rubber-lined spools, are expected to improve asset plant reliability and production stability over time.

Lower finished nickel production in the current year-to-date period compared to the same period in the prior year also reflected the impact of poor PAL circuit reliability, restricted acid production due to failures in the acid plant and sulphur melting area, power interruptions and the continued failure of rubber lined spools.

Finished cobalt production was higher for the three and nine months ended September 30, 2017 compared to the same periods in the prior year reflecting a higher cobalt to nickel ratio in the ore processed.

Despite the lower production volumes, net direct cash cost of nickel for the three and nine months ended September 30, 2017 was lower compared to the same periods in the prior year primarily due to higher cobalt credits which more than offset higher maintenance costs.

Spending on sustaining capital was unchanged for the three months ended September 30, 2017 and higher for the current year-to-date period compared to the same periods in the prior year reflecting the timing of planned spending. Capital spending is focused on improving plant reliability and for mining and production equipment, including mine development, tailings management facility construction and the purchase of heavy mine equipment.

OIL AND GAS

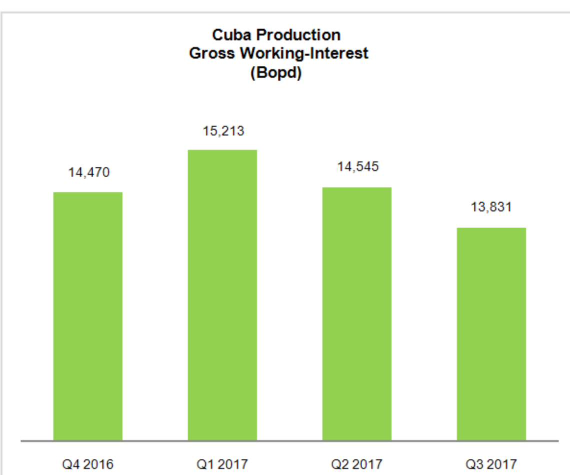
Financial review

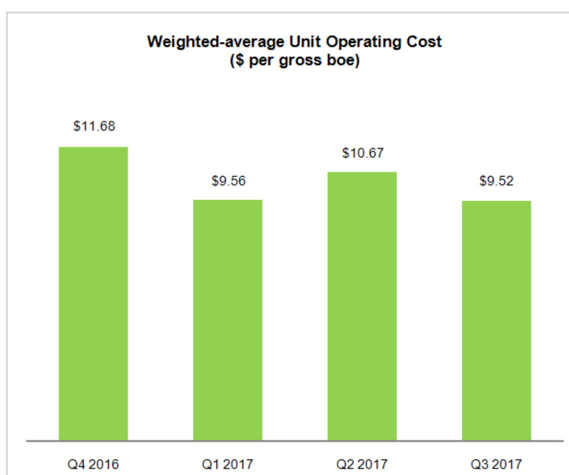
$ millions, except as otherwise noted	For the three months ended 2017 September 30	2016 September 30	Change	For the nine months ended 2017 September 30	2016 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 29.9**	$ 27.3	10%	**$ 99.3**	$ 78.0	27%
Earnings (loss) from operations	**5.8**	(7.4)	178%	**25.7**	(19.1)	235%
Adjusted EBITDA[1]	**14.0**	11.1	26%	**51.4**	24.0	114%
CASH FLOW						
Cash provided by operations	**$ 7.9**	$ 54.5	(86%)	**$ 33.1**	$ 65.0	(49%)
Free cash flow[1]	**0.7**	46.5	(98%)	**18.8**	47.1	(60%)
Adjusted operating cash flow[1]	**10.4**	8.2	27%	**39.7**	20.1	98%
PRODUCTION AND SALES[2]						
Gross working-interest (GWI) - Cuba	**13,831**	14,709	(6%)	**14,524**	15,782	(8%)
Total net working-interest (NWI)	**7,658**	8,719	(12%)	**8,446**	9,925	(15%)
AVERAGE REFERENCE PRICES (US$ per barrel)						
West Texas Intermediate (WTI)	**$ 48.21**	$ 44.90	7%	**$ 49.29**	$ 41.42	19%
Gulf Coast Fuel Oil No. 6	**46.42**	34.88	33%	**45.10**	29.13	55%
Brent	**52.51**	45.57	15%	**51.66**	41.58	24%
AVERAGE-REALIZED PRICES[1] (per NWI)						
Cuba ($ per barrel)	**$ 42.10**	$ 32.88	28%	**$ 42.63**	$ 27.28	56%
Spain ($ per barrel)	**65.08**	61.06	7%	**66.86**	54.19	23%
Pakistan ($ per boe)[2]	**9.94**	10.56	(6%)	**10.42**	10.59	(2%)
Weighted-average ($ per boe)	**41.14**	32.71	26%	**41.79**	27.50	52%
UNIT OPERATING COSTS[1][2][3] (per GWI)						
Cuba	**$ 8.98**	$ 9.31	(4%)	**$ 9.19**	$ 9.39	(2%)
Spain	**41.02**	34.55	19%	**47.97**	52.57	(9%)
Pakistan	**5.28**	8.80	(40%)	**6.91**	8.31	(17%)
Weighted-average ($ per boepd)	**9.52**	9.76	(2%)	**9.92**	10.24	(3%)
SPENDING ON CAPITAL						
Development, facilities and other	**$ 0.9**	$ 0.8	13%	**$ (0.3)**	$ 8.5	(104%)
Exploration	**6.6**	7.3	(10%)	**12.5**	9.2	36%
	$ 7.5	$ 8.1	(7%)	**$ 12.2**	$ 17.7	(31%)

(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).

(3) 2016 excludes the impact of impairment of property, plant and equipment



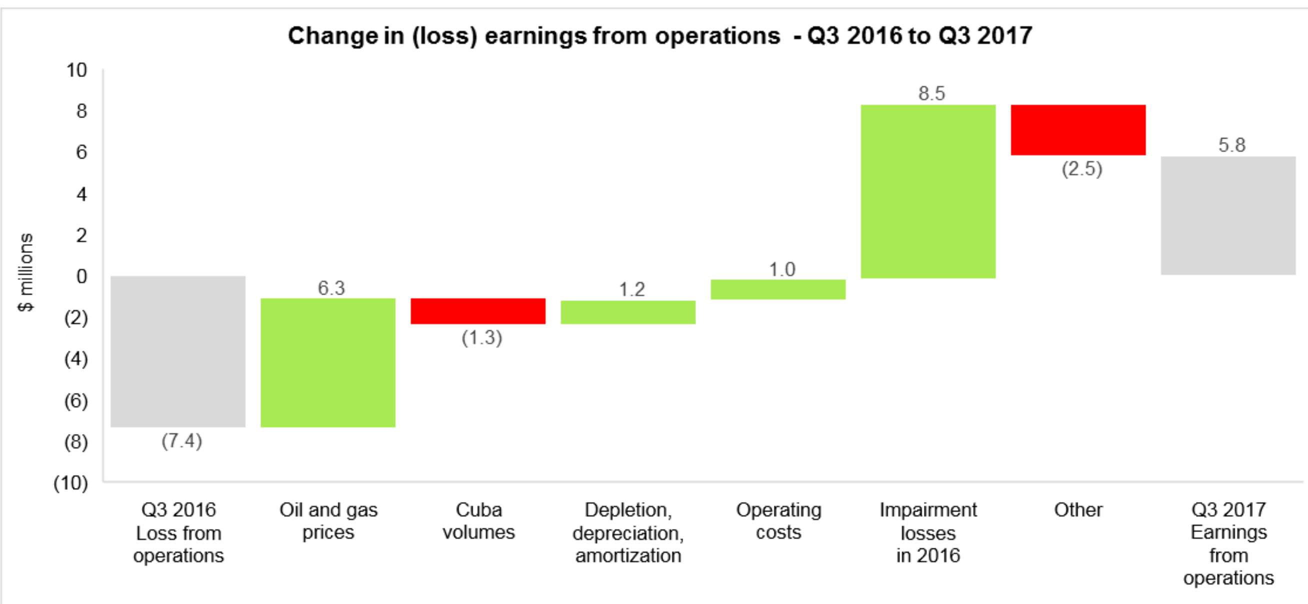


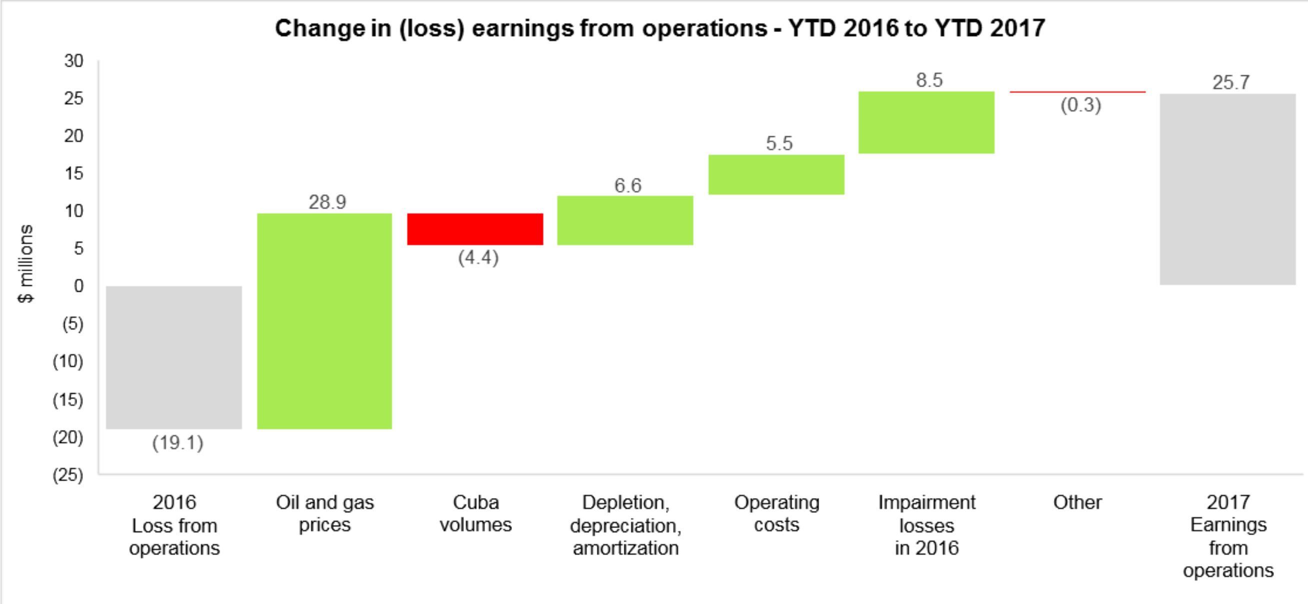
$ millions	For the three months ended 2017 September 30	2016 September 30	Change	For the nine months ended 2017 September 30	2016 September 30	Change
REVENUE						
Cuba	**$ 26.7**	$ 24.3	10%	**$ 89.4**	$ 69.4	29%
Spain	**1.9**	1.5	27%	**5.7**	4.4	30%
Pakistan	**0.4**	0.4	-	**1.3**	1.0	30%
Processing	**0.9**	1.1	(18%)	**2.9**	3.2	(9%)
	$ 29.9	$ 27.3	10%	**$ 99.3**	$ 78.0	27%
DAILY PRODUCTION AND SALES VOLUMES (boepd)(1)(2)						
Gross working-interest oil production in Cuba	**13,831**	14,709	(6%)	**14,524**	15,782	(8%)
Net working-interest oil production						
Cuba (heavy oil)						
Cost recovery	**1,179**	2,592	(55%)	**2,075**	3,941	(47%)
Profit oil	**5,693**	5,453	4%	**5,602**	5,343	5%
Total	**6,872**	8,045	(15%)	**7,677**	9,284	(17%)
Spain (light oil)	**326**	268	22%	**313**	294	6%
Pakistan (natural gas)	**460**	406	13%	**456**	347	31%
	7,658	8,719	(12%)	**8,446**	9,925	(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 is detailed below:





Realized prices for oil in the three and nine months ended September 30, 2017 were higher than in the same periods in the prior year despite the negative impact of a stronger Canadian dollar relative to the U.S. dollar in each of the current year periods.

Gross working-interest oil production in Cuba decreased for the three and nine months ended September 30, 2017 compared to the same periods in the prior year primarily due to natural reservoir declines, the absence of new development drilling and the impact of Hurricane Irma which temporarily curtailed production due to standard storm preparation and shutdown procedures.

Cost-recovery oil production in Cuba for the three and nine months was lower compared to the same periods in the prior year as a result of lower cost-recovery spending and the impact of higher oil prices in the current year periods.

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 and nine months ended September 30, 2017 as a result of a reduction in cost recovery oil volumes.

Unit operating costs were relatively unchanged in Cuba in the three and nine months ended September 30, 2017 compared to the same periods in the prior year as lower labour and treatment and transportation costs offset the impact of lower production. Costs were positively impacted by a strengthening of the Canadian dollar relative to the U.S. dollar in the current year periods compared to the same periods in the prior year.

In the third quarter of 2016, the Corporation recognized an impairment of $8.5 million ($6.6 million net of tax) for the write-down of the Puerto Escondido/Yumuri extension in the Oil and Gas segment to its recoverable amount.

Spending continues to focus on Block 10. Drilling of the second development well began in August. Year-to-date spending primarily reflects spending related to first two Block 10 wells. Negative capital spending for development, facilities and other reflects the reversal of accruals.

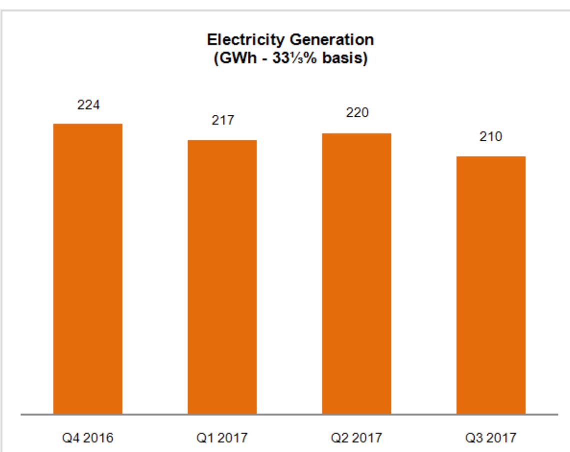
Drilling results for the second well at Block 10 are expected in the fourth quarter of 2017.

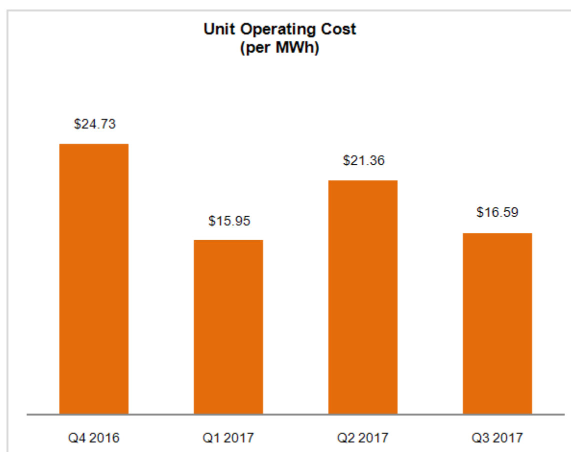
POWER

Financial review

$ millions (33⅓% basis), except as otherwise noted	For the three months ended 2017 September 30	2016 September 30	Change	For the nine months ended 2017 September 30	2016 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 12.2**	$ 14.4	(15%)	**$ 39.2**	$ 44.9	(13%)
Earnings (loss) from operations	**1.5**	(2.0)	175%	**5.8**	(4.0)	245%
Adjusted EBITDA(1)	**7.5**	6.6	14%	**24.6**	22.1	11%
CASH FLOW						
Cash provided by operations	**$ 18.4**	$ 5.5	235%	**$ 39.1**	$ 11.3	246%
Free cash flow(1)	**18.2**	5.1	257%	**37.7**	10.7	252%
Adjusted operating cash flow(1)	**7.9**	9.2	(14%)	**24.5**	21.2	16%
PRODUCTION AND SALES						
Electricity (GWh(2))	**210**	226	(7%)	**647**	670	(3%)
AVERAGE-REALIZED PRICES(1)						
Electricity (per MWh(2))	**$ 53.10**	$ 55.47	(4%)	**$ 55.50**	$ 56.05	(1%)
UNIT OPERATING COSTS(1) (per MWh)						
Base	**$ 14.19**	$ 17.86	(21%)	**$ 15.18**	$ 16.13	(6%)
Non-base(3)	**2.40**	7.69	(69%)	**2.82**	6.21	(55%)
	16.59	25.55	(35%)	**18.00**	22.34	(19%)
SPENDING ON CAPITAL AND SERVICE CONCESSION ARRANGEMENTS						
Sustaining	**$ 0.2**	0.3	(33%)	**$ 1.4**	$ 0.6	133%
Service concession arrangements	**-**	0.9	(100%)	**-**	4.5	(100%)
	$ 0.2	1.2	(83%)	**$ 1.4**	$ 5.1	(73%)

(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.



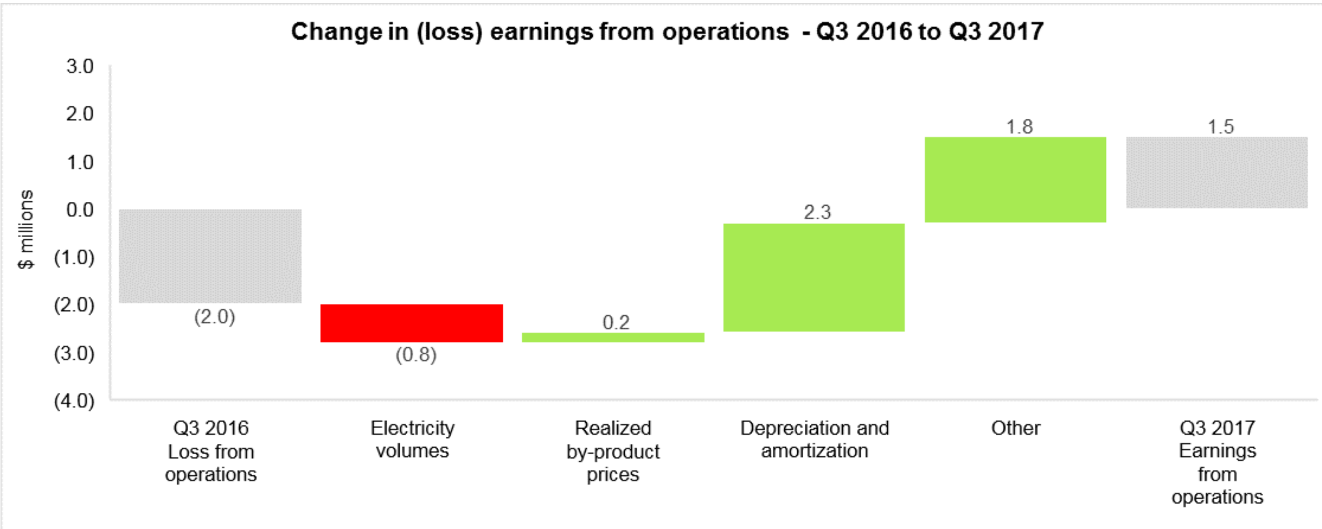


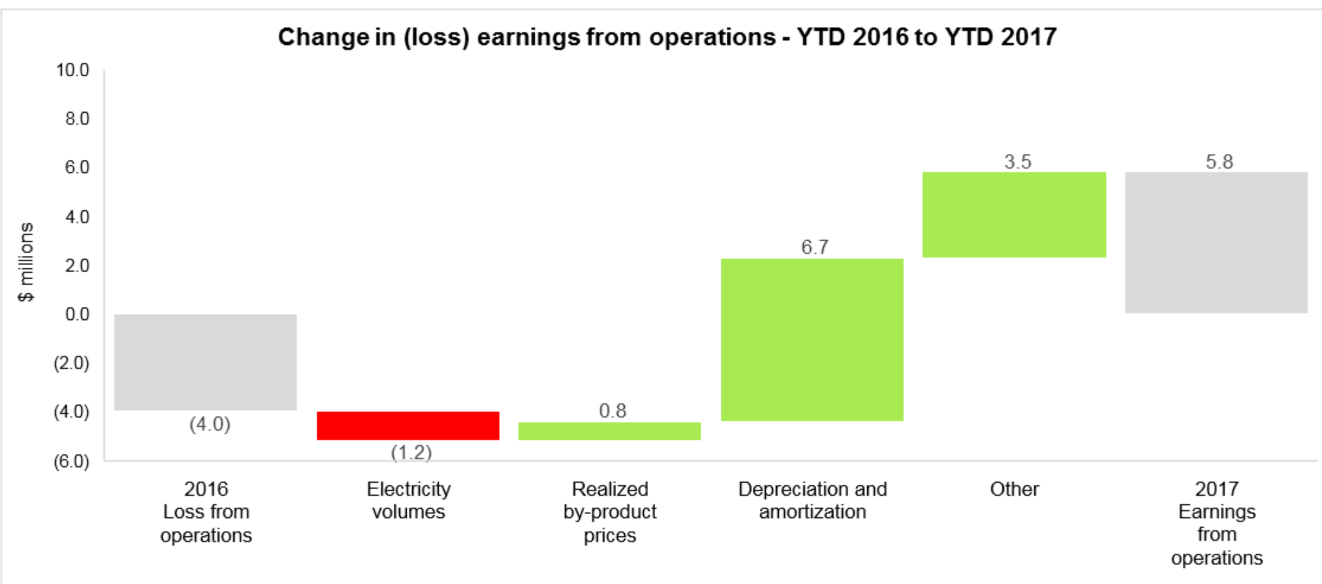
Power revenue is composed of the following:

$ millions (33 1/3% basis)	For the three months ended 2017 September 30	2016 September 30	Change	For the nine months ended 2017 September 30	2016 September 30	Change
Electricity sales	**$ 11.2**	$ 12.6	(11%)	**$ 35.9**	$ 37.6	(5%)
By-products and other	**1.0**	0.9	11%	**3.3**	2.8	18%
Construction activity[1]	**-**	0.9	(100%)	**-**	4.5	(100%)
	$ 12.2	$ 14.4	(15%)	**$ 39.2**	$ 44.9	(13%)

(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 is detailed below:





Production and sales volumes were lower for the three and nine months ended September 30, 2017 compared to the same periods in the prior year primarily as a result of lower gas supply and the impact of Hurricane Irma. The change in average-realized price of electricity in the quarter and year-to-date periods was due to the appreciation of the Canadian dollar relative to the U.S. dollar.

Unit operating cost was lower in the three and nine months ended September 30, 2017 compared to the same periods in the prior year primarily due to reduced maintenance activities at the Boca and Puerto Escondido facilities in the current-year periods.

Depreciation was lower for the three and nine months ended September 30, 2017 compared to the same periods in the prior year as a result of the extension of the Varadero contract term in December 2016 from 2018 to 2023.

Total capital spending was lower for the three and nine months ended September 30, 2017 compared to the same periods in the prior year primarily due to the absence of service concession spending in 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 the Corporation's 2016 AIF.

In May, Sherritt reached an agreement in principle to reduce its interest in the Ambatovy Joint Venture from 40% to 12% to better reflect Sherritt's economic interest. The Ambatovy Joint Venture partners continue to work towards implementation of the Agreement in Principle, with closing expected to occur in the fourth quarter this year.

Total post-financial completion cash funding provided by Sumitomo Corporation (Sumitomo) and Korea Resources Corporation (KORES) to September 30, 2017 is US$238.0 million, pursuant to total post-financial completion cash calls of US$396.7 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 January 15, 2018.

(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 Corporation'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 September 30**	Investment in Associate	Ambatovy Subordinated Loan Receivable	Non-recourse Ambatovy JV Partner Loans	**Adjusted 2017 September 30**	Adjusted 2016 December 31[1]
ASSETS							
Current assets	$	679.9 $	- $	- $	- $	679.9 $	720.9
Non-current assets							
Advances, loans receivable and other financial assets		1,422.1	-	(800.7)	-	621.4	599.3
Investment in an associate		658.9	(658.9)	-	-	-	-
Net investment in Ambatovy		-	658.9	800.7	(1,324.6)	135.0	343.8
Other non-current assets		728.4	-	-	-	728.4	775.4
Total assets	$	3,489.3 $	- $	- $	(1,324.6)$	2,164.7 $	2,439.4
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities	$	265.5 $	- $	- $	- $	265.5 $	226.0
Non-current liabilities							
Non-recourse loans and borrowings		1,324.6	-	-	(1,324.6)	-	-
Loans and borrowings		812.8	-	-	-	812.8	817.7
Other non-current liabilities		320.6	-	-	-	320.6	297.8
Total liabilities		2,723.5	-	-	(1,324.6)	1,398.9	1,341.5
Shareholders' equity		765.8	-	-	-	765.8	1,097.9
Total liabilities and shareholders' equity	$	3,489.3 $	- $	- $	(1,324.6)$	2,164.7 $	2,439.4
Total debt-to-capital [2]		76%				58%	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 September 30, 2017 was $294.1 million which is composed of available cash, cash equivalents, short term investments and $2.8 million available on the syndicated revolving-term credit facility. Approximately $3 million of this credit facility matures in each of 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 September 30, 2017	Cash	Cash equivalents and short-term investments	Total
Canada	$ 109.8	$ 138.1	$ 247.9
Cuba	39.3	-	39.3
Other	4.1	-	4.1
	$ 153.2	$ 138.1	$ 291.3

Sherritt's share of cash in the Moa Joint Venture and Ambatovy Joint Venture, not included in the above balances:	
Moa Joint Venture	$ 10.2
Ambatovy Joint Venture	24.8
	$ 35.0

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.

	For the three months ended			For the nine months ended		
$ millions	**2017 September 30**	2016 September 30	Change	**2017 September 30**	2016 September 30	Change
Cash provided (used) by operating activities						
Oil and Gas operating cash flow	**$ 7.9**	$ 54.5	(86%)	**$ 33.1**	$ 65.0	(49%)
Power operating cash flow (excluding interest received on Energas CSA loan)	**18.4**	1.9	868%	**39.1**	7.4	428%
Fort Site operating cash flow	**14.7**	27.2	(46%)	**7.1**	13.3	(47%)
Interest received on the Moa Joint Venture loans	**0.7**	0.6	17%	**2.1**	2.1	-
Interest received on Energas CSA loan	**-**	3.6	(100%)	**-**	3.9	(100%)
Interest paid on debentures	**(9.6)**	(10.0)	4%	**(38.4)**	(40.8)	6%
Corporate, Metals Other, and other operating cash flow	**(3.4)**	(17.5)	81%	**(18.7)**	(26.7)	30%
Cash provided by continuing operations	**28.7**	60.3	(52%)	**24.3**	24.2	-
Cash used by discontinued operations[1]	**(5.2)**	(0.8)	(550%)	**(6.0)**	(6.8)	12%
	$ 23.5	$ 59.5	(61%)	**$ 18.3**	$ 17.4	5%
Cash provided (used) by investing and financing activities						
Property, plant, equipment and intangible expenditures	**$ (9.2)**	$ (12.6)	27%	**$ (20.2)**	$ (29.4)	31%
Receipts of advances, loans receivable and other financial assets	**3.2**	0.4	700%	**11.8**	1.3	808%
Repayment of other loans and borrowings	**-**	(0.5)	100%	**(27.0)**	(63.7)	58%
Issuance of common shares	**0.4**	-	-	**0.7**	-	-
Fees paid on debenture extension	**-**	(14.6)	100%	**-**	(14.6)	100%
Other	**(0.8)**	0.4	(300%)	**(1.9)**	(1.2)	(58%)
	$ (6.4)	$ (26.9)	76%	**$ (36.6)**	$ (107.6)	66%
	17.1	32.6	(48%)	**(18.3)**	(90.2)	80%
Cash, cash equivalents and short-term investments:						
Beginning of the period	**274.2**	312.6	(12%)	**309.6**	435.4	(29%)
End of the period	**$ 291.3**	$ 345.2	(16%)	**$ 291.3**	$ 345.2	(16%)

(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 lower in the three month period and unchanged in the year-to-date period of the current year compared to the prior-year periods, respectively, primarily as a result of the following:

- cash from operating activities at Oil and Gas was lower primarily due to a large receipt of Cuban receivables in the third quarter of 2016, partly offset by the impact of higher oil prices in the current period;
- no interest or principal was received on the Energas conditional sales agreement (CSA) in the year; however the Corporation received US$17.0 million from Energas in the third quarter of 2017 related to overdue receivables. A total of US$39.4 million of Energas overdue receivables was received in the nine months ended September 30, 2017;
- the change in cash from operating activities at Fort Site was primarily due to the timing of collections and realization of fertilizer sales; and
- cash used by Corporate, Metals Other and other operating activities were lower 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;
- the Corporation did not make any repayments on its syndicated revolving-term credit facility in the third quarter; total repayments in the current year-to-date period is $27.0 million; and
- the Corporation received $3.2 million from the Moa Joint Venture as repayment on its working capital facility in the third quarter of 2017 for a total of $11.8 million in the current year-to-date period.

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 September 30, 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	$ 206.1	$ 206.1	$ -	$ -	$ -	$ -	$ -
Income taxes payable	12.1	12.1	-	-	-	-	-
Senior unsecured debentures	1,078.9	56.0	56.0	56.0	56.0	267.2	587.7
Ambatovy Joint Venture Additional Partner loans (non-recourse)(1)	3,008.1	-	-	-	-	-	3,008.1
Ambatovy Joint Venture Partner loans(1)	148.7	-	-	-	-	-	148.7
Syndicated revolving-term credit facility	16.3	16.3	-	-	-	-	-
Provisions	152.4	12.9	2.1	-	-	-	137.4
Operating leases	14.8	2.9	3.0	3.0	1.5	1.0	3.4
Capital commitments	15.7	11.9	3.8	-	-	-	-
Other	0.7	-	-	-	-	0.7	-
Total	$ 4,653.8	$ 318.2	$ 64.9	$ 59.0	$ 57.5	$ 268.9	$ 3,885.3

(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

$1.3 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

In accordance with the revised terms of the syndicated revolving-term credit facility entered into on January 31, 2017, the maximum amount available at September 30, 2017, 2017 was $70.0 million. Approximately $3 million of this credit facility matures in each of October 2017 and January 2018. In the third quarter the facility's covenant regarding the minimum cash, cash equivalents and short-term investments to be held by the Corporation's wholly owned subsidiaries plus any undrawn credit is equal to two times the facility size. At September 30, 2017 the minimum is $140.0 million.

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 $83.9 million, with no significant payments due in the next five years;
- Advances and loans payable of $235.0 million. Included within advances and loans payable is the loan related to the construction of the acid plant of $21.2 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 $234.5 million, with no significant payments due in the next five years;
- Other contractual commitments of $33.1 million;
- Ambatovy revolving credit facility of $28.3 million. The facility bears interest rates between 10.00% and 10.85% and matures on July 31, 2018; and
- The Ambatovy Joint Venture senior debt financing of US$633.2 million ($790.3 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 $1.0 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 September 30, 2017, there are no events of default on the Corporation's borrowings or debentures.

COMMON SHARES

As at October 24, 2017, the Corporation had 296,682,963 common shares outstanding. An additional 10,485,061 common shares are issuable upon exercise of outstanding stock options granted to employees and directors pursuant to the Corporation's stock option plan and 16,319,877 common shares are 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 third 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 condensed consolidated financial statements for the three and nine months ended September 30, 2017.

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 December 31, 2015 to September 30, 2017.

$ millions, except per share amounts, for the three months ended		2017 Sept 30		2017 June 30		2017 Mar 31		2016 Dec 31		2016 Sept 30		2016 June 30		2016 Mar 31		2015 Dec 31
Revenue																
Metals	**$**	**192.8**	**$**	183.0	$	179.5	$	195.6	$	143.0	$	160.5	$	153.0	$	183.8
Oil and Gas		**29.9**		34.1		35.3		30.6		27.3		28.3		22.4		30.5
Power		**12.2**		13.6		13.4		13.7		14.4		14.9		15.6		13.7
Corporate and Other		**(0.2)**		0.3		(0.2)		0.4		(0.2)		0.4		0.3		1.5
Combined Revenue[(1)]	**$**	**234.7**	**$**	231.0	$	228.0	$	240.3	$	184.5	$	204.1	$	191.3	$	229.5
Adjust joint venture and associate revenue		**(171.4)**		(154.2)		(155.6)		(169.8)		(126.0)		(129.2)		(132.9)		(153.0)
Financial statement revenue	**$**	**63.3**	**$**	76.8	$	72.4	$	70.5	$	58.5	$	74.9	$	58.4	$	76.5
Share of loss of an associate, net of tax		**(53.2)**		(64.2)		(50.1)		(31.3)		(55.9)		(58.9)		(65.9)		(1,703.2)
Share of (loss) earnings of a joint venture, net of tax		**11.6**		1.8		1.1		(7.7)		(3.5)		(20.6)		(12.9)		(9.1)
Net loss from continuing operations		**(69.5)**		(101.9)		(72.6)		(109.6)		(120.8)		(103.6)		(47.8)		(1,757.3)
Earnings from discontinued operations, net of tax[(2)]		**-**		-		-		2.9		-		-		-		-
Net loss for the period	**$**	**(69.5)**	**$**	(101.9)	$	(72.6)	$	(106.7)	$	(120.8)	$	(103.6)	$	(47.8)	$	(1,757.3)
Net loss per share, basic and diluted ($ per share)																
Net loss from continuing operations	**$**	**(0.24)**	$	(0.35)	$	(0.25)	$	(0.37)	$	(0.41)	$	(0.35)	$	(0.16)	$	(5.99)
Net loss for the period		**(0.24)**		(0.35)		(0.25)		(0.36)		(0.41)		(0.35)		(0.16)		(5.99)

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

(2) Amounts are insurance recoveries 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 ranged from $1.25 (Q3 2017) to $1.37 (Q1 2016) and period-end rates ranged between $1.25 (Q3 2017) 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 third quarter of 2017 includes a $13.5 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 June 30, 2017;
- the second quarter of 2017 includes a $4.4 million unrealized foreign exchange loss;
- the first quarter of 2017 includes a $7.3 million unrealized foreign exchange gain;
- 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.

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 18 of the Corporation's condensed consolidated financial statements for the three and nine months ended September 30, 2017. 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.

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 September 30, 2017, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the quarter ended September 30, 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 September 30, 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	$ 19	$ 0.06
Cobalt - Metal Bulletin price per pound(1)	US$	5.00	9	0.03
Oil -U.S. Gulf Coast Fuel Oil No. 6 price per barrel	US$	5.00	2	0.01
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	11	0.04
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 2017 September 30	2016 September 30	Change	For the nine months ended 2017 September 30	2016 September 30	Change
Revenue by segment						
Metals	**$ 192.8**	$ 143.0	35%	**$ 555.3**	$ 456.5	22%
Oil and Gas	**29.9**	27.3	10%	**99.3**	78.0	27%
Power	**12.2**	14.4	(15%)	**39.2**	44.9	(13%)
Corporate and Other	**(0.2)**	(0.2)	-	**(0.1)**	0.5	(120%)
Combined revenue	**234.7**	184.5	27%	**693.7**	579.9	20%
Adjust joint venture and associate	**(171.4)**	(126.0)		**(481.2)**	(388.1)	
Financial statement revenue	**63.3**	58.5	8%	**212.5**	191.8	11%

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 September 30	Metals: Moa JV and Fort Site	Metals: Ambatovy JV	Metals: Other	Metals: Total	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	2017 Total
(Loss) earnings from operations, associate and joint venture per financial statements	$ **12.8**	$ **(34.2)**	$ **0.2**	$ **(21.2)**	$ **5.8**	$ **1.5**	$ **(13.7)**	$ **(24.7)**	$ **(52.3)**
Add (deduct):									
Depletion, depreciation and amortization	**2.2**	**-**	**-**	**2.2**	**8.2**	**6.0**	**0.6**	**-**	**17.0**
Adjustments for share of associate and joint venture:									
Depletion, depreciation and amortization	**8.9**	**35.5**	**-**	**44.4**	**-**	**-**	**-**	**-**	**44.4**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23.1**	**23.1**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.6**	**1.6**
Adjusted EBITDA	$ **23.9**	$ **1.3**	$ **0.2**	$ **25.4**	$ **14.0**	$ **7.5**	$ **(13.1)**	$ **-**	$ **33.8**

Loss from operations, associate and joint venture	$ **(52.3)**
Net finance expense	**(13.3)**
Income tax expense	**(3.9)**
Net loss from continuing operations	$ **(69.5)**

$ millions, for the three months ended September 30	Metals: Moa JV and Fort Site	Metals: Ambatovy JV	Metals: Other	Metals: Total	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	Total 2016
(Loss) earnings from operations, associate and joint venture per financial statements	$ (4.0)	$ (38.5)	$ 0.3	$ (42.2)	$ (7.4)	$ (2.0)	$ (11.8)	$ (18.7)	$ (82.1)
Add (deduct):									
Depletion, depreciation and amortization	2.1	-	-	2.1	10.0	8.6	2.3	-	23.0
Impairment of assets	-	-	-	-	8.5	-	-	-	8.5
Adjustments for share of associate and joint venture:									
Depletion, depreciation and amortization	9.4	34.0	-	43.4	-	-	-	-	43.4
Net finance expense	-	-	-	-	-	-	-	18.2	18.2
Income tax recovery	-	-	-	-	-	-	-	0.5	0.5
Adjusted EBITDA	$ 7.5	$ (4.5)	$ 0.3	$ 3.3	$ 11.1	$ 6.6	$ (9.5)	$ -	$ 11.5
Loss from operations, associate and joint venture									$ (82.1)
Net finance expense									(38.9)
Income tax recovery (expenses									0.2
Net loss from continuing operations									$ (120.8)

$ millions, for the nine months ended September 30	Metals: Moa JV and Fort Site	Metals: Ambatovy JV	Metals: Other	Metals: Total	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	**Total 2017**
(Loss) earnings from operations, associate and joint venture per financial statements	**$ 11.4**	**$ (101.8)**	**$ 0.9**	**$ (89.5)**	**$ 25.7**	**$ 5.8**	**$ (35.2)**	**$ (72.5)**	**$ (165.7)**
Add (deduct):									
Depletion, depreciation and amortization	**7.5**	**-**	**-**	**7.5**	**25.7**	**18.8**	**2.2**	**-**	**54.2**
Adjustments for share of associate and joint venture:									
Depletion, depreciation and amortization	**29.5**	**109.7**	**-**	**139.2**	**-**	**-**	**-**	**-**	**139.2**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**70.0**	**70.0**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.5**	**2.5**
Adjusted EBITDA	**$ 48.4**	**$ 7.9**	**$ 0.9**	**$ 57.2**	**$ 51.4**	**$ 24.6**	**$ (33.0)**	**$ -**	**$ 100.2**
Loss from operations, associate and joint venture									$ **(165.7)**
Net finance expense									**(67.7)**
Income tax expense									**(10.6)**
Net loss from continuing operations									$ **(244.0)**

$ millions, for the nine months ended September 30									2016
	Metals							Adjustment for Joint Venture and Associate	
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other		Total
(Loss) earnings from operations, associate and joint venture per financial statements	$ (20.8)	$ (135.9)	$ 0.6	$ (156.1)	$ (19.1)	$ (4.0)	$ (30.2)	$ (59.2)	$ (268.6)
Add (deduct):									
Depletion, depreciation and amortization	7.2	-	-	7.2	34.6	26.1	3.5	-	71.4
Impairment of assets			-	-	8.5	-	-	-	8.5
Adjustments for share of associate and joint venture:									
Depletion, depreciation and amortization	27.6	104.5	-	132.1	-	-	-	-	132.1
Net finance expense	-	-	-	-	-	-	-	51.0	51.0
Income tax recovery	-	-	-	-	-	-	-	8.2	8.2
Adjusted EBITDA	$ 14.0	$ (31.4)	$ 0.6	$ (16.8)	$ 24.0	$ 22.1	$ (26.7)	$ -	$ 2.6

Loss from operations, associate and joint venture	$ (268.6)
Net finance expense	(1.2)
Income tax recovery	(2.4)
Net loss from continuing operations	$ (272.2)

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 September 30							**2017**
	Metals						
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements	$ **101.8**	$ **61.8**	$ **11.6**	$ **17.6**	$ **192.8**	$ **29.9**	$ **12.2**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**			**-**	**(1.0)**
Processing revenue	**-**	**-**	**-**			**(0.9)**	**-**
Revenue for purposes of average-realized price calculation	**101.8**	**61.8**	**11.6**			**29.0**	**11.2**
Sales volume for the period	**17.3**	**1.8**	**43.2**			**0.7**	**210**
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels(1)	Gigawatts
Average-realized price(2)(3)	$ **5.90**	$ **35.44**	$ **269**			$ **41.14**	$ **53.10**

$ millions, except average-realized price and sales volume, for the three months ended September 30							2016
	Metals						
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements	$ 95.8	$ 22.5	$ 10.2	$ 14.5	$ 143.0	$ 27.3	$ 14.4
Adjustments to revenue:							
By-product revenue	-	-	-			-	(0.9)
Processing revenue	-	-	-			(1.1)	-
Service concession arrangement revenue	-	-	-			-	(0.9)
Revenue for purposes of average-realized price calculation	95.8	22.5	10.2			26.2	12.6
Sales volume for the period	16.3	1.4	39.3			0.8	226
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels(1)	Gigawatts
Average-realized price(2)(3)	$ 5.88	$ 15.78	$ 260			$ 32.71	$ 55.47

$ millions, except average-realized price and sales volume, for the nine months ended September 30							**2017**
	Metals						
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements	$ **295.9**	$ **158.5**	$ **52.3**	$ **48.6**	$ **555.3**	$ **99.3**	$ **39.2**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**			**-**	**(3.3)**
Processing revenue	**-**	**-**	**-**			**(2.9)**	**-**
Revenue for purposes of average-realized price calculation	**295.9**	**158.5**	**52.3**			**96.4**	**35.9**
Sales volume for the period	**49.9**	**5.1**	**161.3**			**2.3**	**647**
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels(1)	Gigawatts
Average-realized price(2)(3)	$ **5.93**	$ **31.30**	$ **324**			$ **41.79**	$ **55.50**

$ millions, except average-realized price and sales volume, for the nine months ended September 30							2016
	Metals						
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements	$ 286.9	$ 72.7	$ 54.4	$ 42.5	$ 456.5	$ 78.0	$ 44.9
Adjustments to revenue:							
By-product revenue	-	-	-			-	(2.8)
Processing revenue	-	-	-			(3.2)	-
Service concession arrangement revenue	-	-	-			-	(4.5)
Revenue for purposes of average-realized price calculation	286.9	72.7	54.4			74.8	37.6
Sales volume for the period	53.7	5.0	158.8			2.7	670
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels(1)	Gigawatts
Average-realized price(2)(3)	$ 5.35	$ 14.47	$ 343			$ 27.50	$ 56.05

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 months ended September 30						**2017**
	Metals					
	Moa JV and Fort Site	**Ambatovy JV**	**Other**	**Total**	**Oil and Gas**	**Power**
Cost of sales per financial statements	**$ 85.0**	**$ 109.2**	**$ 13.8**	**$ 208.0**	**$ 21.1**	**$ 9.5**
Less:						
Depletion, depreciation and amortization in cost of sales	**(11.0)**	**(35.7)**	**-**	**(46.7)**	**(8.2)**	**(6.0)**
	74.0	**73.5**	**13.8**	**161.3**	**12.9**	**3.5**
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	**(47.4)**	**(29.5)**			**-**	**-**
Impact of opening/closing inventory and other	**(5.9)**	**1.9**			**-**	**-**
Cost of sales for purposes of unit cost calculation	**20.7**	**45.9**			**12.9**	**3.5**
Sales volume for the period	**8.9**	**8.5**			**1.4**	**210**
Volume units	Millions of pounds	Millions of pounds			Millions of barrels(1)	Gigawatts
Unit operating cost(2)(3)	**$ 2.34**	**5.39**			**$ 9.52**	**$ 16.59**
Unit operating cost (U.S. dollars) (NDCC)	**$ 1.94**	**4.27**				

$ millions, except unit cost and sales volume, for the three months ended September 30						2016
	Metals					
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power
Cost of sales per financial statements	$ 81.7	$ 84.3	$ 10.9	$ 176.9	$ 23.9	$ 15.3
Less:						
Depletion, depreciation and amortization in cost of sales	(11.5)	(34.0)	-	(45.5)	(10.0)	(8.6)
	70.2	50.3	10.9	131.4	13.9	6.7
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	(25.6)	(9.2)			-	-
Impact of opening/closing inventory and other	(1.0)	(0.5)			-	-
Service concession arrangements – Cost of construction	-	-			-	(0.9)
Cost of sales for purposes of unit cost calculation	43.6	40.6			13.9	5.8
Sales volume for the period	9.3	7.0			1.4	226
Volume units	Millions of pounds	Millions of pounds			Millions of barrels(1)	Gigawatts
Unit operating cost(2)(3)	$ 4.69	5.81			$ 9.76	$ 25.55
Unit operating cost (U.S. dollars) (NDCC)	$ 3.55	4.67				

$ millions, except unit cost and sales volume, for the nine months ended September 30						**2017**
	Metals					
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power
Cost of sales per financial statements	**$ 276.1**	**$ 312.7**	**$ 38.6**	**$ 627.4**	**$ 66.6**	**$ 30.4**
Less:						
Depletion, depreciation and amortization in cost of sales	**(36.8)**	**(109.7)**	**-**	**(146.5)**	**(25.1)**	**(18.8)**
	239.3	**203.0**	**38.6**	**480.9**	**41.5**	**11.6**
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	**(142.9)**	**(76.4)**			**-**	**-**
Impact of opening/closing inventory and other	**(12.2)**	**0.3**			**-**	**-**
Cost of sales for purposes of unit cost calculation	**84.2**	**126.8**			**41.5**	**11.6**
Sales volume for the period	**25.5**	**24.5**			**4.2**	**647**
Volume units	Millions of pounds	Millions of pounds			Millions of barrels(1)	Gigawatts
Unit operating cost(2)(3)	**$ 3.30**	**$ 5.19**			**$ 9.92**	**$ 18.00**
Unit operating cost (U.S. dollars) (NDCC)	**$ 2.53**	**$ 3.96**				

$ millions, except unit cost and sales volume, for the nine ended September 30						2016
	Metals					
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power
Cost of sales per financial statements	$ 260.2	$ 298.2	$ 31.8	$ 590.2	$ 80.7	$ 45.6
Less:						
Depletion, depreciation and amortization in cost of sales	(34.7)	(104.2)	(0.1)	(139.0)	(34.5)	(26.0)
	225.5	194.0	31.7	451.2	46.2	19.6
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	(99.3)	(33.0)			-	-
Impact of opening/closing inventory and other	(6.8)	(1.7)			-	-
Service concession arrangements – Cost of construction	-	-			-	(4.5)
Cost of sales for purposes of unit cost calculation	119.4	159.3			46.2	15.1
Sales volume for the period	27.4	26.3			4.5	670
Volume units	Millions of pounds	Millions of pounds			Millions of barrels(1)	Gigawatts
Unit operating cost(2)(3)	$ 4.36	$ 6.07			$ 10.24	$ 22.34
Unit operating cost (U.S. dollars) (NDCC)	$ 3.30	$ 4.79				

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 VAT receivable provision 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:

	For the three months ended		For the nine months ended	
	2017	2016	**2017**	2016
$ millions	**September 30**	September 30	**September 30**	September 30
Net loss from continuing operations	**$ (69.5)**	$ (120.8)	**$ (244.0)**	$ (272.2)
Adjusting items:				
Sherritt - Unrealized foreign exchange (gain) loss - Continuing	**(13.5)**	12.8	**(16.4)**	(61.6)
Corporate - Gain on repurchase of debentures	**-**	-	**-**	(12.6)
Ambatovy - VAT adjustment	**(2.4)**	(2.9)	**(8.6)**	(13.2)
Oil and Gas - Impairment	**-**	8.5	**-**	8.5
Oil and Gas - Deferred consideration	**-**	-	**-**	(2.7)
Severance	**1.0**	-	**2.1**	-
Total adjustments, before tax	**$ (14.9)**	$ 18.4	**$ (22.9)**	$ (81.6)
Moa joint venture deferred tax asset write-off	**-**	-	**-**	7.7
Other tax adjustments	**-**	(1.9)	**-**	(1.9)
Adjusted net loss from continuing operations	**$ (84.4)**	$ (104.3)	**$ (266.9)**	$ (348.0)

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, except per share amounts, for the three months ended September 30										**2017**
	Metals								Adjustment for Joint Venture Associate	**Total derived from financial statements**
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**		
Cash provided (used) by continuing operations	**$ 17.6**	**$ (8.9)**	**$ (1.7)**	**$ 7.0**	**$ 7.9**	**$ 18.4**	**$ (10.6)**	**$ 22.7**	**$ 6.0**	**$ 28.7**
Adjust: net change in non-cash working capital	**3.9**	**9.8**	**4.2**	**17.9**	**2.5**	**(10.5)**	**(6.5)**	**3.4**	**(31.1)**	**(27.7)**
Adjusted continuing operating cash flow	**21.5**	**0.9**	**2.5**	**24.9**	**10.4**	**7.9**	**(17.1)**	**26.1**	**(25.1)**	**1.0**

$ millions, except per share amounts, for the three months ended September 30										2016
	Metals								Adjustment for Joint Venture Associate	**Total derived from financial statements**
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**		
Cash (used) provided by continuing operations	$ 25.6	$ (11.4)	$ (5.4)	$ 8.8	$ 54.5	$ 5.5	$ (21.4)	$ 47.4	$ 12.9	$ 60.3
Adjust: net change in non-cash working capital	(18.8)	6.5	5.8	(6.5)	(46.3)	3.7	4.7	(44.4)	(14.0)	(58.4)
Adjusted continuing operating cash flow	6.8	(4.9)	0.4	2.3	8.2	9.2	(16.7)	3.0	(1.1)	1.9

$ millions, for the nine months ended September 30										**2017**
	Metals								Adjustment for Joint Venture Associate	**Total derived from financial statements**
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**		
Cash provided (used) by continuing operations	**$ 25.8**	**$ (23.3)**	**$ 3.5**	**$ 6.0**	**$ 33.1**	**$ 39.1**	**$ (58.5)**	**$ 19.7**	**$ 4.6**	**$ 24.3**
Adjust: net change in non-cash working capital	**14.7**	**12.7**	**0.9**	**28.3**	**6.6**	**(14.6)**	**(5.0)**	**15.3**	**(35.6)**	**(20.3)**
Adjusted continuing operating cash flow	**40.5**	**(10.6)**	**4.4**	**34.3**	**39.7**	**24.5**	**(63.5)**	**35.0**	**(31.0)**	**4.0**

$ millions, for the nine months ended September 30										2016
	Metals								Adjustment for Joint Venture Associate	**Total derived from financial statements**
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**		
Cash (used) provided by continuing operations	$ 14.2	$ (33.8)	$ (0.2)	$ (19.8)	$ 65.0	$ 11.3	$ (65.3)	$ (8.8)	$ 33.0	$ 24.2
Adjust: net change in non-cash working capital	(3.9)	(14.0)	0.8	(17.1)	(44.9)	9.9	5.9	(46.2)	14.5	(31.7)
Adjusted continuing operating cash flow	10.3	(47.8)	0.6	(36.9)	20.1	21.2	(59.4)	(55.0)	47.5	(7.5)

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 September 30										**2017**
	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	**$ 17.6**	**$ (8.9)**	**$ (1.7)**	**$ 7.0**	**$ 7.9**	**$ 18.4**	**$ (10.6)**	**$ 22.7**	**$ 6.0**	**$ 28.7**
Less:										
Property, plant and equipment expenditures	**(3.1)**	**(4.9)**	**-**	**(8.0)**	**(3.2)**	**(0.2)**	**-**	**(11.4)**	**6.2**	**(5.2)**
Intangible Expenditures	**-**	**-**	**-**	**-**	**(4.0)**	**-**	**-**	**(4.0)**	**-**	**(4.0)**
Free Cash Flow	**$ 14.5**	**$ (13.8)**	**$ (1.7)**	**$ (1.0)**	**$ 0.7**	**$ 18.2**	**$ (10.6)**	**7.3**	**$ 12.2**	**$ 19.5**

$ millions, for the three months ended September 30										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 provided (used) by continuing operations	$ 25.6	$ (11.4)	$ (5.4)	$ 8.8	$ 54.5	$ 5.5	$ (21.4)	$ 47.4	$ 12.9	$ 60.3
Less:										
Property, plant and equipment expenditures	(8.3)	(10.4)	-	(18.7)	(0.7)	(0.4)	-	(19.8)	14.5	(5.3)
Intangible expenditures	-	-	-	-	(7.3)	-	-	(7.3)	-	(7.3)
Free Cash Flow	$ 17.3	$ (21.8)	$ (5.4)	$ (9.9)	$ 46.5	$ 5.1	$ (21.4)	20.3	$ 27.4	$ 47.7

$ millions, for the nine months ended September 30										**2017**
	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 provided (used) by continuing operations	**$ 25.8**	**$ (23.3)**	**$ 3.5**	**$ 6.0**	**$ 33.1**	**$ 39.1**	**$ (58.5)**	**$ 19.7**	**$ 4.6**	**$ 24.3**
Less:										
Property, plant and equipment expenditures	**(13.3)**	**(11.6)**	**-**	**(24.9)**	**(8.0)**	**(1.4)**	**-**	**(34.3)**	**20.4**	**(13.9)**
Intangible Expenditures	**-**	**-**	**-**	**-**	**(6.3)**	**-**	**-**	**(6.3)**	**-**	**(6.3)**
Free Cash Flow	**$ 12.5**	**$ (34.9)**	**$ 3.5**	**$ (18.9)**	**$ 18.8**	**$ 37.7**	**$ (58.5)**	**(20.9)**	**$ 25.0**	**$ 4.1**

$ millions, for the nine months ended September 30	Metals									2016
	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	$ 14.2	$ (33.8)	$ (0.2)	$ (19.8)	$ 65.0	$ 11.3	$ (65.3)	$ (8.8)	$ 33.0	$ 24.2
Less:										
Property, plant and equipment expenditures	(27.5)	(11.5)	-	(39.0)	(8.7)	(0.6)	(0.1)	(48.4)	28.2	(20.2)
Intangible expenditures	-	-	-	-	(9.2)	-	-	(9.2)	-	(9.2)
Free Cash Flow	$ (13.3)	$ (45.3)	$ (0.2)	$ (58.8)	$ 47.1	$ 10.7	$ (65.4)	(66.4)	$ 61.2	$ (5.2)

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 regarding production volumes, operating costs and capital spending; supply, demand and pricing outlook in the nickel and cobalt markets; sources of funding for the Moa Joint Venture; restructuring of the Ambatovy Joint Venture shareholder interests and future financing arrangements at the Ambatovy Joint Venture; results of discussions regarding timing of ongoing Cuban payments; drill results on exploration wells; joint venture environmental rehabilitation costs and amounts of certain other 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 and nine months ended September 30, 2017 and 2016

Condensed consolidated statements of comprehensive income (loss)

Unaudited, Canadian $ millions, except per share amounts	Note	For the three months ended 2017 September 30	2016 September 30	For the nine months ended 2017 September 30	2016 September 30
Revenue	5	**$ 63.3**	$ 58.5	**$ 212.5**	$ 191.8
Cost of sales	6	**(57.1)**	(59.2)	**(183.6)**	(194.5)
Administrative expenses	6	**(16.9)**	(13.5)	**(41.6)**	(39.7)
Impairment of Oil assets		**-**	(8.5)	**-**	(8.5)
Share of loss of an associate, net of tax	7	**(53.2)**	(55.9)	**(167.5)**	(180.7)
Share of earnings (loss) of a joint venture, net of tax	8	**11.6**	(3.5)	**14.5**	(37.0)
Loss from operations, associate and joint venture		**(52.3)**	(82.1)	**(165.7)**	(268.6)
Financing income	9	**18.8**	16.2	**52.0**	64.5
Financing expense	9	**(32.1)**	(55.1)	**(119.7)**	(65.7)
Net finance expense		**(13.3)**	(38.9)	**(67.7)**	(1.2)
Loss before tax		**(65.6)**	(121.0)	**(233.4)**	(269.8)
Income tax (expense) recovery	10	**(3.9)**	0.2	**(10.6)**	(2.4)
Net loss from continuing operations		**(69.5)**	(120.8)	**(244.0)**	(272.2)
Earnings from discontinued operations, net of tax		**-**	-	**-**	-
Net loss for the period		**$ (69.5)**	$ (120.8)	**$ (244.0)**	$ (272.2)
Other comprehensive (loss) income					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations	16	**(49.7)**	20.7	**(90.0)**	(143.3)
Items that will not be subsequently reclassified to profit or loss:					
Actuarial (losses) gains on pension plans, net of tax	16	**(0.1)**	0.4	**-**	0.5
Other comprehensive (loss) income		**(49.8)**	21.1	**(90.0)**	(142.8)
Total comprehensive loss		**$ (119.3)**	$ (99.7)	**$ (334.0)**	$ (415.0)
Net loss from continuing operations per common share, basic and diluted	11	**$ (0.24)**	$ (0.41)	**$ (0.83)**	$ (0.93)
Net loss per common share, basic and diluted	11	**$ (0.24)**	$ (0.41)	**$ (0.83)**	$ (0.93)

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 September 30	2016 December 31
ASSETS			
Current assets			
Cash and cash equivalents	12	**$ 267.2**	$ 269.6
Short-term investments		**24.1**	40.0
Advances, loans receivable and other financial assets	13	**65.5**	83.5
Trade accounts receivable, net	12	**283.6**	285.8
Inventories		**36.2**	39.6
Prepaid expenses		**3.3**	2.4
		679.9	720.9
Non-current assets			
Advances, loans receivable and other financial assets	13	**1,422.1**	1,542.7
Other non-financial assets		**0.2**	0.4
Property, plant and equipment		**237.0**	286.4
Investment in an associate	7	**658.9**	767.9
Investment in a joint venture	8	**352.0**	336.8
Intangible assets		**138.3**	150.9
		2,808.5	3,085.1
Assets held for sale		**0.9**	0.9
Total assets		**$ 3,489.3**	$ 3,806.9
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Other loans and borrowings	14	**$ 16.0**	$ 43.0
Trade accounts payable and accrued liabilities		**206.1**	148.3
Income taxes payable	10	**12.1**	4.4
Other financial liabilities	14	**5.3**	5.0
Deferred revenue		**18.1**	13.1
Provisions	15	**7.9**	12.2
		265.5	226.0
Non-current liabilities			
Non-recourse loans and borrowings	14	**1,324.6**	1,367.5
Other loans and borrowings	14	**812.8**	817.7
Other financial liabilities	14	**206.2**	163.0
Deferred revenue		**3.3**	3.5
Other non-financial liabilities		**0.5**	0.4
Provisions	15	**94.5**	102.4
Deferred income taxes	10	**16.1**	28.5
		2,458.0	2,483.0
Total liabilities		**2,723.5**	2,709.0
Shareholders' equity			
Capital stock	16	**2,776.9**	2,775.7
Deficit		**(2,965.5)**	(2,721.5)
Reserves	16	**235.4**	234.7
Accumulated other comprehensive income	16	**719.0**	809.0
		765.8	1,097.9
Total liabilities and shareholders' equity		**$ 3,489.3**	$ 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	Note	For the three months ended 2017 September 30	2016 September 30	For the nine months ended 2017 September 30	2016 September 30
Operating activities					
Net loss from continuing operations		**$ (69.5)**	$ (120.8)	**$ (244.0)**	$ (272.2)
Add (deduct):					
Depletion, depreciation and amortization		**17.0**	23.0	**54.2**	71.4
Share of loss of an associate, net of tax	7	**53.2**	55.9	**167.5**	180.7
Share of (earnings) loss of a joint venture, net of tax	8	**(11.6)**	3.5	**(14.5)**	37.0
Loss on impairment of assets		**-**	8.5	**-**	8.5
Net finance expense (less accretion expense)	9	**13.1**	38.8	**67.1**	0.7
Income tax expense (recovery)	10	**3.9**	(0.2)	**10.6**	2.4
Service concession arrangement		**-**	(0.9)	**-**	(4.5)
Net change in non-cash working capital	17	**27.7**	58.4	**20.3**	31.7
Interest received		**1.4**	4.7	**7.6**	7.4
Interest paid		**(9.6)**	(10.0)	**(38.4)**	(40.8)
Income tax paid		**(4.1)**	(2.7)	**(13.3)**	(6.7)
Liabilities settled for environmental rehabilitation provisions		**-**	(0.4)	**(0.7)**	(0.9)
Other operating items	17	**7.2**	2.5	**7.9**	9.5
Cash provided by continuing operations		**28.7**	60.3	**24.3**	24.2
Cash used by discontinued operations	15	**(5.2)**	(0.8)	**(6.0)**	(6.8)
Cash provided by operating activities		**23.5**	59.5	**18.3**	17.4
Investing activities					
Property, plant and equipment expenditures		**(5.2)**	(5.3)	**(13.9)**	(20.2)
Intangible asset expenditures		**(4.0)**	(7.3)	**(6.3)**	(9.2)
Receipts of advances, loans receivable and other financial assets		**3.2**	0.4	**11.8**	1.3
Net proceeds from sale of property, plant and equipment		**0.8**	-	**0.8**	-
Proceeds from short-term investments		**62.9**	45.9	**15.9**	70.8
Cash provided by continuing operations		**57.7**	33.7	**8.3**	42.7
Cash provided by investing activities		**57.7**	33.7	**8.3**	42.7
Financing activities					
Repayment of other loans and borrowings	14	**-**	(0.5)	**(27.0)**	(63.7)
Fees paid on debenture extension		**-**	(14.6)	**-**	(14.6)
Issuance of common shares		**0.4**	-	**0.7**	-
Cash provided (used) by continuing operations		**0.4**	(15.1)	**(26.3)**	(78.3)
Cash provided (used) by financing activities		**0.4**	(15.1)	**(26.3)**	(78.3)
Effect of exchange rate changes on cash and cash equivalents		**(1.6)**	0.4	**(2.7)**	(1.2)
Increase (decrease) in cash and cash equivalents		**80.0**	78.5	**(2.4)**	(19.4)
Cash and cash equivalents at beginning of the period		**187.2**	132.7	**269.6**	230.6
Cash and cash equivalents at end of the period	12	**$ 267.2**	$ 211.2	**$ 267.2**	$ 211.2

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		-	(272.2)	-	-	(272.2)
Foreign currency translation differences on foreign operations		-	-	-	(143.3)	(143.3)
Actuarial gains on pension plans, net of tax		-	-	-	0.5	0.5
		-	(272.2)	-	(142.8)	(415.0)
Stock option plan expense		-	-	1.3	-	1.3
Warrant issuance		-	-	8.2	-	8.2
Balance as at September 30, 2016		**$ 2,775.3**	**$ (2,614.8)**	**$ 234.4**	**$ 756.7**	**$ 1,151.6**
Total comprehensive income (loss):						
Net loss for the period		-	(106.7)	-	-	(106.7)
Foreign currency translation differences on foreign operations		-	-	-	53.5	53.5
Actuarial losses on pension plans, net of tax		-	-	-	(1.2)	(1.2)
		-	(106.7)	-	52.3	(54.4)
Shares issued for:						
Warrants exercised		0.4	-	(0.2)	-	0.2
Stock option plan expense		-	-	0.5	-	0.5
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		-	(244.0)	-	-	(244.0)
Foreign currency translation differences on foreign operations	16	-	-	-	(90.0)	(90.0)
		-	(244.0)	-	(90.0)	(334.0)
Shares issued for:						
Warrants exercised	16	1.1	-	(0.4)	-	0.7
Restricted stock plan (vested)	16	0.1	-	(0.1)	-	-
Stock option plan expense	16	-	-	1.2	-	1.2
Balance as at September 30, 2017		**$ 2,776.9**	**$ (2,965.5)**	**$ 235.4**	**$ 719.0**	**$ 765.8**

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 October 24, 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 the impact of this standard on its consolidated financial statements. The Corporation will adopt IFRS 9 for the annual period beginning January 1, 2018 and expects to apply the standard on a retrospective basis using certain available transitional provisions. Under this approach, the 2017 comparative period will not be restated and a cumulative transitional adjustment to the opening balance of retained earnings will be recognized at the date of initial application. Management has made progress in its review of all financial instruments held and has performed cash flow and business model assessments on the Corporation's financial assets. The Corporation expects that cash equivalents and short-term investments will now be measured at fair value through other comprehensive loss and continues to evaluate the remaining financial assets. Generally, the Corporation expects that financial assets currently classified as loans and receivables will continue to be measured at amortized cost. IFRS 9 requires an expected credit loss to be recognized against debt-related financial assets measured at fair value through other comprehensive loss and financial assets measured at amortized cost. Management is evaluating the impact this will have on the Corporation's financial assets.

IFRS 15 – Revenue from Contracts with Customers

The Corporation is currently evaluating the impact of this standard on its consolidated financial statements. The Corporation will adopt IFRS 15 for the annual period beginning January 1, 2018 and expects to apply the standard on a modified retrospective basis using certain practical expedients. Under this approach, the 2017 comparative period will not be restated and a cumulative transitional adjustment to the opening balance of retained earnings will be recognized at the date of initial application. Management has identified a potential impact to revenue recognition in the Power segment related to service concession arrangements, the assessment of which is currently being finalized. No impact on the consolidated statements of cash flow is expected from adoption.

IFRS 16 – Leases

The Corporation is currently evaluating the impact of this standard on its consolidated financial statements. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The Corporation does not expect to early adopt IFRS 16. Management expects to recognize lease liabilities and right-of-use assets in respect of operating leases previously expensed.

5. SEGMENTED INFORMATION

Business segments

Canadian $ millions, for the three months ended September 30								2017
	Metals						**Adjustments for**	
	Moa JV and Fort Site[(1)]	**Ambatovy JV[(2)]**	**Other[(3)]**	**Oil and Gas**	**Power**	**Corporate and Other[(4)]**	**Joint Venture and Associate[(5)]**	**Total**
Revenue	**$ 100.7**	**$ 78.0**	**$ 14.1**	**$ 29.9**	**$ 12.2**	**$ (0.2)**	**$ (171.4)**	**$ 63.3**
Cost of sales	**(85.0)**	**(109.2)**	**(13.8)**	**(21.1)**	**(9.5)**	**(2.6)**	**184.1**	**(57.1)**
Administrative expenses	**(2.9)**	**(3.0)**	**(0.1)**	**(3.0)**	**(1.2)**	**(10.9)**	**4.2**	**(16.9)**
Share of loss of an associate, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**(53.2)**	**(53.2)**
Share of earnings of a joint venture, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**11.6**	**11.6**
Earnings (loss) from operations, associate and joint venture	**12.8**	**(34.2)**	**0.2**	**5.8**	**1.5**	**(13.7)**	**(24.7)**	**(52.3)**
Financing income								**18.8**
Financing expense								**(32.1)**
Net finance expense								**(13.3)**
Loss before tax								**(65.6)**
Income tax expense								**(3.9)**
Net loss from continuing operations								**(69.5)**
Earnings from discontinued operations, net of tax								**-**
Net loss for the period								**(69.5)**
Supplementary information								
Depletion, depreciation and amortization	**$ 11.1**	**$ 35.5**	**$ -**	**$ 8.2**	**$ 6.0**	**$ 0.6**	**$ (44.4)**	**$ 17.0**
Property, plant and equipment expenditures	**3.1**	**4.9**	**-**	**3.2**	**0.2**	**-**	**(6.2)**	**5.2**
Intangible asset expenditures	**-**	**-**	**-**	**4.0**	**-**	**-**	**-**	**4.0**

Canadian $ millions, as at September 30								2017
Non-current assets[(6)]	**$ 670.7**	**$ 2,367.5**	**$ -**	**$ 95.6**	**$ 137.5**	**$ 4.3**	**$ (2,900.3)**	**$ 375.3**
Total assets	**918.1**	**2,710.8**	**117.7**	**1,184.5**	**542.9**	**426.8**	**(2,411.5)**	**3,489.3**

Canadian $ millions, for the three months ended September 30								2016
	Metals						Adjustments for	
	Moa JV and Fort Site[(1)]	Ambatovy JV[(2)]	Other[(3)]	Oil and Gas	Power	Corporate and Other[(4)]	Joint Venture and Associate[(5)]	Total
Revenue	$ 80.6	$ 51.0	$ 11.4	$ 27.3	$ 14.4	$ (0.2)	$ (126.0)	$ 58.5
Cost of sales	(81.7)	(84.3)	(10.9)	(23.9)	(15.3)	(3.3)	160.2	(59.2)
Administrative expenses	(2.9)	(5.2)	(0.2)	(2.3)	(1.1)	(8.3)	6.5	(13.5)
Impairment of Oil assets	-	-	-	(8.5)	-	-	-	(8.5)
Share of loss of an associate, net of tax	-	-	-	-	-	-	(55.9)	(55.9)
Share of loss of a joint venture, net of tax	-	-	-	-	-	-	(3.5)	(3.5)
(Loss) earnings from operations, associate and joint venture	(4.0)	(38.5)	0.3	(7.4)	(2.0)	(11.8)	(18.7)	(82.1)
Financing income								16.2
Financing expense								(55.1)
Net finance expense								(38.9)
Loss before tax								(121.0)
Income tax recovery								0.2
Net loss from continuing operations								(120.8)
Earnings from discontinued operations, net of tax								-
Net loss for the period								(120.8)
Supplementary information								
Depletion, depreciation and amortization	$ 11.5	$ 34.0	$ -	$ 10.0	$ 8.6	$ 2.3	$ (43.4)	$ 23.0
Property, plant and equipment expenditures	8.3	10.4	-	0.7	0.4	-	(14.5)	5.3
Intangible asset expenditures	-	-	-	7.3	-	-	-	7.3

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

Canadian $ millions, for the nine months ended September 30								2017
	Metals							
	Moa JV and Fort Site(1)	**Ambatovy JV(2)**	**Other(3)**	**Oil and Gas**	**Power**	**Corporate and Other(4)**	**Adjustments for Joint Venture and Associate(5)**	**Total**
Revenue	**$ 294.1**	**$ 221.1**	**$ 40.1**	**$ 99.3**	**$ 39.2**	**$ (0.1)**	**$ (481.2)**	**$ 212.5**
Cost of sales	**(276.1)**	**(312.7)**	**(38.6)**	**(66.6)**	**(30.4)**	**(7.0)**	**547.8**	**(183.6)**
Administrative expenses	**(6.6)**	**(10.2)**	**(0.6)**	**(7.0)**	**(3.0)**	**(28.1)**	**13.9**	**(41.6)**
Share of loss of an associate, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**(167.5)**	**(167.5)**
Share of earnings of a joint venture, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**14.5**	**14.5**
Earnings (loss) from operations, associate and joint venture	**11.4**	**(101.8)**	**0.9**	**25.7**	**5.8**	**(35.2)**	**(72.5)**	**(165.7)**
Financing income								**52.0**
Financing expense								**(119.7)**
Net finance expense								**(67.7)**
Loss before tax								**(233.4)**
Income tax expense								**(10.6)**
Net loss from continuing operations								**(244.0)**
Earnings from discontinued operations, net of tax								**-**
Net loss for the period								**(244.0)**
Supplementary information								
Depletion, depreciation and amortization	**$ 37.0**	**$ 109.7**	**$ -**	**$ 25.7**	**$ 18.8**	**$ 2.2**	**$ (139.2)**	**$ 54.2**
Property, plant and equipment expenditures	**13.3**	**11.6**	**-**	**8.0**	**1.4**	**-**	**(20.4)**	**13.9**
Intangible asset expenditures	**-**	**-**	**-**	**6.3**	**-**	**-**	**-**	**6.3**
Canadian $ millions, as at September 30								**2017**
Non-current assets(6)	**$ 670.7**	**$ 2,367.5**	**$ -**	**$ 95.6**	**$ 137.5**	**$ 4.3**	**$ (2,900.3)**	**$ 375.3**
Total assets	**918.1**	**2,710.8**	**117.7**	**1,184.5**	**542.9**	**426.8**	**(2,411.5)**	**3,489.3**

Canadian $ millions, for the nine months ended September 30								2016
	Metals							
	Moa JV and Fort Site(1)	Ambatovy JV(2)	Other(3)	Oil and Gas	Power	Corporate and Other(4)	Adjustments for Joint Venture and Associate(5)	Total
Revenue	$ 246.8	$ 176.6	$ 33.1	$ 78.0	$ 44.9	$ 0.5	$ (388.1)	$ 191.8
Cost of sales	(260.2)	(298.2)	(31.8)	(80.7)	(45.6)	(6.9)	528.9	(194.5)
Administrative expenses	(7.4)	(14.3)	(0.7)	(7.9)	(3.3)	(23.8)	17.7	(39.7)
Impairment of Oil assets	-	-	-	(8.5)	-	-	-	(8.5)
Share of loss of an associate, net of tax	-	-	-	-	-	-	(180.7)	(180.7)
Share of loss of a joint venture, net of tax	-	-	-	-	-	-	(37.0)	(37.0)
(Loss) earnings from operations, associate and joint venture	(20.8)	(135.9)	0.6	(19.1)	(4.0)	(30.2)	(59.2)	(268.6)
Financing income								64.5
Financing expense								(65.7)
Net finance expense								(1.2)
Loss before tax								(269.8)
Income tax expense								(2.4)
Net loss from continuing operations								(272.2)
Earnings from discontinued operations, net of tax								-
Net loss for the period								(272.2)
Supplementary information								
Depletion, depreciation and amortization	$ 34.8	$ 104.5	$ -	$ 34.6	$ 26.1	$ 3.5	$ (132.1)	$ 71.4
Property, plant and equipment expenditures	27.5	11.5	-	8.7	0.6	0.1	(28.2)	20.2
Intangible asset expenditures	-	-	-	9.2	-	-	-	9.2
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

	For the three months ended		For the nine months ended	
	2017	2016	**2017**	2016
Canadian $ millions	**September 30**	September 30	**September 30**	September 30
	Total revenue(1)	Total revenue(1)	**Total revenue(1)**	Total revenue(1)
Nickel	**$ 11.5**	$ 8.8	**$ 31.7**	$ 28.5
Fertilizer	**7.7**	6.2	**36.2**	37.1
Oil and gas	**29.0**	26.3	**96.4**	74.8
Power generation	**11.2**	12.6	**35.9**	37.6
Other	**3.9**	4.6	**12.3**	13.8
	$ 63.3	$ 58.5	**$ 212.5**	$ 191.8

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

6. EXPENSES

Cost of sales includes the following:

	For the three months ended		For the nine months ended	
	2017	2016	**2017**	2016
Canadian $ millions	**September 30**	September 30	**September 30**	September 30
Employee costs	**$ 16.4**	$ 16.1	**$ 47.8**	$ 49.0
Stock-based compensation expense (recovery)	**0.6**	0.5	**(1.1)**	0.5
Depletion, depreciation and amortization	**16.5**	22.4	**51.9**	69.4
Raw materials and consumables	**7.3**	9.1	**28.0**	25.4
Repairs and maintenance	**10.9**	10.3	**34.7**	28.4
Shipment and treatment costs	**3.0**	3.6	**10.3**	11.9
Construction costs	**-**	0.9	**-**	4.5
Consulting services and audit fees	**1.1**	1.2	**3.7**	3.4
Other	**1.3**	(4.9)	**8.3**	2.0
	$ 57.1	$ 59.2	**$ 183.6**	$ 194.5

Administrative expenses include the following:

	For the three months ended		For the nine months ended	
	2017	2016	**2017**	2016
Canadian $ millions	**September 30**	September 30	**September 30**	September 30
Employee costs	**$ 7.4**	$ 7.9	**$ 23.5**	$ 23.7
Severance	**1.0**	0.1	**2.1**	1.4
Depreciation	**0.5**	0.6	**2.3**	2.0
Stock-based compensation expense	**4.9**	1.9	**4.3**	5.4
Consulting services and audit fees	**1.5**	1.6	**4.3**	5.4
Other	**1.6**	1.4	**5.1**	1.8
	$ 16.9	$ 13.5	**$ 41.6**	$ 39.7

For consistency with the current period presentation, certain comparative amounts have been reclassified.

7. INVESTMENT IN AN ASSOCIATE

Deferral of principal repayment on Ambatovy Joint Venture financing

Total principal repayments were nil for the three and nine months ended September 30, 2017 as a result of the deferral of principal repayment on Ambatovy Joint Venture financing agreed to in August 2016 (nil for the three and nine months ended September 30, 2016). Total interest payments made to the lenders were nil and US$30.9 million during the three and nine months ended September 30, 2017 (US$0.4 million and US$27.1 million for the three and nine months ended September 30, 2016, respectively).

Ambatovy Joint Venture funding and Shareholders Agreement

Total post-financial completion cash funding provided by Sumitomo and KORES was US$238.0 million, pursuant to total post-financial completion cash calls of US$396.7 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 January 15, 2018.

Sherritt and its Ambatovy Joint Venture partners continue to work towards implementation of the previously announced Agreement in Principle that will result in the re-structuring of the Joint Venture and the elimination of approximately $1.3 billion of non-recourse debt. Closing of the transaction is expected to occur in the fourth quarter of this year.

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 September 30	2016 December 31
Assets		
Cash and cash equivalents	**$ 61.9**	$ 76.7
Other current assets	**25.9**	26.0
Trade accounts receivable, net	**111.9**	109.6
Inventories	**454.4**	415.5
Other non-current assets(1)	**206.9**	160.2
Property, plant and equipment	**5,916.3**	6,549.3
Total assets	**6,777.3**	7,337.3
Liabilities		
Trade accounts payable and accrued liabilities	**369.1**	321.0
Other taxes payable	**30.2**	21.7
Other current financial liabilities	**0.4**	0.1
Current portion of loans and borrowings:		
Ambatovy revolving credit facility(2)	**70.8**	50.5
Non-current portion of loans and borrowings:		
Ambatovy Joint Venture financing	**1,975.7**	2,118.7
Ambatovy subordinated loans payable(3)	**2,001.6**	2,358.5
Ambatovy subordinated loans payable - post-financial completion(4)	**317.5**	242.9
Environmental rehabilitation provisions	**147.2**	142.0
Other non-current liabilities(1)	**217.6**	162.2
Total liabilities	**5,130.1**	5,417.6
Net assets of Ambatovy Joint Venture	**$ 1,647.2**	$ 1,919.7
Proportion of Sherritt's ownership interest	**40%**	40%
Carrying value of investment in an associate	**$ 658.9**	$ 767.9

(1) As at September 30, 2017, the Ambatovy Joint Venture has recognized a financial asset of $198.0 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 comprised of a Malagasy Ariary (MGA) 156.0 billion ($64.4 million) revolving and MGA 20.0 billion ($8.3 million) overdraft credit facility agreement with local financial institutions which matures on July 31, 2018 (December 31, 2016 – MGA 126.0 billion ($50.5 million) and nil, respectively). The facility bears interest rates between 10.00% and 10.85% and is subordinated to the Ambatovy Joint Venture financing. As at September 30, 2017, MGA 156.0 billion ($64.4 million) and MGA 15.4 billion ($6.4 million) were drawn on the revolving and overdraft facilities, respectively (December 31, 2016 – MGA 126.0 billion ($50.5 million) and nil, respectively).

(3) During the nine months ended September 30, 2017, US$250.0 million of the Ambatovy Joint Venture subordinated loans payable was converted to equity which, at the Corporation's 40% share, resulted in a US$100.0 million ($129.9 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 2017 September 30	2016 September 30	For the nine months ended 2017 September 30	2016 September 30
Revenue	**$ 195.0**	$ 127.5	**$ 552.7**	$ 441.4
Cost of sales[1]	**(272.9)**	(210.8)	**(781.7)**	(745.6)
Administrative expenses	**(7.7)**	(13.0)	**(25.6)**	(35.7)
Loss from operations	**(85.6)**	(96.3)	**(254.6)**	(339.9)
Financing income	**1.0**	(0.7)	**1.0**	1.1
Financing expense[2]	**(63.4)**	(59.2)	**(212.8)**	(161.7)
Net finance expense	**(62.4)**	(59.9)	**(211.8)**	(160.6)
Loss before tax	**(148.0)**	(156.2)	**(466.4)**	(500.5)
Income tax expense	**(1.2)**	-	**(3.4)**	-
Net loss and comprehensive loss for the period	**$ (149.2)**	$ (156.2)	**$ (469.8)**	$ (500.5)
Proportion of Sherritt's ownership interest	**40%**	40%	**40%**	40%
Total	**(59.7)**	(62.5)	**(187.9)**	(200.2)
Intercompany elimination	**6.5**	6.6	**20.4**	19.5
Share of loss of an associate, net of tax	**$ (53.2)**	$ (55.9)	**$ (167.5)**	$ (180.7)

(1) Included in cost of sales for the three and nine months ended September 30, 2017 is depreciation and amortization of $89.2 million and $274.2 million, respectively ($85.0 million and $260.4 million for the three and nine months ended September 30, 2016, respectively).

(2) The Ambatovy Joint Venture has a value added tax (VAT) receivable of $30.2 million (December 31, 2016 - $23.7 million) from the government of Madagascar. The VAT receivable is net of a provision of $80.8 million (December 31, 2016 - $145.8 million) reflecting an assessment of the likelihood of receipt of these amounts. During the three and nine months ended September 30, 2017, a gain on the partial reversal of this provision of $6.0 million and $21.5 million, respectively, was recognized in financing expense ($7.2 million and $33.0 million for the three and nine months ended September 30, 2016, respectively).

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 September 30	2016 December 31
Assets		
Cash and cash equivalents	**$ 20.4**	$ 13.9
Other current assets	**6.3**	8.4
Trade accounts receivable, net	**109.4**	86.0
Inventories	**208.7**	193.2
Other non-current assets	**12.5**	13.3
Property, plant and equipment	**1,154.1**	1,274.3
Total assets	**1,511.4**	1,589.1
Liabilities		
Trade accounts payable and accrued liabilities	**60.7**	57.2
Income taxes payable	**1.3**	5.1
Other current financial liabilities(1)	**45.6**	57.1
Loans and borrowings(2)	**42.4**	48.3
Environmental rehabilitation provisions	**73.1**	77.6
Other non-current financial liabilities(3)	**471.3**	548.0
Deferred income taxes	**24.4**	26.1
Total liabilities	**718.8**	819.4
Net assets of Moa Joint Venture	**$ 792.6**	$ 769.7
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**396.3**	384.9
Intercompany capitalized interest elimination	**(44.3)**	(48.1)
Carrying value of investment in a joint venture	**$ 352.0**	$ 336.8

(1) Included in other current financial liabilities as at September 30, 2017 is a $45.2 million working capital facility with the Corporation (December 31, 2016 - $56.9 million) (note 13).

(2) Included in loans and borrowings as at September 30, 2017 is a $34.2 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 September 30, 2017 is $454.0 million in expansion loans of which $227.0 million are with the Corporation (December 31, 2016 - $529.9 million, $264.9 million of which are with the Corporation) (note 13). During the six months ended June 30, 2017, interest was suspended for two years on the expansion loans, which resulted in a decrease to the Moa Joint Venture expansion loans payable of $64.8 million. The interest suspension was an equity contribution to the joint venture and is accreted using the effective interest rate method in financing expense. During the nine months ended September 30, 2017, the Moa Joint Venture expansion loans payable increased $17.7 million due to accretion.

Statements of comprehensive income (loss)

	For the three months ended		For the nine months ended	
	2017	2016	**2017**	2016
Canadian $ millions, 100% basis	**September 30**	September 30	**September 30**	September 30
Revenue	**$ 186.9**	$ 150.0	**$ 520.3**	$ 423.0
Cost of sales(1)	**(149.9)**	(151.7)	**(470.2)**	(461.3)
Administrative expenses	**(2.3)**	(2.7)	**(7.3)**	(6.9)
Profit (loss) from operations	**34.7**	(4.4)	**42.8**	(45.2)
Financing income	**0.1**	0.1	**0.2**	0.2
Financing expense(3)	**(21.3)**	(9.3)	**(36.3)**	(30.6)
Net finance expense	**(21.2)**	(9.2)	**(36.1)**	(30.4)
Earnings (loss) before tax	**13.5**	(13.6)	**6.7**	(75.6)
Income tax expense(2)	**(2.3)**	(1.2)	**(2.3)**	(16.5)
Net earnings (loss) and comprehensive earnings (loss) of Moa Joint Venture	**$ 11.2**	$ (14.8)	**$ 4.4**	$ (92.1)
Proportion of Sherritt's ownership interest	**50%**	50%	**50%**	50%
Total	**5.6**	(7.4)	**2.2**	(46.1)
Intercompany elimination	**6.0**	3.9	**12.3**	9.1
Share of earnings (loss) of a joint venture, net of tax	**$ 11.6**	$ (3.5)	**$ 14.5**	$ (37.0)

(1) Included in cost of sales for the three and nine months ended September 30, 2017 is depreciation and amortization of $17.7 million and $59.0 million, respectively ($18.8 million and $55.2 million for the three and nine months ended September 30, 2016, respectively).

(2) Included in income tax expense for the three and nine months ended September 30, 2017 is an income tax expense of nil related to the derecognition of the deferred tax asset at Moa Nickel S.A. (nil and $15.4 million for the three and nine months ended September 30, 2016, respectively).

(3) Included in financing expense for the three and nine months ended September 30, 2017 is accretion of $17.7 million on the Moa Joint Venture expansion loans.

Joint operations

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

	2017	2016
Canadian $ millions, 33⅓% basis, as at	**September 30**	December 31
Current assets(1)	**$ 59.7**	$ 49.6
Non-current assets	**125.4**	151.3
Current liabilities	**15.9**	27.0
Non-current liabilities	**94.2**	86.0
Net assets	**$ 75.0**	$ 87.9

(1) Included in current assets is $37.9 million of cash and cash equivalents (December 31, 2016 - $25.5 million).

	For the three months ended		For the nine months ended	
	2017	2016	**2017**	2016
Canadian $ millions, 33⅓% basis	**September 30**	September 30	**September 30**	September 30
Revenue	**$ 12.2**	$ 14.4	**$ 39.2**	$ 44.9
Expense	**(15.2)**	(14.3)	**(42.7)**	(49.5)
Net (loss) earnings	**$ (3.0)**	$ 0.1	**$ (3.5)**	$ (4.6)

9. NET FINANCE (EXPENSE) INCOME

Canadian $ millions	Note	For the three months ended 2017 September 30	2016 September 30	For the nine months ended 2017 September 30	2016 September 30
Revaluation on financial instruments		**$ -**	$ -	**$ -**	$ 2.7
Interest income on cash, cash equivalents and short-term investments		**0.9**	0.6	**2.5**	1.8
Interest income on investments		**0.1**	-	**0.3**	0.3
Interest income on advances and loans receivable		**13.3**	15.6	**44.7**	47.1
Interest income on accretion of advances and loans receivable(1)		**4.5**	-	**4.5**	-
Gain on repurchase of debentures		**-**	-	**-**	12.6
Total financing income		**18.8**	16.2	**52.0**	64.5
Interest expense and accretion on loans and borrowings		**(45.0)**	(41.5)	**(134.3)**	(124.8)
Unrealized foreign exchange gain (loss)		**13.5**	(12.8)	**16.4**	61.6
Realized foreign exchange gain (loss)	17	**0.1**	(0.2)	**0.6**	(0.4)
Other finance charges	17	**(0.5)**	(0.5)	**(1.8)**	(1.6)
Accretion expense on environmental rehabilitation provisions	15, 17	**(0.2)**	(0.1)	**(0.6)**	(0.5)
Total financing expense		**(32.1)**	(55.1)	**(119.7)**	(65.7)
Net finance expense		**$ (13.3)**	$ (38.9)	**$ (67.7)**	$ (1.2)

(1) Interest income on accretion of advances and loan receivable relates to the Moa Joint Venture expansion loans receivable, which is recognized to the extent of Sherritt's economic interest (note 13).

10. INCOME TAXES

Canadian $ millions	For the three months ended 2017 September 30	2016 September 30	For the nine months ended 2017 September 30	2016 September 30
Current income tax expense(1)	**$ 4.2**	$ 2.7	**$ 21.8**	$ 7.3
Deferred income tax recovery(1)	**(0.3)**	(2.9)	**(11.2)**	(4.9)
Income tax expense (recovery)	**$ 3.9**	$ (0.2)	**$ 10.6**	$ 2.4

(1) During the nine months ended September 30, 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 nil and $8.4 million and a corresponding deferred income tax recovery of nil and $8.4 million during the three and nine months ended September 30, 2017, respectively.

11. LOSS PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars	For the three months ended 2017 September 30	2016 September 30	For the nine months ended 2017 September 30	2016 September 30
Net loss from continuing operations	**$ (69.5)**	$ (120.8)	**$ (244.0)**	$ (272.2)
Earnings from discontinued operations, net of tax	**-**	-	**-**	-
Net loss - basic and diluted	**$ (69.5)**	$ (120.8)	**$ (244.0)**	$ (272.2)
Weighted-average number of common shares - basic and diluted(1)	**294.8**	293.9	**294.5**	293.9
Net loss from continuing operations per common share, basic and diluted	**$ (0.24)**	$ (0.41)	**$ (0.83)**	$ (0.93)
Earnings from discontinued operations per common share, basic and diluted	**$ -**	$ -	**$ -**	$ -
Net loss per common share, basic and diluted	**$ (0.24)**	$ (0.41)	**$ (0.83)**	$ (0.93)

(1) The determination of the weighted-average number of common shares - diluted excludes 10.5 million shares related to stock options and 17.8 million warrants that were anti-dilutive for the three and nine months ended September 30, 2017, respectively (9.6 million and 19.1 million for the three and nine months ended September 30, 2016, respectively).

12. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents consist of:

Canadian $ millions, as at		2017 September 30		2016 December 31
Cash equivalents	**$**	**114.0**	$	162.9
Cash held in banks		**152.2**		105.7
Restricted cash		**1.0**		1.0
	$	**267.2**	$	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 $0.2 million and $39.3 million, respectively, as at September 30, 2017 (December 31, 2016 – $3.8 million and $26.8 million, respectively).

As at September 30, 2017, $37.9 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 values different from their fair values(1):

Canadian $ millions, as at	Note	Hierarchy level	2017 September 30 Carrying value	2017 September 30 Fair value	2016 December 31 Carrying value	2016 December 31 Fair value
Liabilities:						
8.00% senior unsecured debentures due 2021	14	1	**$ 212.8**	**$ 163.9**	$ 211.8	$ 162.8
7.50% senior unsecured debentures due 2023	14	1	**240.4**	**177.5**	239.5	181.3
7.875% senior unsecured debentures due 2025	14	1	**234.1**	**173.8**	233.1	177.5
Ambatovy Joint Venture additional partner loans(2)(4)	14	2	**1,324.6**	**630.4**	1,367.5	640.6
Ambatovy Joint Venture partner loans(2)(4)	14	2	**125.5**	**99.1**	133.3	110.7
Assets:						
Ambatovy subordinated loans receivable(3)(4)	13	2	**800.7**	**639.2**	943.4	796.8
Energas conditional sales agreement(3)(4)	13	2	**185.6**	**194.2**	168.6	169.6
Moa Joint Venture expansion loans receivable(3)(4)	13	2	**227.0**	**227.0**	264.9	260.5

(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 borrowers' 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 borrowers' credit quality.

(4) For disclosure purposes, the Corporation revised its methodology for the calculation of the fair values of financial instruments using updated market participant discount rates. For consistency with the current period presentation, comparative amounts have been restated.

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 September 30		2016 December 31
Cash equivalents	1	**$**	**114.0**	$	162.9
Short-term investments	1		**24.1**		40.0
Restricted cash	1		**1.0**		1.0

Trade accounts receivable, net

Canadian $ millions, as at	2017 September 30	2016 December 31
Trade accounts receivable	$ 229.4	$ 211.4
Allowance for doubtful accounts	(11.3)	(11.0)
Accounts receivable from joint operations	0.1	0.4
Accounts receivable from joint venture	10.0	11.4
Accounts receivable from associate	32.8	33.9
Other	22.6	39.7
	$ 283.6	$ 285.8

Aging of receivables not impaired

Canadian $ millions, as at	2017 September 30	2016 December 31
Not past due	$ 239.0	$ 227.7
Past due no more than 30 days	11.2	25.2
Past due for more than 30 days but no more than 60 days	7.9	6.3
Past due for more than 60 days	25.5	26.6
	$ 283.6	$ 285.8

13. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	2017 September 30	2016 December 31
Advances and loans receivable		
Ambatovy subordinated loans receivable(1)(2)	$ 800.7	$ 943.4
Energas conditional sales agreement(1)	203.1	192.4
Moa Joint Venture expansion loans receivable(1)(3)	227.0	264.9
Moa Joint Venture working capital facility(4)	45.2	56.9
Other	10.8	10.8
Other financial assets(5)	200.8	157.8
	1,487.6	1,626.2
Current portion of advances, loans receivable and other financial assets	(65.5)	(83.5)
	$ 1,422.1	$ 1,542.7

(1) As at September 30, 2017, the non-current portions of the Ambatovy subordinated loans receivable, Energas conditional sales agreement and the Moa Joint Venture expansion loans receivable are $800.7 million, $185.6 million and $227.0 million, respectively (December 31, 2016 – $943.4 million, $168.6 million and $264.9 million, respectively).

(2) During the nine months ended September 30, 2017, the Ambatovy Joint Venture converted US$250.0 million of its subordinated loans payable to equity (note 7) which, at the Corporation's 40% share, resulted in a US$100.0 million ($129.9 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) During the six months ended June 30, 2017, interest was suspended for two years on the expansion loans, which resulted in a decrease to the Moa Joint Venture expansion loans receivable of $32.4 million. The interest suspension was an equity contribution to the joint venture and is accreted using the effective interest rate method in financing income. During the nine months ended September 30, 2017, the Moa Joint Venture expansion loans receivable increased $8.9 million due to accretion.

(4) On January 31, 2017, the working capital facility was renewed for one year with a maximum credit available of $65.0 million, of which $13.7 million matured on April 21, 2017. Thereafter, the facility size decreases by 4.167% quarterly beginning April 28, 2017. Collectively, these reductions will result in a facility size 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%.

(5) As at September 30, 2017, included in other financial assets is $198.0 million (December 31, 2016 - $154.9 million) which 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).

14. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

Canadian $ millions	Note	As at 2017 September 30	For the nine months ended September 30, 2017 — Cash flows: Repayments	Non-cash changes: Effect of movement in exchange rates	Non-cash changes: Other[2]	As at 2016 December 31
Non-recourse loans and borrowings						
Ambatovy Joint Venture additional partner loans[1]	12	**$ 1,324.6**	**$ -**	**$ (100.1)**	**$ 57.2**	$ 1,367.5
Other loans and borrowings						
8.00% senior unsecured debentures due 2021	12	**$ 212.8**	**$ -**	**$ -**	**$ 1.0**	$ 211.8
7.50% senior unsecured debentures due 2023	12	**240.4**	**-**	**-**	**0.9**	239.5
7.875% senior unsecured debentures due 2025	12	**234.1**	**-**	**-**	**1.0**	233.1
Ambatovy Joint Venture partner loans[1]	12	**125.5**	**-**	**(9.5)**	**1.7**	133.3
Syndicated revolving-term credit facility		**16.0**	**(27.0)**	**-**	**-**	43.0
		$ 828.8	**$ (27.0)**	**$ (9.5)**	**$ 4.6**	$ 860.7
Current portion of other loans and borrowings		**(16.0)**				(43.0)
		$ 812.8				$ 817.7

(1) Accrued and unpaid interest on these loans is capitalized to the loan balance every six months.

(2) Other non-cash changes are composed of capitalized interest and amortization of deferred financing costs.

Syndicated revolving-term credit facility

On January 31, 2017, the syndicated revolving-term credit facility was renewed for one year with a maximum credit available of $90.0 million, of which $13.7 million matured on April 21, 2017. Thereafter, the facility size decreases by 4.167% quarterly beginning April 28, 2017. Collectively, these reductions will result in a facility size 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 as at September 30, 2017:

- Net financial debt-to-EBITDA covenant of 4.75:1;
- EBITDA-to-interest expense covenant of not less than 1.75:1;
- Limits on capital expenditures and funding of the Ambatovy Joint Venture and Moa Joint Venture; and
- Maintenance of a minimum balance of cash and cash equivalents, short-term investments held by the Corporation's wholly-owned subsidiaries and undrawn credit greater than the facility size multiplied by two. The facility size multiplied by two as at September 30, 2017 is $140.0 million.

The minimum balance restriction was amended during the three months ended September 30, 2017 to include undrawn credit and to change the minimum balance required from $180.0 million to the facility size multiplied by two.

Covenants

As at September 30, 2017, there are no events of default on the Corporation's borrowings or debentures.

Other financial liabilities

Canadian $ millions, as at	2017 September 30	2016 December 31
Other non-current financial liabilities[1]	**$ 198.7**	$ 155.7
Stock-based compensation liability	**12.8**	12.3
	211.5	168.0
Current portion of other financial liabilities	**(5.3)**	(5.0)
	$ 206.2	$ 163.0

(1) Included in other non-current financial liabilities is $198.0 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 September 30		2016 December 31
Environmental rehabilitation provisions	$	**97.0**	$	103.2
Other provisions		**5.4**		11.4
		102.4		114.6
Current portion of provisions		**(7.9)**		(12.2)
	$	**94.5**	$	102.4

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian $ millions	Note		For the nine months ended 2017 September 30		For the year ended 2016 December 31
Balance, beginning of the period		$	**103.2**	$	107.8
Change in estimates			**(8.4)**		(0.6)
Utilized during the period			**(0.7)**		(1.3)
Accretion	9		**0.6**		1.0
Effect of movement in exchange rates			**2.3**		(3.7)
Balance, end of the period		$	**97.0**	$	103.2

The following is a reconciliation of other provisions:

Canadian $ millions		For the nine months ended 2017 September 30		For the year ended 2016 December 31
Balance, beginning of the period	$	**11.4**	$	18.8
Utilized during the period		**(6.0)**		(7.4)
Balance, end of the period	$	**5.4**	$	11.4

For the three and nine months ended September 30, 2017, the Corporation has recognized $5.2 million and $6.0 million in cash used by discontinued operations in the condensed consolidated statements of cash flow, respectively ($0.8 million and $6.8 million for the three and nine months ended September 30, 2016, respectively). 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.

In June 2017, provincial and federal fines related to the Obed breach were formalized by the Court in Alberta in the amount of $5.1 million. These fines were previously accrued for within provisions and payment of these fines was made in July 2017. Subsequent to September 30, 2017, a federal fine related to the Obed breach was formalized by the Court in Alberta in the amount of $1.1 million, which was previously accrued for within provisions and remains a provision as at September 30, 2017.

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 nine months ended 2017 September 30		For the year ended 2016 December 31
	Number	Capital stock	Number	Capital stock
Balance, beginning of the period	**294,174,923**	**$ 2,775.7**	293,853,001	$ 2,775.3
Restricted stock plan (vested)	**27,000**	**0.1**	-	-
Warrants exercised	**962,216**	**1.1**	321,922	0.4
Balance, end of the period	**295,164,139**	**$ 2,776.9**	294,174,923	$ 2,775.7

Reserves

Canadian $ millions	For the nine months ended 2017 September 30	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	**(0.4)**	(0.2)
Balance, end of the period	**$ 225.4**	$ 225.8
Stock-based compensation reserve		
Balance, beginning of the period	**$ 8.9**	$ 7.1
Restricted stock plan (vested)	**(0.1)**	-
Stock option plan expense	**1.2**	1.8
Balance, end of the period	**10.0**	8.9
Total reserves, end of the period	**$ 235.4**	$ 234.7

Accumulated other comprehensive income

Canadian $ millions	For the nine months ended 2017 September 30	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	**(90.0)**	(89.8)
Balance, end of the period	**723.2**	813.2
Actuarial losses on pension plans		
Balance, beginning of the period	**$ (4.2)**	$ (3.5)
Actuarial losses on pension plans, net of tax	**-**	(0.7)
Balance, end of the period	**(4.2)**	(4.2)
Total accumulated other comprehensive income	**$ 719.0**	$ 809.0

17. SUPPLEMENTAL CASH FLOW INFORMATION

Other operating items

		For the three months ended		For the nine months ended	
Canadian $ millions	Note	**2017 September 30**	2016 September 30	**2017 September 30**	2016 September 30
Add (deduct) non-cash items:					
Accretion expense on environmental rehabilitation provisions	9, 15	**$ 0.2**	$ 0.1	**$ 0.6**	$ 0.5
Stock-based compensation expense	6	**5.5**	2.4	**3.2**	5.9
Other items		**1.9**	0.7	**5.3**	5.1
Cash flow arising from changes in:					
Other finance charges	9	**(0.5)**	(0.5)	**(1.8)**	(1.6)
Realized foreign exchange gain (loss)	9	**0.1**	(0.2)	**0.6**	(0.4)
		$ 7.2	$ 2.5	**$ 7.9**	$ 9.5

Net change in non-cash working capital

	For the three months ended		For the nine months ended	
Canadian $ millions	**2017 September 30**	2016 September 30	**2017 September 30**	2016 September 30
Trade accounts receivable, net	**$ (18.5)**	$ (4.8)	**$ (11.4)**	$ (13.3)
Inventories	**(1.2)**	(3.8)	**1.3**	(0.9)
Prepaid expenses	**1.4**	(2.1)	**(1.0)**	0.1
Trade accounts payable and accrued liabilities	**31.6**	55.8	**26.6**	50.5
Deferred revenue	**14.4**	13.3	**4.8**	(4.7)
	$ 27.7	$ 58.4	**$ 20.3**	$ 31.7

18. 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.

19. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at September 30	**2017**
Property, plant and equipment commitments	**$ 15.7**
Joint venture:	
Property, plant and equipment commitments	**8.0**

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