Q1

2013 FIRST QUARTER REPORT

Sherritt International Corporation

For the three months ended March 31, 2013

PRESS RELEASE

Sherritt reports first-quarter 2013 results

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

IN THIS SECTION

All amounts are Canadian dollars unless otherwise indicated.

Sherritt International Corporation Reports First-Quarter 2013 Results

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Toronto, April 24, 2013 - Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S) today reported net earnings of $23.1 million ($0.08 per share, basic), compared to net earnings of $32.4 million ($0.11 per share, basic) for first-quarter 2012.

Earnings were lower quarter-over-quarter due to lower reference pricing and sales volumes for nickel, cobalt, export coal, and oil, resulting from continued downward pressure on pricing and demand in these commodity markets.

Financial Highlights

- Operating cash flow for first-quarter 2013 was $48.0 million, compared to $100.4 million in first-quarter 2012.
- Spending on capital and intangibles relating to operations totaled $51.6 million for first-quarter 2013, compared to $40.9 million in first-quarter 2012.
- Cash, cash equivalents and short-term investments were $442.2 million at March 31, 2013.

Sales Volumes

- Sales volumes for first-quarter 2013 (Sherritt's share) totaled 8.6 million pounds of finished nickel, 0.9 million pounds of finished cobalt, 6.3 million tonnes of thermal coal, 1.0 million barrels of oil and 160 GWh of electricity.
- Sales volumes in first-quarter 2013 do not include sales from the Ambatovy Joint Venture. Finished metal sold from the Ambatovy Joint Venture will not be categorized as sales volumes until the declaration of commercial production, defined as 70% of ore throughput of nameplate capacity in the Pressure Acid Leach (PAL) circuit over a thirty-day period.

Operating Highlights

- In Metals, record quarterly finished metal production (13,632 tonnes of finished nickel and 1,350 tonnes of cobalt, 100% basis) was achieved, due to the addition of production from the Ambatovy Joint Venture.
- At Ambatovy, the monthly average ore throughput in the Pressure Acid Leach (PAL) Circuit reached 53% in March 2013.
- The successful ramp-up of Ambatovy continued during the quarter, as all five autoclaves in the PAL circuit were operable during the quarter.
- In September 2012, Ambatovy received a six-month authorization (Operating Permit) to commercially operate the processing plant in Toamasina, Madagascar, which was to automatically convert to a life-of-mine Operating Permit. On March 12, 2013, Madagascar's Minister of Mines confirmed to Ambatovy its right to continue to operate in accordance with its Operating Permit.
- In Coal, full export capacity for Mountain Operations resumed during the quarter, as damage to Berth 1 at Westshore Terminals was repaired and operations at the berth resumed.

Accounting Change

- On January 1, 2013, new IFRS accounting provisions for joint arrangements came into effect (IFRS 11). The main change as a result of adopting the new standard was the accounting treatment of the Moa Joint Venture in the Metals business. Under IFRS 11, proportionate consolidation of joint ventures is no longer permitted. As a result, from January 1, 2013 forward, the Moa Joint Venture will be classified as an "investment in a joint venture" and will be accounted for as an equity investment. In terms of presentation, there are two main changes:

    1. The results of the Moa Joint Venture are no longer proportionately included in all of the line items of the statement of comprehensive income (income statement). Instead, the Corporation's share of the net operating results in the Moa Joint Venture (50%) is included in the "share of earnings (loss) of a joint venture" on the statement of comprehensive income.

There is no significant change in the earnings as a result.

2. The Corporation's share of the assets and liabilities of the Moa Joint Venture (50%) were previously included in each line item of Sherritt's statement of financial position (balance sheet). Those items have been removed, and the net assets are now included in a single line item, "investment in a joint venture".

- To compensate for the Moa Joint Venture's proportionate financial statement information being removed from Sherritt's consolidated results, a new note in the financial statements (Note 8 - Joint Arrangements) has been added.
- The Metals business comparatives for historical performance have been restated to reflect the accounting change. A reconciliation of the consolidated statements as of January 1, 2012 is provided in Note 28 of the financial statements.

2013 Outlook

- There are no material changes to the 2013 Outlook on production, royalties and spending on capital presented in February 2013.
- In Power, as a result of delays encountered with equipment suppliers and with obtaining work visas in Cuba, the 150 MW Boca de Jaruco Combined Cycle Project is now scheduled to begin production in third-quarter 2013. Despite the change in the production start date, the Project is still expected to be fully operational by the end of the year and to remain within the total cost estimate of $271.0 million.

Summary Data

SUMMARY FINANCIAL DATA

($ millions unless otherwise noted)	**Q1 2013**	Q1 2012
Revenue	**286.5**	359.4
Adjusted EBITDA(1)	**98.9**	145.9
Earnings from operations and associate and joint venture	**60.5**	86.2
Net earnings	**23.1**	32.4
Basic earnings per share ($ per share)	**0.08**	0.11
Diluted earnings per share ($ per share)	**0.08**	0.11
Net working capital balance(2)	**850.1**	964.1
Spending on capital and intangibles(3)	**51.6**	40.9
Total assets	**6,664.7**	6,478.3
Shareholders' equity	**3,707.9**	3,715.2
Long-term debt to total assets (%)	**32**	27
Weighted-average number of shares (millions)		
Basic	**296.5**	296.2
Diluted	**296.9**	296.6

(1) For additional information see the 'Non-GAAP Measure – Adjusted EBITDA' section of this release.
(2) Net working capital is calculated as total current assets less total current liabilities.
(3) Spending on capital and intangibles includes accruals and does not include spending on the Ambatovy Joint Venture or service concession arrangements.

SUMMARY SALES DATA

(units as noted)	**Q1 2013**	Q1 2012
Sales volumes		
Nickel (thousands of pounds, 50% basis)(1)	**8,631**	9,555
Cobalt (thousands of pounds, 50% basis)(1)	**909**	1,017
Thermal coal – Prairie Operations (millions of tonnes)	**5.7**	8.1
Thermal coal – Mountain Operations (millions of tonnes)	**0.6**	0.8
Oil (boepd, net working-interest production)	**10,871**	11,455
Electricity (GWh, 33 1/3% basis)	**160**	155
Realized prices		
Nickel ($/lb)(1)	**7.85**	8.66
Cobalt ($/lb)(1)	**11.52**	14.10
Thermal coal – Prairie Operations ($/tonne)	**18.20**	17.01
Thermal coal – Mountain Operations ($/tonne)	**94.44**	104.04
Oil ($/boe)	**70.34**	77.66
Electricity ($/MWh)	**41.87**	41.48

(1) Sales volumes and average realized prices do not include the impact of the Ambatovy Joint Venture.

Review of Operations

METALS

($ millions unless otherwise noted)	**Q1 2013**	Q1 2012
Production		
Mixed sulphides (Ni+Co contained, tonnes)		
Moa Joint Venture (50% basis)	**4,167**	4,676
Ambatovy Joint Venture (40% basis)	**3,121**	-
Total	**7,288**	4,676
Nickel (tonnes)		
Moa Joint Venture (50% basis)	**3,902**	4,299
Ambatovy Joint Venture (40% basis)	**2,332**	-
Total	**6,234**	4,299
Cobalt (tonnes)		
Moa Joint Venture (50% basis)	**405**	477
Ambatovy Joint Venture (40% basis)	**216**	-
Total	**621**	477
Fertilizer (tonnes)		
Moa Joint Venture (50% basis), Fort Site (100% basis)	**59,395**	66,121
Ambatovy Joint Venture (40% basis)	**8,783**	-
Total	**68,178**	66,121
Sales (1)		
Nickel (thousands of pounds, 50% basis)	**8,631**	9,555
Cobalt (thousands of pounds, 50% basis)	**909**	1,017
Fertilizer (tonnes)	**31,513**	26,627
Reference prices(1)		
Nickel (US$/lb)	**7.85**	8.91
Cobalt (US$/lb)(2)	**11.95**	14.59
Realized prices(1)		
Nickel ($/lb)	**7.85**	8.66
Cobalt ($/lb)	**11.52**	14.10
Unit operating costs (US$/lb) (1)		
Mining, processing and refining costs	**7.00**	6.50
Third-party feed costs	**0.22**	0.14
Cobalt by-product credits	**(1.20)**	(1.50)
Other	**(0.03)**	(0.01)
Net direct cash costs of nickel(3)	**5.99**	5.13
Natural gas ($/GJ)	**3.21**	2.14
Fuel oil (US$/tonne)	**641**	692
Sulphur (US$/tonne)	**238**	274
Sulphuric acid (US$/tonne)	**163**	198
Revenue ($ millions)		
Nickel	**67.8**	82.8
Cobalt	**10.5**	14.4
Fertilizer, other	**20.3**	18.9
Metal marketing(4)	**5.1**	-
Total revenue	**103.7**	116.1
Adjusted EBITDA ($ millions)(5)	**16.9**	30.7
Depletion, depreciation and amortization	**9.9**	8.7
Earnings from operations and associate ($ millions)	**7.0**	22.0
Spending on capital ($ millions)(1)	**4.7**	5.8

(1) Sales volumes, reference and realized prices, unit operating costs and spending on capital do not include the impact of the Ambatovy Joint Venture.
(2) Average Metal Bulletin – Low Grade Cobalt published price.
(3) Net direct cash costs of nickel after cobalt and other by-product credits.
(4) Under the Ambatovy Joint Venture agreements, the Corporation established a marketing organization to buy, market and sell certain Ambatovy nickel production.
(5) For additional information see the 'Non-GAAP Measure – Adjusted EBITDA' section of this release.

Consolidated production of mixed sulphides (which is presented on a contained nickel + cobalt basis) of 16,136 tonnes (100% basis) was 73% (6,784 tonnes) higher than first-quarter 2012 as the addition of Ambatovy production in 2013 more than offset the production decline at Moa. Moa production during the quarter was affected by reduced haul truck availability, resulting from administrative delays in securing new trucks. Some haul trucks were delivered in first-quarter 2013 and the balance of the replacement fleet is expected to arrive in Moa by the end of June 2013. Outlook for full-year 2013 mixed sulphides production for the Moa Joint Venture remains unchanged, as the impact of the reduced haul truck availability is expected to be offset by increased production for the last half of the year.

First-quarter 2013 consolidated finished metal production was higher than the prior-year period as the addition of Ambatovy production more than offset the impact of reduced availability of Moa mixed sulphides. Consolidated finished nickel production of 13,632 tonnes (100% basis) was 59% (5,034 tonnes) higher than first-quarter 2012, and first-quarter 2013 finished cobalt production was 1,350 tonnes (100% basis), or 42% (396 tonnes) higher than the prior-year period.

Consolidated fertilizer production of 101,743 tonnes (100% basis) was 14% (12,469 tonnes) higher for first-quarter 2013 compared to the prior-year period, primarily reflecting the addition of Ambatovy production which more than offset lower ammonium sulphate production at the Fort Site that resulted from reduced Moa mixed sulphides processing.

Consolidated sales volumes of finished nickel, finished cobalt and fertilizer for first-quarter 2013 reflect sales only from the Moa Joint Venture and Fort Site operations. Finished metal and fertilizer sold from the Ambatovy Joint Venture will not be categorized as sales volumes until the declaration of commercial production, defined as 70% of ore throughput of nameplate capacity in the Pressure Acid Leach (PAL) circuit over a thirty-day period. First-quarter 2013 finished nickel sales volumes from the Moa Joint Venture were 10% (924,000 lbs, 50% basis), and finished cobalt sales volumes were 11% (108,000 lbs, 50% basis) lower than the prior-year period primarily due to reduced availability of Moa mixed sulphides, which could not be fully offset due to the limited availability of third-party feeds. Fertilizer sales volumes (50% Moa Joint Venture, 100% Fort Site), were 18% (4,886 tonnes) higher for first-quarter 2013 compared to the prior-year period, due to strong demand in anticipation of the spring application season in Western Canada.

For accounting purposes, all revenues from the sale of Ambatovy nickel and cobalt will be capitalized until commercial production is reached. Finished metals sales volumes for first-quarter 2013 at the Ambatovy Joint Venture included approximately 11.2 million pounds (100% basis) of finished nickel and 1.0 million pounds (100% basis) of finished cobalt.

Average metals reference prices were lower in first-quarter 2013 compared to the prior-year period. The average nickel reference price was 12% (US$1.06/lb) lower, and the average cobalt reference price was 18% (US$2.64/lb) lower for first-quarter 2013 compared to first-quarter 2012.

The net direct cash cost of nickel in the Moa Joint Venture for first-quarter 2013 was 17% (US$0.86/lb) higher than the prior-year period due to lower cobalt by-product credits, higher refining costs and higher third-party feed costs. While lower input commodity prices largely offset the unit cost impact of lower mixed sulphide production, refining costs were higher quarter-over-quarter, as certain maintenance work which was scheduled for later in the year, was moved to first-quarter 2013 to take advantage of the period of lower feed availability. Costs at the refinery during first-quarter 2013 were also affected by a 50% increase in natural gas prices compared to first-quarter 2012.

Spending on capital in first-quarter 2013 for the Moa Joint Venture was 19% ($1.1million, 50% basis) lower than in the prior-year period, mainly due to the exclusion of capitalized interest relating to the Moa Joint Venture's Phase 2 expansion and acid plant construction, which ceased during first-quarter 2012 due to prolonged administrative delays.

Ambatovy Update

During first-quarter 2013, average ore throughput of approximately 43% of nameplate capacity was achieved in the PAL circuit, compared to 39% in fourth-quarter 2012. In March 2013, average ore throughput in the PAL circuit was approximately 53%. All five autoclaves in the PAL circuit were operable during the quarter and total autoclave operating hours in first-quarter 2013 were 5,327 hours.

In September 2012, Ambatovy received a six-month authorization (Operating Permit) to commercially operate the processing plant in Toamasina, Madagascar, which was to automatically convert to a life-of-mine Operating Permit. On March 12, 2013, Madagascar's Minister of Mines confirmed to Ambatovy its right to continue to operate in accordance with its Operating Permit.

Total capital costs for Ambatovy remained US$5.3 billion (100% basis), below the US$5.5 billion (100% basis) estimate. Total project costs for first-quarter 2013 of US$139.8 million (100% basis) were 55% (US$173.0 million) lower than fourth-quarter 2012. Cumulative total project costs to March 31, 2013 were US$6.9 billion (100% basis), including financing charges, working capital and foreign exchange, and will continue to vary until commercial production is declared. The most significant variability in total project costs is most likely to arise from the working capital component and the offsetting production revenue component (which is netted from these costs).

During first-quarter 2013, a total of US$139.0 million (100% basis) in funding was provided by the Ambatovy Joint Venture partners, 56% ($173.5 million, 100% basis) lower than in fourth-quarter 2012. Sherritt's 40% share of funding (US$55.6 million) in first-quarter 2013 was sourced from cash on hand.

The Ambatovy operations are expected to reach commercial production in 2013. Commercial production is the point at which all operating costs, net of revenue, cease to be capitalized.

COAL

($ millions unless otherwise noted)	**Q1 2013**	Q1 2012
Production (millions of tonnes)		
Prairie Operations	**5.6**	8.6
Mountain Operations	**0.8**	1.0
Sales (millions of tonnes)		
Prairie Operations	**5.7**	8.1
Mountain Operations	**0.6**	0.8
Realized prices ($/tonne)		
Prairie Operations(1)	**18.20**	17.01
Mountain Operations	**94.44**	104.04
Unit operating costs ($/tonne)		
Prairie Operations(1)	**13.97**	13.32
Mountain Operations	**91.05**	89.08
Revenue ($ millions)		
Prairie Operations		
Mining revenue	**112.2**	145.6
Coal royalties	**7.5**	10.8
Potash royalties	**3.2**	2.7
Mountain Operations and other assets	**56.6**	86.2
Total revenue	**179.5**	245.3
Adjusted EBITDA ($ millions)(2)		
Prairie Operations	**35.5**	43.5
Mountain Operations and other assets	**2.1**	9.6
Total Adjusted EBITDA	**37.6**	53.1
Depletion, depreciation and amortization	**26.2**	27.3
Earnings (loss) from operations ($ millions)	**33.4**	25.8
Spending on capital ($ millions)		
Prairie Operations	**13.0**	7.2
Mountain Operations and other assets	**20.3**	16.1
Total spending on capital	**33.3**	23.3

(1) Prairie Operations realized pricing and unit operating costs exclude royalties and the results of the char and activated carbon businesses.
(2) For additional information see the 'Non-GAAP Measure – Adjusted EBITDA' section of this release.

On January 17, 2013, Prairie Operations transferred operations of the Highvale mine to the customer/owner and the mining contract was terminated. While the customer/owner has assumed responsibility for direct mining activities, the transition process for certain other services is expected to be completed by the end of second-quarter 2013. In first-quarter 2013, the Corporation received $13.4 million in cash from the customer/owner upon transfer of mobile equipment at net book value following payment of the associated finance lease obligations and resulted in no accounting gain or loss. In addition, during the quarter, the Corporation recognized a non-cash gain of $39.3 million upon transfer of the hourly defined benefit pension plan to the customer/owner which was partially offset by a non-cash impairment of $17.3 million for intangible assets associated with this mining contract.

Production volumes for first-quarter 2013 in Prairie Operations were 35% (3.0 million tonnes) lower than the prior-year period, reflecting the transfer of the Highvale contract in January. Production volumes at Mountain Operations were 20% (0.2 million tonnes) lower for first-quarter 2013 compared to the prior-year period, as operations at the Obed Mountain mine were suspended in fourth-quarter 2012.

Sales volumes for first-quarter 2013 in Prairie Operations were 30% (2.4 million tonnes) lower than the prior-year period, reflecting the transfer of the Highvale contract in January. First-quarter 2013 sales volumes at Mountain Operations were 25% (0.2 million tonnes) lower than first-quarter 2012, the result of several factors, including: inadequate rail service from the operations to the port in first-quarter 2013, reduced shipping capacity at the port, and the suspension of Obed Mountain mine production in late 2012. In December 2012, damage to Berth 1 at Westshore Terminals reduced Sherritt's shipping capacity to approximately 46% until February 2013. Westshore is the primary port for Mountain Operations export. Inventory that accumulated during the period of restricted port capacity is expected to be sold over the course of the year, subject to the resumption of normal rail and port capacity.

Realized pricing (excluding royalties, char and activated carbon) for first-quarter 2013 at Prairie Operations was 7% ($1.19/tonne) higher than the prior-year period due to reduction in sales volumes from the termination of the Highvale contract and higher revenues at the Boundary Dam mine compared to the prior-year period, which was negatively affected by lower customer demand. Realized pricing at Mountain Operations for first-quarter 2013 was 9% ($9.60/tonne) lower for first-quarter 2013, compared to the prior-year period, due to weaker thermal export coal pricing, partially offset by a weaker Canadian dollar relative to the U.S. dollar.

Unit operating costs at Prairie Operations were 5% ($0.65/tonne) higher, compared to the prior-year period, due mainly to lower production volumes from the Boundary Dam mine and as a result of the transfer of the Highvale contract, as well as increased operating costs resulting from major dragline maintenance at the Poplar River and Genesee mines. The dragline maintenance work was completed during the quarter and both draglines have been returned to service.

While the volume associated with the Highvale contract declined, the financial contribution remained largely unchanged as the management fee continues to be earned for the first six months of 2013.

Unit operating costs at Mountain Operations were 2% ($1.97/tonne) higher than first-quarter 2012. Unit operating costs increased mainly due to lower production volumes resulting from the suspension of operations at the Obed Mountain mine in fourth-quarter 2012. At the Coal Valley mine, unit operating costs decreased quarter-over-quarter due to higher dragline productivities and higher plant yield from improved coal quality.

Royalties for first-quarter 2013 were 21% ($2.8 million) lower than the prior-year period, due to a decline in coal royalties resulting from the timing of mining activities in royalty assessable areas at two mines. Lower coal royalties during the period were partially offset by higher potash royalties arising from the addition of a new, long-term royalty stream from a potash producer.

Spending on capital at Prairie Operations for first-quarter 2013 was 81% ($5.8 million) higher than in the prior-year period, reflecting capital additions for Paintearth earth-moving equipment required to enter a new mining area, as well as major dragline repairs at the Genesee and Poplar River mines. Spending on capital at Mountain Operations was 26% ($4.2 million) higher for first-quarter 2013 compared to first-quarter 2012, due the arrival of haul trucks at the Coal Valley mine. This spending represents the majority of 2013 expected lease additions in Mountain Operations.

OIL AND GAS

($ millions unless otherwise noted)	**Q1 2013**	Q1 2012
Production (boepd)(1)		
Gross working-interest – Cuba(2), (3)	**19,551**	20,079
Net working-interest(4)		
Cuba – cost recovery	**2,631**	3,069
Cuba – profit oil	**7,614**	7,655
Cuba – total	**10,245**	10,724
Spain	**290**	376
Pakistan	**336**	355
Total net working-interest	**10,871**	11,455
Reference prices (US$/bbl)		
U.S. Gulf Coast Fuel Oil No.6	**97.07**	108.06
Brent crude	**113.59**	119.70
Realized prices		
Cuba ($/bbl)	**71.17**	78.47
Spain ($/bbl)	**112.99**	120.21
Pakistan ($/boe)	**8.26**	8.08
Weighted average ($/boe)	**70.34**	77.66
Unit operating costs		
Cuba ($/bbl)	**12.24**	13.06
Spain ($/bbl)	**14.62**	46.51
Pakistan ($/boe)	**7.95**	2.74
Weighted average ($/boe)	**12.18**	13.94
Revenue ($ millions)	**71.1**	82.2
Adjusted EBITDA ($ millions)(5)	**57.4**	65.2
Depletion, depreciation and amortization	**16.0**	18.8
Earnings from operations ($ millions)	**41.4**	46.4
Spending on capital ($ millions)(6)	**11.5**	9.4

(1) 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.

(2) In Cuba, Oil and Gas delivers all of its gross working-interest oil production to Union Cubapetroleo (CUPET) at the time of production. Gross working-interest oil production excludes: (i) production from wells for which commercial viability has not been established in accordance with production-sharing contracts, and (ii) working-interest of other participants in the production sharing contracts.

(3) Gross working-interest oil production is allocated between Oil and Gas and CUPET in accordance with production-sharing contracts. The Corporation’s share, referred to as ‘net working-interest oil production’, includes: (i) cost recovery oil (based upon the recoverable capital and operating costs incurred by Oil and Gas under each production-sharing contract), and (ii) a percentage of profit oil (gross working-interest production remaining after cost recovery oil is allocated to Oil and Gas). Cost recovery pools for each production-sharing contract include cumulative recoverable costs, subject to certification by CUPET, less cumulative proceeds from cost recovery oil allocated to Oil and Gas. Cost recovery revenue equals capital and operating costs eligible for recovery under the production-sharing contracts.

(4) Net working-interest production (equivalent to net sales volume) represents the Corporation’s share of gross working-interest production.

(5) For additional information see the ‘Non-GAAP Measure – Adjusted EBITDA’ section of this release.

(6) Exploration and evaluation spending incurred prior to the technical feasibility and commercial viability of extracting the resources is recorded as an intangible asset.

Gross working-interest (GWI) **oil production** in Cuba was 3% (528 bopd) lower for first-quarter 2013 compared to the prior-year period, primarily due to natural reservoir declines, partially offset by production from a new well completed during the quarter, and the optimization of production from existing wells. Cost-recovery oil production in Cuba for first-quarter 2013 was 14% (438 bopd) lower than first-quarter 2012, primarily due to lower cost-recovery spending, partially offset by lower oil prices. Profit-oil production, which represents Sherritt’s share of production after cost recovery volumes are deducted from GWI volumes, was relatively unchanged for the comparable periods. Net working-interest production in Spain and Pakistan was lower in first-quarter 2013 compared to the prior-year period due to natural reservoir declines.

The average-realized price for oil produced in Cuba was 9% ($7.30/bbl) lower in first-quarter 2013 compared to the prior-year period, primarily due to a lower U.S. Gulf Coast Fuel Oil No. 6 reference price, partially offset by a weaker Canadian dollar relative to the U.S. dollar. The average-realized price for oil produced in Spain was 6% ($7.22/bbl) lower in first-quarter 2013 compared to the prior-year period, primarily as a result of a lower Brent reference price, partially offset by a weaker Canadian dollar relative to the U.S. dollar.

Unit operating costs in Cuba during first-quarter 2013 were 6% ($0.82/bbl) lower than first-quarter 2012, primarily due to lower labour and maintenance costs, partly offset by higher production chemical costs and lower net production. Unit operating costs in Spain were 69% ($31.89/bbl) lower in first-quarter 2013, compared to the prior-year period primarily due to lower maintenance costs and a reduction in costs allocated to Sherritt following the addition of new third-party production to the production facility, partially offset by the effect of a weaker Canadian dollar relative to the Euro.

Spending on capital for first-quarter 2013 was 22% ($2.1million) higher than in first-quarter 2012, primarily due to increased equipment and inventory purchases in Cuba. Development and facilities capital spending during first-quarter 2013 was composed primarily of $4.8 million for development drilling activities, $1.3 million related to facility improvements and $3.8 million related to equipment and inventory purchases. Exploration spending in 2013 continues to be focused in the United Kingdom North Sea prospect area and in the Alboran Sea prospect area off the southern coast of Spain. A seismic program is expected to commence in the North Sea in second-quarter 2013.

During first-quarter 2013, one development well was drilled and completed in Cuba, and has been put into production.

POWER

($ millions unless otherwise noted)	**Q1 2013**	Q1 2012
Electricity sold (GWh, 33 1/3% basis)	**160**	155
Realized price ($/MWh)	**41.87**	41.48
Unit operating cost ($/MWh)		
Base[(1)]	**16.79**	15.46
Non-base[(2)]	**9.91**	1.70
Total unit cash operating costs	**26.70**	17.16
Net capacity factor (%)	**69**	66
Revenue ($ millions)	**16.0**	16.6
Adjusted EBITDA ($ millions)[(3)]	**3.5**	5.9
Depletion, depreciation and amortization	**2.6**	2.6
Earnings from operations ($ millions)	**0.9**	3.3
Spending on capital ($ millions, 33 1/3% basis)[(4)]	**1.8**	1.3
Spending on projects ($ millions, 33 1/3% basis)[(5)]	**6.1**	7.0
Total spending on capital and projects	**7.9**	8.3

(1) Base costs relate to the operations in Cuba and do not include the impairment of receivables that relates to the operations in Madagascar.
(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) For additional information see the 'Non-GAAP Measure – Adjusted EBITDA' section of this release.
(4) Spending on capital includes sustaining capital at the Varadero site as well as capitalized interest relating to the 150 MW Boca de Jaruco Combined Cycle Project.
(5) Sherritt provides 100% of the funding for the 150 MW Boca de Jaruco Combined Cycle Project and accounts for the Project as a "Service Concession Arrangement". As a result, two thirds of the project spending (relating to the non-Sherritt partners' share) is recorded as a loan receivable. The remaining one third of project spending (Sherritt's share) is recorded as a construction cost, and is offset by the same amount recorded as construction revenue.

Electricity production for first-quarter 2013 was consistent with the prior-year period.

The average realized price of electricity was 1% ($0.39/MWh) higher in first-quarter 2013 compared to the prior-year period, primarily due to a weaker Canadian dollar relative to the U.S. dollar.

Total unit operating costs increased 56% ($9.54/MWh) in first-quarter 2013, compared to the prior-year period. Base unit operating cost increased 9% ($1.33/MWh) primarily due to an increase in maintenance costs. Non-base unit operating cost increased 483% ($8.21/MWh) primarily due a scheduled, major inspection at Boca de Jaruco ($5.23/MWh) and pipeline costs to tie-in gas production to the Boca facilities ($3.52/MWh).

Spending on capital for first-quarter 2013 was 38% ($0.5 million) higher than the prior-year period, mainly due to an increase in capitalized interest on the 150 MW Boca de Jaruco Combined Cycle Project.

150 MW Boca de Jaruco Combined Cycle Project

Spending on the Project for the quarter was 13% ($2.7 million, 100% basis) lower than in first-quarter 2012, due to the Project nearing completion. Cumulative spending on the Project at March 31, 2013 was $264.7 million (100% basis). As a result of delays encountered with equipment suppliers and with obtaining work visas in Cuba, the Project is now scheduled to begin production in third-quarter 2013. Despite the change in the production start date, the Project is still expected to be fully operational by the end of the year and to remain within the total cost estimate of $271.0 million.

CASH, DEBT AND FINANCING

Cash, cash equivalents and short-term investments were $442.2 million at March 31, 2013. This does not include cash and cash equivalents of $53.9 million (100% basis) held by the Moa Joint Venture or cash, cash equivalents and short-term investments of $118.7 million (100% basis) held by the Ambatovy Joint Venture.

Total long-term debt at March 31, 2013 was $2.0 billion, including approximately $0.9 billion related to non-recourse Ambatovy partner loans to Sherritt. At March 31, 2013, Sherritt had approximately $0.6 billion of credit available under various facilities.

Outlook

Projected production volumes, royalties and spending on capital for full-year 2013 are shown below.

(units as noted)	Projected for the year ending December 31, 2013
Production volumes	
Mixed sulphides (tonnes, Ni+Co contained, 100% basis)	
Moa Joint Venture	38,000
Ambatovy Joint Venture	40,000
Total	78,000
Nickel, finished (tonnes, 100% basis)	
Moa Joint Venture	34,000
Ambatovy Joint Venture	35,000
Total	69,000
Cobalt, finished (tonnes, 100% basis)	
Moa Joint Venture	3,350
Ambatovy Joint Venture	3,000
Total	6,350
Coal – Prairie Operations (millions of tonnes)	22
Coal – Mountain Operations (millions of tonnes)	3.5
Oil – Cuba (gross working-interest, bopd)	18,000
Oil – All operations (net working-interest, boepd)	10,700
Electricity (GWh, 33 1/3% basis)	630
Royalties ($ millions)	
Coal	40
Potash	11
Spending on capital ($ millions)	
Metals – Moa Joint Venture (50% basis), Fort Site (100% basis)(1)	51
Metals – Ambatovy Joint Venture (40% basis)	29
Coal – Prairie Operations	76
Coal – Mountain Operations	52
Oil and Gas – Cuba(2)	54
Oil and Gas – Other(2)	18
Power (33 1/3% basis)(3)	5
Spending on capital (excluding Projects and Corporate)	285
Spending on projects	
Power – 150 MW Boca de Jaruco ($ millions, 100% basis)(4)	25

(1) Spending on capital relating to the Corporation's 50% share of the Moa Joint Venture and to the Corporation's 100% interest in the fertilizer and utilities assets in Fort Saskatchewan.

(2) Exploration and evaluation spending incurred prior to the technical feasibility and commercial viability of extracting the resources is recorded as an intangible asset.

(3) Spending on capital for Power includes sustaining capital at the Varadero site as well as capitalized interest in respect of the 150 MW Boca de Jaruco Combined Cycle Project.

(4) Sherritt provides 100% of the funding for the 150 MW Boca de Jaruco Combined Cycle Project and accounts for the Project as a "Service Concession Arrangement". As a result, two thirds of the project spending (relating to the non-Sherritt partners' share) is recorded as a loan receivable. The remaining one third of project spending (Sherritt's share) is recorded as a construction cost.

There are no material changes to the 2013 Outlook on production, royalties and spending on capital presented in February 2013. Minor changes are noted below.

- In Metals-Sulawesi Project, approval to proceed with the exploration drilling program was received from the Indonesian Ministry of Energy and Mineral Resources in February 2013. During first-quarter 2013, the two helicopters supporting the drilling program began transporting construction materials to the exploration camp site and the forward supply base, and construction of the exploration camp and the forward supply base commenced. Exploration drilling to refine the definition of the deposit began in second-quarter 2013. The Corporation continues to advance work on the Sulawesi Project including environmental and social baseline studies and the Project prefeasibility study. To March 31, 2012, the Corporation has incurred a total of US$21.3 million of qualifying expenditures, or 19% of the funding requirements to obtain Sherritt's 46% economic interest in the Sulawesi Project.

- In Power, as a result of delays encountered with equipment suppliers and with obtaining work visas in Cuba, the 150 MW Boca de Jaruco Combined Cycle Project is now scheduled to begin production in third-quarter 2013. Despite the change in the production start date, the Project is still expected to be fully operational by the end of the year and to remain within the total cost estimate of $271.0 million. Expected spending on the Project for 2013 remains unchanged.

Non-GAAP Measure – Adjusted EBITDA

As a result of the change in accounting for the Moa Joint Venture under IFRS 11, the Corporation revised its definition of Adjusted EBITDA to include the results of the Corporation's share of earnings or loss in associate and joint venture, to provide a measure that is reasonable consistent with historical measures. As Adjusted EBITDA does not have a standardized meaning, it may not be comparable to similar measures provided by other companies.

The Corporation defines Adjusted EBITDA as earnings (loss) from operations, associate and joint venture as reported in the financial statements, adjusted for depletion, depreciation and amortization; impairment charges for property, plant and equipment, intangible assets, goodwill and investments; and gain or loss on disposal of property, plant and equipment of the Corporation, associate and joint venture.

About Sherritt

Sherritt is a world leader in the mining and refining of nickel from lateritic ores with projects and operations in Canada, Cuba, Indonesia and Madagascar. The Corporation is the largest thermal coal producer in Canada and is the largest independent energy producer in Cuba, with extensive oil and power operations on 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".

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", "projected", "continue" or other similar words or phrases. Specifically, forward-looking statements in this document include statements respecting certain future expectations about capital expenditures; capital project commissioning and completion dates; commodity and product prices and demand; production volumes; realized prices for production; future reserves and mine life; environmental rehabilitation provisions; availability of regulatory approvals; earnings and revenues; compliance with applicable environmental laws and regulations; debt repayments; compliance with financial covenants; sufficiency of working capital and capital project funding; the impact of regulations related to greenhouse gas emissions and credits; collection of accounts receivable; and certain corporate objectives, plans or goals for 2013, including development and exploratory wells and enhanced oil recovery in Cuba. These 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.

Key factors that may result in material differences between actual results and developments and those contemplated by this press release include global economic conditions, and business, economic and political conditions in Canada, Cuba, Madagascar, Indonesia, and the principal markets for the Corporation's products. Other such factors include, but are not limited to, uncertainties in the development, construction and ramp-up of large mining, processing and refining projects; risks related to the availability of capital to undertake capital initiatives; changes in capital cost estimates in respect of the Corporation's capital initiatives; risks associated with the Corporation's joint-venture partners; future non-compliance with financial covenants; potential interruptions in transportation; political, economic and other risks of foreign operations; the Corporation's reliance on key personnel and skilled workers; the possibility of equipment and other unexpected failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainty of gas supply for electrical generation; uncertainties in oil and gas exploration; risks related to foreign exchange controls on Cuban government enterprises to transact in foreign currency; risks associated with the United States embargo on Cuba and the Helms-Burton legislation; risks related to the Cuban government's ability to make certain payments to the Corporation; drilling and development programs; uncertainties in reserve estimates; risks associated with access to reserves and resources; uncertainties in environmental rehabilitation provisions estimates; the Corporation's reliance on significant customers; risks related to the Corporation's corporate structure; foreign exchange and pricing risks; uncertainties in commodity pricing; credit risks; competition in product markets; the Corporation's ability to access markets; risks in obtaining insurance; uncertainties in labour relations; uncertainties in pension liabilities; the ability of the Corporation to enforce legal rights in foreign jurisdictions; risks associated with future acquisitions; the ability of the Corporation to obtain government permits; risks associated with government regulations and environmental, health and safety matters; uncertainties in growth management and other factors listed from time to time in the Corporation's continuous disclosure documents. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve assessments based on certain estimates or assumptions. 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 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2013

This Management's Discussion and Analysis (MD&A) is intended to help the reader understand Sherritt International Corporation's operations, financial performance and the present and future business environment. This MD&A, which has been prepared as of April 23, 2013, should be read in conjunction with Sherritt's unaudited interim consolidated financial statements for the three months ended March 31, 2013 and the MD&A for the year ended December 31, 2012. 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 and joint ventures, unless the context indicates otherwise. All amounts are in Canadian dollars, unless otherwise indicated. References to "US$" are to United States 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.

Key financial and operational data

$ millions, except per share amounts, for the three months ended March 31	2013	2012	Change
Financial highlights			
Revenue	$ 286.5	$ 359.4	(20%)
Adjusted EBITDA[1]	98.9	145.9	(32%)
Earnings from operations, associate and joint venture	60.5	86.2	(30%)
Net earnings for the period	23.1	32.4	(29%)
Net earnings per share, basic and diluted ($ per share)	0.08	0.11	(27%)
Cash flow			
Cash provided by operating activities	$ 48.0	$ 100.4	(52%)
Spending on capital and intangible assets[2]	$ 51.6	$ 40.9	26%
Production volumes			
Finished nickel (tonnes)			
Moa Joint Venture (50% basis)	3,902	4,299	(9%)
Ambatovy Joint Venture (40% basis)	2,332	-	-
Finished cobalt (tonnes)			
Moa Joint Venture (50% basis)	405	477	(15%)
Ambatovy Joint Venture (40% basis)	216	-	-
Coal (millions of tonnes)			
Prairie Operations	5.6	8.6	(35%)
Mountain Operations	0.8	1.0	(20%)
Oil - Cuba - net working-interest (barrels per day)	10,245	10,724	(4%)
Electricity (gigawatt hours) (33⅓% basis)	160	155	3%
Average-realized prices[1]			
Nickel - Moa Joint Venture ($ per pound)	$ 7.85	$ 8.66	(9%)
Cobalt - Moa Joint Venture ($ per pound)	11.52	14.10	(18%)
Coal ($ per tonne)			
Prairie Operations[3]	18.20	17.01	7%
Mountain Operations	94.44	104.04	(9%)
Oil - Cuba ($ per barrel)	71.17	78.47	(9%)
Electricity ($ per megawatt hour)	41.87	41.48	1%
Unit operating costs[1]			
Nickel - Moa Joint Venture (US$ per pound)[4][5]	$ 5.99	$ 5.13	17%
Coal ($ per tonne)			
Prairie Operations[3]	13.97	13.32	5%
Mountain Operations	91.05	89.08	2%
Oil - Cuba ($ per barrel)	12.24	13.06	(6%)
Electricity ($ per megawatt hour)	26.70	17.16	56%

$ millions, except as noted, as at	2013 March 31	2012 December 31	Change
Financial condition			
Current ratio	3.45:1	4.08:1	(15%)
Net working capital balance	$ 850.1	$ 908.4	(6%)
Cash, cash equivalents and short-term investments	442.2	503.2	(12%)
Total assets	6,664.7	6,587.8	1%
Total loans and borrowings	2,043.1	2,039.8	-
Shareholders' equity	3,707.9	3,645.9	2%
Long-term debt to total assets[6]	32%	32%	-

(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 the Ambatovy Joint Venture or service concession arrangements.
(3) Excludes royalties, activated carbon and char operating costs and revenue.
(4) Unit operating costs do not include the impact of Ambatovy Joint Venture.
(5) Net direct cash cost is inclusive of by-product credits and third-party feed costs.
(6) Calculated as total loans and borrowings divided by total assets excluding goodwill. This leverage ratio is monitored by management and lenders.

Executive summary

Q1 2013 HIGHLIGHTS

- On January 1, 2013, the Corporation was required to change the way it accounted for Moa Joint Venture on adoption of IFRS 11, changing from proportionate consolidation to equity accounting. Under this accounting treatment, Sherritt was required to present the Moa Joint Venture as a single line item on the statement of financial position and its share of operating results in share of earnings (loss) of a joint venture on the statement of comprehensive income. This accounting change has significantly reduced the Corporation's assets, liabilities, revenues and expenses on a line-by-line basis with no significant change to net assets or earnings. The Corporation has adjusted its comparative information to reflect this revised accounting treatment.

- Revenue for the three months ended March 31, 2013 was $286.5 million compared to $359.4 million in the same period in the prior year. With the inclusion of Moa Joint Venture, revenue for the three months ended March 31, 2013 was $371.5 million compared to $463.5 million in the same period in the prior year. Revenue was lower primarily due to lower sales volumes in Coal's Prairie Operations as a result of the termination of the mining contract at the Highvale mine at the beginning of the quarter; lower export thermal coal volumes in Coal's Mountain Operations as a result of reduced shipping capacity at the Westshore Terminal and inadequate rail service; lower nickel and cobalt prices and volumes and higher operating costs at Metals; and lower realized prices and sales volumes for oil.

- On January 17, 2013, Prairie Operations transferred operations of the Highvale mine to the customer/owner and the mining contract was terminated. While the customer/owner has assumed responsibility for direct mining activities, the transition process for certain other services is expected to be completed by the end of second-quarter 2013. The Corporation received $13.4 million in cash from the customer upon transfer of mobile equipment at net book value following payment of the associated finance lease obligations. No accounting gain or loss was recognized on the net tangible asset transfer. The Corporation recognized a net non-cash gain of $22.0 million ($16.2 million, net of tax) on termination of the mining contract consisting of a $39.3 million gain on the transfer of the defined benefit pension obligation to the customer partly offset by a write-off of $17.3 million for intangible assets associated with this mining contract.

- Adjusted EBITDA[1] for the three months ended March 31, 2013 was $98.9 million compared to $145.9 million in the same period in the prior year. Lower Adjusted EBITDA was primarily due to lower nickel and cobalt prices and volumes and higher mining and processing costs in Metals, lower sales volumes in Mountain Operations, and lower oil volumes and reference price.

- The net earnings for the three months ended March 31, 2013 was $23.1 million compared to $32.4 million in the same period in the prior year. In addition to the impact of lower Adjusted EBITDA described above, net earnings were positively impacted by the $22.0 million non-cash gain ($16.2 million net of tax) on termination of the Highvale mining contract; foreign exchange gains compared to losses in the prior period, and lower reduction in the fair value of the Ambatovy call option, partly offset by higher interest expense and accretion on loans and borrowings as a result of higher debt balances.

- Operating cash flow for the three months ended March 31, 2013 was $48.0 million compared to $100.4 million in the same period in the prior year. Lower operating cash flow was primarily due to lower net earnings after adjustment for the non-cash gain on termination of the Highvale mining contract;

- During the first quarter of 2013, Ambatovy produced 7,803 tonnes (100% basis) of nickel and cobalt contained in mixed sulphides, 5,829 tonnes (100% basis) of finished nickel and 540 tonnes (100% basis) of finished cobalt. Annual nameplate capacity is 60,000 tonnes of nickel and 5,600 tonnes of cobalt.

- Average ore throughput at Ambatovy of approximately 43% of nameplate capacity was achieved in the PAL circuit, compared to 39% in fourth-quarter 2012. In March 2013, average ore throughput in the PAL circuit was approximately 53%. All five autoclaves in the PAL circuit were operable during the quarter.

- In September 2012, Ambatovy received a six-month authorization (Operating Permit) to commercially operate the processing plant in Toamasina, Madagascar, which was to automatically convert to a life-of-mine Operating Permit. On March 12, 2013,

[1] For additional information, see the Non-GAAP measures section.

Madagascar's Minister of Mines confirmed to Ambatovy its right to continue to operate in accordance with its Operating Permit.

- At March 31, 2013, total available liquidity was approximately $1.0 billion. Total debt at March 31, 2013 was $2.0 billion, including $859.0 million related to non-recourse Ambatovy Partner Loans to Sherritt. The Corporation's liquidity profile includes a current ratio of 3.45:1; a net working capital balance of $850.1 million; and cash, cash equivalents and short-term investments of $442.2 million. The Corporation's long-term debt to total assets ratio was 32%.

ADOPTION OF IFRS 11 AND AMENDMENTS TO IAS 19

IFRS 11 – Accounting for Moa Joint Venture

- As of January 1, 2013, the Corporation was required to adopt IFRS 11, "Joint arrangements" (IFRS 11) issued by the IASB in May 2011 which superseded IAS 31, "Interest in joint ventures" and SIC 13, "Jointly controlled entities – non-monetary contributions by venturers". Under IFRS 11, joint arrangements must be classified as either joint operations or joint ventures. The structure of the joint arrangement is no longer the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. The standard removes the option to account for joint ventures using proportionate consolidation and requires equity accounting.
- As a result of adopting IFRS 11, the Corporation classified the Moa Joint Venture as an investment in joint venture and changed the accounting from proportionate consolidation to equity accounting. Under this accounting treatment, Sherritt was required to deconsolidate the proportionate results of the Moa Joint Venture and present this arrangement as a single line item on the statement of financial position. The Corporation's investment share of operating results in the Moa Joint Venture is included in share of earnings (loss) of a joint venture on the statement of comprehensive income.
- This accounting change has significantly reduced the Corporation's assets, liabilities, revenues and expenses on a line-by-line basis with no significant change to net assets or earnings. The impact of this accounting change is reflected in the financial statements for the three months ended March 31, 2013, including restatement of the prior year periods and the revised opening statement of financial position. The change in accounting for the Moa Joint Venture did not impact shareholders' equity on adoption. See Note 28 - Transition note of the condensed consolidated interim financial statements for the three months ended March 31, 2013 for a full reconciliation of the impact of this change.
- As there has been no change in the economic substance, nor business structure associated with the change in accounting policy, this MD&A continues to provide operating information and discussion related to the Corporation's share (50%) of the Moa Joint Venture in the Metals business unit with reconciliation to financial statement amounts where applicable consistent with note 4 – Segmented information of the interim financial statements.

IAS 19 (Revised) – Accounting for employee benefits

- As of January 1, 2013, the amended IAS 19, "Employee benefits" (IAS 19) issued by the IASB in June 2011 resulted in a change in the accounting of defined benefit obligations for the Corporation. The amendment requires the recognition of changes in defined benefit obligations and fair value of plan assets when they occur, and eliminates the use of the "corridor approach" permitted under the previous version of IAS 19. The amendment also requires the Corporation's actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension liability to reflect the full amount of a plan's obligations or assets in the consolidated statement of financial position.
- The adoption of the revised standard resulted in an increase in non-current assets of $3.9 million, non-current liabilities of $24.5 million and retained earnings of $1.1 million, and a decrease in accumulated other comprehensive income of $21.7 million to reflect the fair values of the defined pension assets and liabilities at January 1, 2012. See Note 28 - Transition note of the condensed consolidated interim financial statements for the three months ended March 31, 2013 for a full reconciliation of the impact of this change.

CONSOLIDATED FINANCIAL RESULTS

$ millions, except per share amounts, for the three months ended March 31		2013		2012	Change
Revenue by segment					
Metals[1]	$	**103.7**	$	116.1	(11%)
Coal		**179.5**		245.3	(27%)
Oil and Gas		**71.1**		82.2	(14%)
Power		**16.0**		16.6	(4%)
Corporate and other		**1.2**		3.3	(64%)
		371.5		463.5	(20%)
Adjust joint venture and associate revenue		**(85.0)**		(104.1)	
Financial statement revenue		**286.5**		359.4	(20%)
Adjusted EBITDA[2] by segment					
Metals[1]	$	**16.9**	$	30.7	(45%)
Coal		**37.6**		53.1	(29%)
Oil and Gas		**57.4**		65.2	(12%)
Power		**3.5**		5.9	(41%)
Corporate and other		**(16.5)**		(9.0)	83%
		98.9		145.9	(32%)
Earnings (loss) from operations by segment					
Metals[1]	$	**7.0**	$	22.0	(68%)
Coal		**33.4**		25.8	29%
Oil and Gas		**41.4**		46.4	(11%)
Power		**0.9**		3.3	(73%)
Corporate and other		**(17.4)**		(9.6)	81%
		65.3		87.9	(26%)
Adjust earnings from joint venture and associate		**(4.8)**		(1.7)	
Financial statement earnings from operations, associate and joint venture		**60.5**		86.2	(30%)
Net finance expense		**28.1**		45.3	(38%)
Income tax expense		**9.3**		8.2	13%
Loss from discontinued operation, net of tax		**-**		0.3	(100%)
Net earnings	$	**23.1**	$	32.4	(29%)
Net earnings per share					
Basic and diluted	$	**0.08**	$	0.11	(27%)
Effective tax rate		**29%**		20%	45%

(1) Moa Joint Venture and Ambatovy are accounted for using the equity method of accounting which recognizes the Corporation's share of earnings (loss) from joint venture and associate, respectively. Consistent with note 4 – Segmented information of the interim condensed consolidated financial statement, Metal's operating results in the above table include the Corporation's 50% interest in the Moa Joint Venture and its 100% interest in the utility and fertilizer operations in Fort Saskatchewan, the Corporation's 40% interest in the results of Ambatovy Joint Venture, and the Corporation's 100% owned subsidiary established to buy, market and sell certain Ambatovy nickel production.

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

Detailed information on the performance of each division can be found in the Review of operations sections. In summary:

- Metals' earnings from operations of $7.0 million for the three months ended March 31, 2013 was $15.0 million lower than in the same period in the prior year. Earnings from operations were lower primarily due to lower nickel and cobalt prices and volumes and higher mining and processing costs;
- Coal's earnings from operations of $33.4 million for the three months ended March 31, 2013 was $7.6 million higher than in the same period in the prior year. Included in earnings from operations is a net non-cash gain on termination of the Highvale contract of $22.0 million. For ongoing operations in Prairie Operations, earnings from operations were lower primarily due to lower sales volumes and increased operating costs at the Poplar River and Genesee mines. In Mountain Operations, the loss from operations was higher primarily due to lower average-realized prices and lower export sales volume in part due to

shipping delays as a result of reduced shipping capacity at Westshore Terminals and inadequate rail service during the first quarter of 2013, partly offset by lower depreciation;

- Oil and Gas' earnings from operations of $41.4 million for the three months ended March 31, 2013 was $5.0 million lower than in the same period in the prior year primarily as a result of lower production volumes related to natural reservoir declines and a reduction in the reference price of oil, partly offset by lower operating costs and depletion, depreciation and amortization;
- Power's earnings from operations of $0.9 million for the three months ended March 31, 2013 was $2.4 million lower than in the same period in the prior year primarily as a result of higher maintenance costs;
- Net finance expense of $28.1 million for the three months ended March 31, 2013 was $17.2 million lower than in the same period in the prior year as a result of a lower reduction in the fair value of the Ambatovy call option and foreign exchange gains compared to losses in the prior period, partly offset by higher interest and accretion expense primarily due to higher loans and borrowing balances. The Ambatovy call option relates to the right of the Corporation and Sumitomo Corporation to acquire SNC-Lavalin Inc.'s 5% equity interest in the Ambatovy Joint Venture at any time over a two-year period following the completion of construction and the satisfaction of certain completion tests. The movement in the fair value of the Ambatovy call option is a result of changes in various inputs used in the Black-Scholes model, including the time to expiration of the option and volatility, which is based on a blend of historical commodity prices and publicly traded stock prices of companies with comparable projects; and
- The effective consolidated tax rate for the three months ended March 31, 2013 was 29%, compared to 20% in the same period in the prior year. This increase in the effective tax rate is primarily the result of two factors: first, the share of earnings of Moa Joint Venture, which is net of tax, comprised a smaller proportion of consolidated net income in the first quarter of 2013 compared to the first quarter of 2012, and second, in the first quarter of 2013 a greater proportion of net losses, including foreign exchange gains and losses, were incurred in lower tax rate jurisdictions relative to the amount of earnings generated in higher tax rate jurisdictions, compared to the first quarter of 2012.

Review of operations

METALS

Financial review

$ millions, except as otherwise noted, for the three months ended March 31	2013	2012	Change
Financial highlights[1]			
Revenue [1][2]	**$ 103.7**	$ 116.1	(11%)
Cost of sales[1][2][4]	**84.7**	83.3	2%
	19.0	32.8	(42%)
Administrative expenses[1][4]	**2.1**	2.1	-
Adjusted EBITDA[3]	**16.9**	30.7	(45%)
Depletion, depreciation and amortization	**9.9**	8.7	14%
Earnings from operations	**7.0**	22.0	(68%)
Production volumes (tonnes)[1]			
Mixed Sulphides			
Moa Joint Venture (50% basis)	**4,167**	4,676	(11%)
Ambatovy (40% basis)	**3,121**	-	-
	7,288	4,676	56%
Finished Nickel			
Moa Joint Venture (50% basis)	**3,902**	4,299	(9%)
Ambatovy (40% basis)	**2,332**	-	-
	6,234	4,299	45%
Finished Cobalt			
Moa Joint Venture (50% basis)	**405**	477	(15%)
Ambatovy (40% basis)	**216**	-	-
	621	477	30%
Fertilizer			
Moa Joint Venture (50% basis), Fort Site (100% basis)	**59,395**	66,121	(10%)
Ambatovy (40% basis)	**8,783**	-	-
	68,178	66,121	3%
Sales volumes[1]			
Moa Joint Venture			
Finished nickel (thousands of pounds)(50% basis)	**8,631**	9,555	(10%)
Finished cobalt (thousands of pounds)(50% basis)	**909**	1,017	(11%)
Fertilizer (tonnes)	**31,513**	26,627	18%
Average-reference prices (US$ per pound)			
Nickel	**$ 7.85**	$ 8.91	(12%)
Cobalt[5]	**11.95**	14.59	(18%)
Average-realized prices[3]($ per pound)			
Moa Joint Venture			
Nickel	**$ 7.85**	$ 8.66	(9%)
Cobalt	**11.52**	14.10	(18%)
Unit operating costs[3](US$ per pound)			
Moa Joint Venture			
Nickel - net direct cash cost	**$ 5.99**	$ 5.13	17%
Spending on capital			
Moa Joint Venture[1]	**$ 4.7**	$ 5.8	(19%)

(1) Moa Joint Venture and Ambatovy are accounted for using the equity method of accounting which recognizes the Corporation's share of earnings (loss) in earnings (loss) from joint venture and associate, respectively. Operating results, production/sales volumes and spending on capital for Moa Joint Venture in the above table include the Corporation's 50% interest in the Moa Joint Venture and its 100% interest in the utility and fertilizer operations in Fort Saskatchewan (Fort Site), as applicable. Operating results and production volumes for Ambatovy include the Corporation's 40% interest in the Ambatovy Joint Venture consistent with note 4 – Segmented information of the interim condensed consolidated financial statements.

(2) Revenue and cost of sales includes $5.1 million recognized by a subsidiary of the Corporation established to buy, market and sell certain Ambatovy nickel production. The subsidiary is reimbursed by Ambatovy for administration and selling costs. The impact on Adjusted EBITDA and earnings from operations is immaterial.

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

(4) Excludes depletion, depreciation and amortization.

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

The change in earnings from operations for the joint venture and associate between 2013 and 2012 is detailed below:

$ millions, for the three months ended March 31		2013
Lower U.S. dollar denominated realized nickel prices	$	**(8.3)**
Lower U.S. dollar denominated realized cobalt prices		**(2.7)**
Higher fertilizer prices		**0.8**
Lower metal sales volumes net of higher fertilizer sales volumes		**(0.7)**
Higher mining, processing and refining and third-party feed costs net of lower fertilizer costs		**(3.9)**
Weaker Canadian dollar relative to the U.S. dollar		**1.8**
Other		**(2.0)**
Change in earnings from operations, compared to 2012	$	**(15.0)**

Moa Joint Venture

Revenue for the Moa Joint Venture is composed of the following:

$ millions, for the three months ended March 31		2013		2012	Change
Nickel	$	**67.8**	$	82.8	(18%)
Cobalt		**10.5**		14.4	(27%)
Fertilizers		**17.2**		15.0	15%
Other		**1.8**		2.6	(31%)
	$	**97.3**	$	114.8	(15%)

The average-realized nickel price decreased $0.81 per pound and the average-realized cobalt price decreased $2.58 per pound compared to the prior year as current global production is more than sufficient to meet global demand. The impact of lower reference prices was marginally offset by the weaker Canadian dollar relative to the U.S. dollar.

Finished nickel and cobalt sales volumes were lower compared to the same period in the prior year primarily due to lower production. Fertilizer sales volumes increased 4,886 tonnes primarily due to the timing of spring season sales.

Production of 8,333 tonnes (100% basis) of contained nickel and cobalt in mixed sulphides was 1,019 tonnes (100% basis) lower than the same period in the prior year as the mine experienced difficulty in getting ore to the processing plant due to reduced haul truck availability stemming from an interruption in the on-going replacement program caused by administrative delays. Some haul trucks were delivered in first quarter and the balance of the replacement fleet is expected to arrive in Moa by the end of June 2013. Outlook for full-year 2013 mixed sulphides production for the Moa Joint Venture remains unchanged, as the impact of the reduced haul truck availability is expected to be offset by increased production for the last half of the year. Finished nickel production of 7,803 tonnes (100% basis) and finished cobalt production of 810 tonnes (100% basis) were lower by 795 tonnes and 144 tonnes, respectively, than in the prior year primarily due to decreased availability of Moa mixed sulphides. Limited third-party feed availability restricted the refinery's ability to compensate significantly for the lower mixed sulphides volumes.

Cost of sales[1] for Moa Joint Venture is composed of the following:

$ millions, for the three months ended March 31		2013		2012	Change
Mining, processing and refining	$	**60.7**	$	65.1	(7%)
Third-party feed costs		**1.9**		1.3	46%
Fertilizers		**9.6**		9.5	1%
Selling costs		**3.8**		3.1	23%
Other		**2.8**		2.9	(3%)
	$	**78.8**	$	81.9	(4%)

(1) Excludes depletion, depreciation and amortization.

Net direct cash cost is composed of the following:

Net direct cash cost[1], for the three months ended March 31		2013		2012	Change
Mining, processing and refining costs	$	**7.00**	$	6.50	8%
Third-party feed costs		**0.22**		0.14	57%
Cobalt by-product credits		**(1.20)**		(1.50)	(20%)
Other[2]		**(0.03)**		(0.01)	200%
Net direct cash cost (US$ per pound of nickel)	$	**5.99**	$	5.13	17%
Natural gas costs ($ per gigajoule)		**3.21**		2.14	50%
Fuel oil (US$ per tonne)		**641**		692	(7%)
Sulphur (US$ per tonne)		**238**		274	(13%)
Sulphuric acid (US$ per tonne)		**163**		198	(18%)

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

(2) Includes Moa Joint Venture refinery by-product fertilizer profit or loss and marketing costs, discounts, and other by-product credits.

Mining, processing and refining costs are composed of the following:

Components of mining, processing and refining costs [1], for the three months ended March 31	2013	2012
Fixed costs	**22%**	20%
Sulphur	**9%**	10%
Sulphuric acid	**14%**	18%
Fuel oil	**21%**	20%
Maintenance	**14%**	11%
Other variable	**20%**	21%
	100%	100%

(1) Approximate breakdown of mining, processing and refining costs based on production costs for the period, excluding the impact of opening and closing inventory values on the cost of sales.

Net direct cash cost of nickel increased US$0.86 per pound primarily due to lower cobalt by-product credits and higher refining and third-party feed costs. The impact of lower mixed sulphide production on the unit costs of mining and processing were largely offset by the impact of lower input commodity prices. Increased refining costs largely reflected the timing of maintenance activities, lower production, and the impact of higher natural gas prices. Certain maintenance work planned for later in the year was moved forward to take advantage of lower feed availability. The increase in third-party feed costs reflected higher third-party feed rates.

Capital spending is composed of the following:

$ millions, for the three months ended March 31		2013		2012	Change
Sustaining[1][2]	$	**4.7**	$	4.9	(4%)
Expansion		**-**		0.9	(100%)
Total	$	**4.7**	$	5.8	(19%)

(1) Spending on capital related to the Corporation's 50% interest in the Moa Joint Venture and its 100% interest in the utility and fertilizer operations in Fort Saskatchewan.

(2) Includes assets acquired under finance leases of $0.2 million for the three months ended March 31, 2013 (2012 - $0.9 million).

Capital spending for the Moa Joint Venture focused on sustaining activities. Growth spending decreased since capitalization of interest related to financing of the Phase 2 expansion and Moa Acid plant ceased during the first quarter of 2012 due to prolonged administrative delays.

Ambatovy

The Corporation recognizes earnings (losses) from Ambatovy in its share of earnings from associate. For the three months ended March 31, 2013, earnings were $nil compared to $1.2 million for the same period in the prior year. Until commercial production is declared, the Corporation's share of earnings primarily consists of its non-capitalized administrative costs and foreign exchange gains or losses.

During the first quarter of 2013, Ambatovy produced 7,803 tonnes (100% basis) of nickel and cobalt contained in mixed sulphides, 5,829 tonnes (100% basis) of finished nickel and 540 tonnes (100% basis) of finished cobalt. Annual nameplate capacity is 60,000 tonnes of nickel and 5,600 tonnes of cobalt.

During the first quarter, Ambatovy sold 11,217 thousands of pounds (100% basis) of nickel and 970 thousands of pounds (100% basis) of cobalt. For accounting purposes, all revenues from the sale of nickel and cobalt will be capitalized until commercial production is reached (defined as 70% of ore throughput of nameplate capacity in the Pressure Acid Leach (PAL) circuit over a thirty-day period).

Average ore throughput of approximately 43% of nameplate capacity was achieved in the PAL circuit, compared to 39% in fourth-quarter 2012. In March 2013, average ore throughput in the PAL circuit was approximately 53%. All five autoclaves in the PAL circuit were operable during the quarter and total autoclave operating hours in first-quarter 2013 were 5,327 hours.

The Ambatovy operations are expected to reach commercial production in 2013. Commercial production is the point at which all operating costs, net of revenue, cease to be capitalized.

Total capital costs for Ambatovy are expected to remain within the US$5.5 billion (100% basis) estimate. Cumulative spending on capital at Ambatovy to March 31, 2013 was US$5.3 billion (100% basis), excluding financing charges, working capital and foreign exchange.

Total project costs (including operating costs, financing charges, working capital and foreign exchange, and net of sales revenue) in the first quarter of 2013 were US$139.8 million (100% basis). Cumulative total project costs to March 31, 2013 were US$6.9 billion (100% basis). Total project costs will vary until commercial production is declared. The most significant variability in total project costs is likely to arise from the working capital requirements, operating costs and sales revenue (which is netted from these costs).

In the first quarter of 2013, a total of US$139.0 million (100% basis) in funding was provided by the Ambatovy Joint Venture partners. Sherritt's 40% share of funding for the first quarter of 2013 was US$55.6 million ($56.0 million), sourced from cash on hand.

In September 2012, Ambatovy received a six-month authorization (Operating Permit) to commercially operate the processing plant in Toamasina, Madagascar which was to automatically convert to a life-of-mine Operating Permit. On March 12, 2013, Madagascar's Minister of Mines confirmed the Ambatovy Joint Venture's right to continue to operate in accordance with its Operating Permit.

The Transitional Government of Madagascar continues to progress the "Roadmap", which was designed by the Southern African Development Community to facilitate Madagascar's return to democratic rule. It is currently anticipated that the Malagasy Transitional Authority will hold presidential elections in July 2013. Ambatovy continues to regularly monitor the political climate in Madagascar and continues to engage in ongoing communication with representatives of the national, regional and local governments as well as multilateral institutions and key embassies.

In 2012, the Corporation established a subsidiary to buy, market and sell certain Ambatovy nickel production (the Metals Marketing Company). During the three months ended March 31, 2013, this subsidiary recognized $5.1 million in revenue and cost of sales.

Outlook for 2013

Production volumes and spending on capital For the three and twelve months ended	**Actual** **2013** **March 31**	Projected 2013 December 31
Production		
Mixed sulphides (tonnes, 100% basis):		
Moa Joint Venture	**8,333**	38,000
Ambatovy Joint Venture	**7,803**	40,000
	16,136	78,000
Finished nickel (tonnes, 100% basis):		
Moa Joint Venture	**7,803**	34,000
Ambatovy Joint Venture	**5,829**	35,000
	13,632	69,000
Finished cobalt (tonnes, 100% basis):		
Moa Joint Venture	**810**	3,350
Ambatovy Joint Venture	**540**	3,000
	1,350	6,350
Spending on capital ($ millions):		
Moa Joint Venture (50% basis), Fort Saskatchewan(1)	**5**	51
Ambatovy (40% basis)	**5**	29

(1) Spending on capital related to the Corporation's 50% interest in the Moa Joint Venture and its 100% interest in the utility and fertilizer operations in Fort Saskatchewan

COAL

Financial review

$ millions, except as otherwise noted, for the three months ended March 31	2013	2012	Change
Financial highlights			
Revenue			
Prairie Operations	$ 122.9	$ 159.1	(23%)
Mountain Operations[1]	56.6	86.2	(34%)
	179.5	245.3	(27%)
Cost of sales[2]			
Prairie Operations	$ 85.3	$ 113.5	(25%)
Mountain Operations[1]	52.5	74.6	(30%)
	137.8	188.1	(27%)
Administrative expenses[2]			
Prairie Operations	$ 2.1	$ 2.1	-
Mountain Operations[1]	2.0	2.0	-
	4.1	4.1	-
Adjusted EBITDA[3]			
Prairie Operations	$ 35.5	$ 43.5	(18%)
Mountain Operations[1]	2.1	9.6	(78%)
	37.6	53.1	(29%)
Depletion, depreciation and amortization			
Prairie Operations	$ 15.4	$ 14.0	10%
Mountain Operations[1]	10.8	13.3	(19%)
	26.2	27.3	(4%)
Earnings (loss) from operations			
Prairie Operations[4]	$ 42.1	$ 29.5	43%
Mountain Operations[1]	(8.7)	(3.7)	(135%)
	33.4	25.8	29%
Production volumes (millions of tonnes)			
Prairie Operations	5.6	8.6	(35%)
Mountain Operations	0.8	1.0	(20%)
	6.4	9.6	(33%)
Sales volumes (millions of tonnes)			
Prairie Operations	5.7	8.1	(30%)
Mountain Operations	0.6	0.8	(25%)
	6.3	8.9	(29%)
Average-realized prices[3] ($ per tonne)			
Prairie Operations[5]	$ 18.20	$ 17.01	7%
Mountain Operations	94.44	104.04	(9%)
Unit operating costs[2] ($ per tonne)			
Prairie Operations	$ 13.97	$ 13.32	5%
Mountain Operations	91.05	89.08	2%
Spending on capital			
Prairie Operations	$ 13.0	$ 7.2	81%
Mountain Operations	20.3	16.1	26%
	33.3	23.3	43%

(1) Includes results for coal development assets which the Corporation proportionately consolidates its 50% interest.
(2) Excludes depletion, depreciation and amortization.
(3) For additional information see the Non-GAAP measures section.
(4) Including a $22.0 million net non-cash gain on termination of the Highvale mining contract.
(5) For Prairie Operations average-realized price, revenue excludes royalties, activated carbon, char and other of $18.9 million for three months ended March 31, 2013 (2012 - $21.3 million) and tonnes sold excludes activated carbon and char of 35.9 thousand tonnes (2012 – 35.1 thousand tonnes).

Prairie Operations

On January 17, 2013, Prairie Operations transferred operations of the Highvale mine to the customer/owner and the mining contract was terminated. While the customer/owner has assumed responsibility for direct mining activities, the transition process for certain other services is expected to be completed by the end of second-quarter 2013. In the first quarter of 2013, the Corporation received $13.4 million in cash from the customer upon transfer of mobile equipment at net book value following payment of the associated finance lease obligations. No accounting gain or loss resulted from this net tangible asset transfer. In addition, the Corporation recognized a non-cash gain of $39.3 million upon transfer of the hourly defined benefit pension plan to the customer which was partly offset by a non-cash impairment of $17.3 million for intangible assets associated with this mining contract.

Highvale mining revenue decreased $39.9 million while the Adjusted EBITDA contribution associated with this contract remained largely unchanged as the management fee continues to be earned for the first six months of 2013. Largely as a result of the exclusion of Highvale results for the majority of the first quarter of 2013, the overall per-tonne mining margin increased to $4.23 per tonne from $3.69 per tonne. Normalizing for Highvale results, Prairie mining margin decreased 15% mainly due to dragline maintenance and lower production volumes at the Poplar River and Genesee mines.

Prairie Operations revenue is composed of the following:

$ millions, except as otherwise noted, for the three months ended March 31		**2013**		2012	Change
Mining revenue	**$**	**112.2**	$	145.6	(23%)
Coal royalties		**7.5**		10.8	(31%)
Potash royalties		**3.2**		2.7	19%
		122.9		159.1	(23%)

The change in earnings from operations between 2013 and 2012 is detailed below:

$ millions, for the three months ended March 31		**2013**
Gain on termination of contract	**$**	**22.0**
Lower mining margin		**(5.2)**
Lower coal royalties, net of higher potash royalties		**(2.8)**
Other		**(1.4)**
Change in earnings from operations, compared to 2012	**$**	**12.6**

The reduction in sales volume from the termination of the Highvale contract resulted in an increase in average-realized price during the first quarter of 2013. Average-realized price was also positively impacted by higher revenues at the Boundary Dam mine compared to the same period in the prior year, which was negatively impacted by lower customer demand.

Coal royalties were lower due to the timing of mining activities in royalty assessable areas at two mines. Potash royalties were higher due to a new long-term royalty stream from a potash producer.

Unit operating cost is composed of the following:

Components of unit operating cost (%)	**2013**	2012
Labour	**47%**	42%
Repairs and maintenance	**29%**	26%
Fuel	**15%**	16%
Other (1)	**9%**	16%
Total	**100%**	100%

(1) Composed of rentals, subcontractors, explosives, power, taxes, tires, licenses and other miscellaneous expenses.

Unit operating costs increased primarily as a result of lower production volumes and increased operating costs for major dragline maintenance at the Poplar River and Genesee mines. This maintenance work was completed in the first quarter and both draglines have returned to service. Unit operating costs also increased due to lower production volumes at the Boundary Dam mine due to favorable weather in 2012.

Spending on capital is composed of the following:

$ millions, for the three months ended March 31	2013	2012	Change
Sustaining			
Assets acquired under finance lease	**$ 3.4**	$ 2.9	17%
Cash capital	**9.6**	4.3	123%
	$ 13.0	$ 7.2	81%

Prairie Operations cash capital spending increased mainly due to capital additions for mining equipment at Paintearth required to enter a new mining area. Capital spending was also higher due to the major dragline maintenance at the Poplar River and Genesee mines.

Mountain Operations

The change in earnings from operations between 2013 and 2012 is detailed below:

$ millions, for the three months ended March 31	2013
Lower export sales volumes	**$ (18.3)**
Lower mining costs on reduced sales tonnage	**17.4**
Lower export coal prices, denominated in U.S. dollars	**(9.5)**
Lower depletion, depreciation and amortization	**2.5**
Other	**2.9**
Change in earnings from operations, compared to 2012	**$ (5.0)**

Mountain Operations' results were negatively impacted by reduced shipping capacity at Westshore Terminals following an incident on December 7, 2012 that resulted in Berth 1 being out of commission until February 8th, 2013. Management loaded its first vessel at the damaged berth in March and continues to expect to sell accumulated inventory throughout 2013, subject to resumption of normal rail and port capacity.

In addition to the impact of the Westshore incident, production and sales volumes were also negatively impacted by the suspension of mining operations at Obed Mountain mine and by inadequate rail service, respectively.

Unit operating cost is composed of the following:

Components of unit operating cost (%)	2013	2012
Labour	**23%**	22%
Repairs and maintenance	**12%**	15%
Fuel	**12%**	11%
Rentals and contractors	**9%**	16%
Ex-Mine[1]	**33%**	30%
Other [2]	**11%**	6%
Total	**100%**	100%

(1) Primarily composed of commissions, royalties, freight and port fees.
(2) Composed of tires, explosives, power, taxes, licenses and other miscellaneous expenses.

Average-realized price decreased due to weaker thermal export coal pricing, partially offset by a weaker Canadian dollar relative to the U.S. dollar. Unit operating costs increased primarily due to lower production volumes from the suspension of operations at the Obed Mountain mine. At the Coal Valley mine, unit operating costs decreased due to higher dragline productivities and higher plant yield from improved coal quality.

Spending on capital consists of the following:

$ millions, for the three months ended March 31		2013		2012	Change
Sustaining					
Assets acquired under finance lease	**$**	**15.7**	$	1.9	726%
Cash capital		**4.6**		14.2	(68%)
	$	**20.3**	$	16.1	26%

Assets acquired under finance leases increased mainly due to the arrival of several haul trucks at the Coal Valley mine. This spending represents the majority of 2013 expected lease additions, the balance of expenditures will be cash capital. Cash capital was lower primarily as a result of $9.8 million of spending for loading equipment in 2012.

Outlook for 2013

Production volumes and spending on capital For the three and twelve months ended	Actual 2013 March 31	Projected 2013 December 31
Production		
Prairie Operations (millions of tonnes)	**6**	22
Mountain Operations (millions of tonnes)	**0.8**	3.5
Royalties ($ millions)		
Coal	**8**	40
Potash	**3**	11
Spending on capital ($ millions)		
Prairie Operations	**13**	76
Mountain Operations	**20**	52

OIL AND GAS

Financial review

$ millions, except as otherwise noted, for the three months ended March 31		2013		2012	Change
Financial highlights					
Revenue	$	**71.1**	$	82.2	(14%)
Cost of sales[1]		**11.9**		14.5	(18%)
		59.2		67.7	(13%)
Administrative expenses[1]		**1.8**		2.5	(28%)
Adjusted EBITDA[2]		**57.4**		65.2	(12%)
Depletion, depreciation and amortization		**16.0**		18.8	(15%)
Earnings from operations		**41.4**		46.4	(11%)
Production and sales[3] (net working-interest)					
Cuba (heavy oil)		**10,245**		10,724	(4%)
Spain (light/medium oil)		**290**		376	(23%)
Pakistan (natural gas)		**336**		355	(5%)
		10,871		11,455	(5%)
Average-reference prices (US$ per barrel)					
Gulf Coast Fuel Oil No. 6	$	**97.07**	$	108.06	(10%)
Brent		**113.59**		119.70	(5%)
Average-realized prices[2]					
Cuba ($ per barrel)	$	**71.17**	$	78.47	(9%)
Spain ($ per barrel)		**112.99**		120.21	(6%)
Pakistan ($ per boe)[4]		**8.26**		8.08	2%
Unit operating costs[2] ($ per net boe)					
Cuba	$	**12.24**	$	13.06	(6%)
Spain		**14.62**		46.51	(69%)
Pakistan		**7.95**		2.74	190%
Weighted-average		**12.18**		13.94	(13%)
Spending on capital	$	**11.5**	$	9.4	22%

(1) Excludes depletion, depreciation and amortization.
(2) For additional information see the Non-GAAP measures section.
(3) 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.
(4) Average-realized price for natural gas production is stated in barrels of oil equivalent (boe), which is converted at 6,000 cubic feet per boe.

Oil and Gas revenue is composed of the following:

$ millions, for the three months ended March 31		2013		2012	Change
Cuba	$	**65.6**	$	76.6	(14%)
Spain		**3.0**		4.1	(27%)
Pakistan		**0.2**		0.3	(33%)
Processing		**2.3**		1.2	92%
		71.1		82.2	(14%)

The change in earnings from operations between 2013 and 2012 is detailed below:

$ millions, for the three months ended March 31		2013
Lower realized oil and gas prices	$	**(6.4)**
Lower gross working-interest volumes		**(3.4)**
Lower cost recovery revenue due to lower recoverable spending		**(2.8)**
Lower operating costs		**2.6**
Lower administrative costs		**0.7**
Lower depletion, depreciation and amortization		**2.8**
Weaker Canadian dollar relative to the U.S. dollar		**0.4**
Other		**1.1**
Change in earnings from operations, compared to 2012	$	**(5.0)**

The average-realized price for oil produced in Cuba decreased by $7.30 per barrel primarily as a result of a lower Gulf Coast Fuel Oil No. 6 oil reference price, partially offset by a weaker Canadian dollar relative to the U.S. dollar.

The average-realized price for oil produced in Spain decreased by $7.22 per barrel, primarily as a result of a lower Brent reference price, partially offset by a weaker Canadian dollar relative to the U.S. dollar.

Production and sales volumes were as follows:

Daily production volumes[1], for the three months ended March 31	2013	2012	Change
Gross working-interest oil production in Cuba[2][3]	**19,551**	20,079	(3%)
Net working-interest oil production			
Cuba (heavy oil)			
Cost recovery	**2,631**	3,069	(14%)
Profit oil	**7,614**	7,655	(1%)
Total	**10,245**	10,724	(4%)
Spain (light/medium oil)[4]	**290**	376	(23%)
Pakistan (natural gas)[4]	**336**	355	(5%)
Total	**10,871**	11,455	(5%)

(1) 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.

(2) In Cuba, Oil and Gas delivered all of its gross working-interest oil production to CUPET at the time of production. Gross working-interest oil production excludes (i) production from wells for which commerciality has not been established in accordance with production-sharing contracts, and (ii) working-interests of other participants in the production-sharing contracts.

(3) For further information on gross working-interest oil production in Cuba, cost recovery, and profit oil see page 41 of the 2012 annual report.

(4) Net working-interest production (equivalent to net sales volume) represents the Corporation's share of gross working-interest production.

Gross working-interest (GWI) oil production in Cuba decreased 528 bopd, primarily due to natural reservoir declines, partly offset by production from a new well completed in the period that is now producing oil, and the optimization of production from existing wells.

Cost-recovery oil production in Cuba decreased 438 bopd, primarily due to lower cost-recovery spending, partially offset by lower oil prices. Profit-oil production, which represents Sherritt's share of production after cost recovery volumes are deducted from GWI volumes, decreased by 41 bopd in 2012.

Production in Spain and Pakistan was lower due to natural reservoir declines.

Unit operating cost[1] ($ per net boe), for the three months ended March 31		2013		2012	Change
Cuba	$	**12.24**	$	13.06	(6%)
Spain		**14.62**		46.51	(69%)
Pakistan		**7.95**		2.74	190%
Weighted-average	$	**12.18**	$	13.94	(13%)

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

Unit operating cost for Cuba is composed of the following:

Components of unit operating cost - Cuba (%), for the three months ended March 31	2013	2012
Labour	**23%**	26%
Maintenance	**10%**	12%
Treatment and transportation	**19%**	17%
Freight and duty	**6%**	5%
Production chemicals	**9%**	6%
Fuel and electricity	**10%**	9%
Insurance	**3%**	3%
Other	**20%**	22%
	100%	100%

Unit operating cost in Cuba decreased $0.82 per barrel, primarily due to lower labour and maintenance costs, partly offset by higher production chemical costs and lower net production.

Unit operating cost in Spain decreased $31.89 per barrel, primarily due to lower maintenance costs and a reduction in costs allocated to Sherritt following the addition of new third-party production to the production facility, partly offset by the effect of a weaker Canadian dollar relative to the Euro.

Spending on capital is composed of the following:

$ millions, for the three months ended March 31	2013	2012	Change
Development, facilities and other	**$ 10.8**	$ 7.8	38%
Exploration	**0.7**	1.6	(56%)
Total	**$ 11.5**	$ 9.4	22%

Spending on capital in the first quarter of 2013 was $2.1 million higher than in the same period in the prior year, primarily due to increased equipment and inventory purchases in Cuba. Development and facilities capital spending was composed primarily of $4.8 million for development drilling activities, $1.3 million related to facility improvements and $3.8 million related to equipment and inventory purchases.

During the first quarter of 2013, one development well was drilled and completed in Cuba and is currently producing oil.

Exploration spending in 2013 continues to be focused in the United Kingdom North Sea prospect area and in the Alboran Sea prospect area off the southern coast of Spain. A seismic program is expected to commence in the North Sea in the second quarter of 2013.

Outlook for 2013

Production volumes and spending on capital For the three and twelve months ended	Actual 2013 March 31	Projected 2013 December 31
Production		
Gross working-interest oil (Cuba) (bopd)	**19,551**	18,000
Net working-interest production, all operations (boepd)	**10,871**	10,700
Spending on capital ($ millions)		
Cuba	**10**	54
Other	**2**	18

POWER

Financial review

$ millions, except as otherwise noted, for the three months ended March 31	2013	2012	Change
Financial highlights			
Revenue	$ 16.0	$ 16.6	(4%)
Cost of sales[1]	11.0	9.7	13%
	5.0	6.9	(28%)
Administrative expenses[1]	1.5	1.0	50%
Adjusted EBITDA[2]	3.5	5.9	(41%)
Depletion, depreciation and amortization	2.6	2.6	0%
Earnings from operations	0.9	3.3	(73%)
Production and sales (33⅓% basis)			
Electricity (GWh[3])	160	155	3%
Average-realized prices[2]			
Electricity (per MWh[4])	$ 41.87	$ 41.48	1%
Unit operating costs[2](per MWh)			
Base[5]	$ 16.79	$ 15.46	9%
Non-base[6]	9.91	1.70	483%
	26.70	17.16	56%
Spending on capital and service concession arrangements			
Capital (33⅓% basis)	$ 1.8	$ 1.3	38%
Service concession arrangements (33⅓% basis)	6.1	7.0	(13%)
	7.9	8.3	(5%)

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

Power revenue is composed of the following:

$ millions (33⅓% basis), for the three months ended March 31	2013	2012	Change
Electricity sales	$ 6.7	$ 6.4	5%
By-products and other	1.9	1.9	-
Fixed-price lease contracts[1]	1.3	1.3	-
Construction activity[2]	6.1	7.0	(13%)
	16.0	16.6	(4%)

(1) In relation to the 25 MW power plant in Madagascar.
(2) Construction activity revenue relates to the costs 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.

The change in earnings from operations between 2013 and 2012 is detailed below:

$ millions, for the three months ended March 31		2013
Higher electricity volumes	$	**0.3**
Lower realized by-product prices		**(0.3)**
Higher scheduled maintenance costs		**(1.3)**
Higher administrative expenses		**(0.5)**
Weaker Canadian dollar relative to the U.S. dollar		**0.1**
Other		**(0.7)**
Change in earnings from operations, compared to 2012	$	**(2.4)**

Production remained consistent compared to the prior year. The average-realized price of electricity was $0.39 per MWh higher, primarily due to a weaker Canadian dollar relative to the U.S. dollar.

Unit operating cost is composed of the following:

Components of unit operating cost (%), for the three months ended March 31	2013	2012
Labour	**21%**	33%
Maintenance	**43%**	22%
Freight and duty	**7%**	7%
Insurance	**7%**	9%
Other	**22%**	29%
Total	**100%**	100%

Overall, unit operating cost increased by $9.54 per MWh. Base unit operating cost increased by $1.33 per MWh primarily due to an increase in maintenance costs. Non-base unit operating cost increased by $8.21 per MWh primarily due to a scheduled major inspection at Boca de Jaruco, and pipeline costs to tie-in gas production to the Boca facilities, which accounted for $5.23 per MWh, and $3.52 per MWh, respectively.

Spending on capital and service concession arrangements is composed of the following:

$ millions (33⅓% basis), for the three months ended March 31		2013		2012	Change
Sustaining	$	**0.1**	$	0.2	(50%)
Growth		**1.7**		1.1	55%
Total	$	**1.8**	$	1.3	38%

Sustaining capital expenditures were primarily related to the purchase of equipment. Growth spending is capitalized interest on the 150 MW Boca de Jaruco Combined Cycle Project.

$ millions (33⅓% basis), for the three months ended March 31		2013		2012	Change
Service concession arrangements	$	**6.1**	$	7.0	(13%)

Service concession arrangement expenditures relate to the 150 MW Boca de Jaruco Combined Cycle Project. The project is now scheduled to begin production in third quarter of 2013 primarily due to delays encountered with major equipment suppliers and delays obtaining work visas in Cuba. The project is expected to be fully operational by the end of the year and within the total cost estimate of $271.0 million.

Outlook for 2013

Production volumes and spending on capital (33⅓% basis) and project For the three and twelve months ended	**Actual** **2013** **March 31**	Projected 2013 December 31
Production		
Electricity (GWh)	**160**	630
Spending on capital ($ millions)		
Cuba[(1)]	**2**	5
Project capital spending ($ millions)		
150 MW Boca de Jaruco (100% basis)	**18**	25

(1) Spending on capital for Power includes sustaining capital at the Varadero site as well as capitalized interest in respect of the 150 MW Boca de Jaruco Combined Cycle Project.

OTHER

Technologies

Technologies continued to support the Ambatovy commissioning and production capacity ramp-up activities with rotational assignment of its personnel to Madagascar and by providing consulting support from Sherritt Technologies' office in Fort Saskatchewan. Technologies also continued to support the Sulawesi Project in Indonesia, Coal's initiatives on coal gasification, and development of coal pre-combustion beneficiation technologies.

The division is actively engaged in projects for third-party clients related to the development of commercial facilities for gold, copper and zinc projects in China, Colombia, Canada and Chile, and in the development and application of hydrometallurgical and associated technologies for application to other resource-based industries.

For the three months ending March 31, 2013, external revenue decreased to $0.8 million compared to $3.0 million in the same period in 2012, primarily due to a slowdown in external projects as a result of the current commodities environment.

Sulawesi Project update

The Sulawesi Project is a large, high-grade undeveloped lateritic nickel deposit on the Indonesian island of Sulawesi. Under the terms of its earn-in and shareholders' agreement, with a subsidiary of Rio Tinto, the Corporation may elect to acquire a 57.5% interest in a holding company that owns the Sulawesi Project in Indonesia upon funding expenditures of US$30.0 million and meeting certain other conditions by April 1, 2014. The Corporation expects to meet the funding requirements during 2013. In addition, upon meeting the above conditions, the Corporation may elect to spend an additional US$80.0 million by December 31, 2017 towards producing a feasibility study from which a development decision will be made. If the Corporation elects not to spend the US$80.0 million it would forfeit its interest in the Sulawesi Project companies. The aforementioned funding deadline dates were amended in March 2013 from October 1, 2013 and June 30, 2017, respectively.

In compliance with Indonesia's mining law, Rio Tinto has concluded agreements to divest a 20% interest in the Sulawesi Project to Indonesian interests. Following such divestiture, which is expected to occur prior to production, Sherritt and Rio Tinto together will indirectly own and control an 80% interest in the Sulawesi Project, which will give Sherritt a 46% economic interest and Rio Tinto a 34% economic interest.

Pursuant to Indonesian Government Regulation No. 24 of 2012 which came into force on February 21, 2012, all foreign-owned mining companies in Indonesia must divest at least 51% of their shares to Indonesian interests by the end of the 10th year after the commencement of production. The implementation of this government regulation may result in a diminution of Sherritt's economic interest in the Sulawesi Project. The Corporation continues to study the impact on the Sulawesi Project of this and other Indonesian government regulations directed at the mining industry as the details become available.

Approval to proceed with the exploration drilling program was received from the Indonesian Ministry of Energy and Mineral Resources in February 2013. During the first quarter of 2013, two helicopters supporting the drilling program began transporting construction materials to the exploration camp site and forward supply base, and construction commenced on the exploration camp and forward supply base. Exploration drilling to refine the definition of the deposit beyond the level of definition undertaken by Rio Tinto in their previous drilling program began in the second quarter of 2013. The Corporation continues to advance work on the project including environmental and social baseline studies and the project prefeasibility study. To March 31, 2013, the Corporation has incurred a total of US$21.3 million of qualifying expenditures or 19% of the funding requirements to obtain Sherritt's 46% economic interest in the project.

Liquidity and capital resources

Based on the Corporation's financial position and liquidity at March 31, 2013 and projected future earnings, management expects to be able to fund its working capital and project needs, and meet its other obligations including debt repayments.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

$ millions, as at March 31, 2013	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	$ 182.8	$ 182.8	$ -	$ -	$ -	$ -	$ -
Income taxes payable	28.9	28.9					
Loans and borrowings[1]	3,269.4	91.6	91.6	408.0	213.6	193.8	2,270.8
Finance leases and other equipment financing	173.7	49.9	39.7	36.5	30.0	17.5	0.1
Other long-term financial liabilities	0.3	0.1	0.1	0.1			
Environmental rehabilitation provisions	341.7	33.8	32.0	28.8	26.0	22.6	198.5
Operating leases	23.4	9.1	3.0	2.0	1.9	1.9	5.5
Pensions	24.0	3.1	3.2	3.3	3.0	2.1	9.3
Capital commitments	4.3	4.3	-	-	-	-	-
Total	$ 4,048.5	$ 403.6	$ 169.6	$ 478.7	$ 274.5	$ 237.9	$ 2,484.2

(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. These 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.

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 Moa Joint Venture, its proportionate share of significant commitments of the Joint Venture includes the following:

- Environmental rehabilitation commitments of $72.3 million, with no significant repayments due in the next four years;
- Advances and loans payable of $124.6 million; and
- Other commitments of $2.5 million.

Ambatovy Joint Venture

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

- Environmental rehabilitation commitments of $157.5 million, with no significant repayments due in the next four years;
- Other contractual commitments of $40.1 million; and
- Ambatovy Joint Venture senior debt financing of US$840.0 million ($853.1 million), with principal repayments beginning June 2013. On an undiscounted basis, principal and interest repayments are $947.3 million.

Sulawesi Project

The Corporation expects to fund US$30.0 million in exploration and development qualifying expenditures, and can elect to spend an additional US$80.0 million in accordance with the earn-in and shareholders' agreement. The Corporation has incurred total qualifying expenditures of US$21.3 million as of March 31, 2013.

150 MW Boca de Jaruco Combined Cycle Project

The Corporation expects to fund $6.3 million (100% basis) related to the remainder of its service concession arrangement commitment for the 150 MW Boca de Jaruco Combined Cycle Project which is scheduled to begin production the third quarter of 2013.

INVESTMENT LIQUIDITY

At March 31, 2013, cash and cash equivalents and investments were located in the following countries:

$ millions, as at March 31, 2013	Cash	Cash equivalents and Short-term investments	Investments	Total
Canada	$ 13.3	$ 398.5	$ -	$ 411.8
Cuba	21.1	-	25.9	47.0
Other	9.3	-	-	9.3
Total	$ 43.7	$ 398.5	$ 25.9	$ 468.1

Cash and short-term investments

The Corporation's cash balances are deposited with major financial institutions rated A or higher by Standard & Poor's and with banks in Cuba that are not rated.

At March 31, 2012, cash equivalents included $211.5 million in Government of Canada treasury bills having original maturity dates of less than three months and short-term investments included $187.0 million in Government of Canada treasury bills having original maturity dates of greater than three months and less than one year.

The table above does not include cash, cash equivalents and short-term investments of $53.9 million (100% basis) held by the Moa Joint Venture, nor $118.7 million (100% basis) held by the Ambatovy Joint Venture. These amounts are for the exclusive use of the joint ventures and the Corporation's share is included as part of the investment in an joint venture and associate balances in the consolidated statement of financial position. The cash and short-term investments amounts are deposited with or issued by financial institutions whose parent company is rated A- or higher by Standard and Poor's.

Investments

As a result of the agreement in January 2009 with Oil and Gas and Power's Cuban customers, Sherritt acquired approximately US$159.1 million in certificates of deposit (CDs). These CDs were issued by a Cuban bank and bear interest at a rate of 30-day LIBOR plus 5%. In the event of default, Sherritt has the right to receive payment from the cash flows payable by the Moa Joint Venture to its Cuban beneficiaries. At March 31, 2013, the balance of the CDs was $25.9 million.

AVAILABLE CREDIT FACILITIES

At March 31, 2013, the Corporation and its divisions had borrowed $2.0 billion under available credit facilities. Total credit available under these facilities was $560 million.

The following table outlines the maximum amount and amounts available to the Corporation for credit facilities that had amounts available at March 31, 2013 and December 31, 2012. A detailed description of these facilities is provided in the Loans, borrowings and other liabilities note in the Corporation's audited consolidated financial statements for the year ended December 31, 2012.

$ millions, as at	2013 March 31		2012 December 31	
	Maximum	**Available**	Maximum	Available
Short-term				
Syndicated 364-day revolving-term credit facility [1]	$ **90**	$ **70**	$ 90	$ 90
Line of credit	**20**	**20**	20	20
Long-term				
Ambatovy Joint Venture partner loans (US$) [2]	**213**	**127**	213	127
Coal revolving credit facility [3]	**525**	**340**	525	325
Total Canadian equivalent	$ **851**	$ **560**	$ 847	$ 562
Supplementary information				
Ambatovy Project financing (US$) (40%) [4]	$ **840**	$ **-**	$ 840	$ -
Finance leases [5]	**191**	**56**	191	56

(1) Available for general corporate purposes. Total available draw is based on eligible receivables and inventory. At March 31, 2013, the Corporation had $20.3 million of letters of credit outstanding on this facility.

(2) Available to fund Sherritt's contributions to the Ambatovy Joint Venture.

(3) Available to Prairie Mines and Royalty Ltd. (PMRL) and CVRI. At March 31, 2013, a total of $28.0 million has been drawn on this facility and $157.2 million of letters of credit are outstanding.

(4) Due to the equity accounting for Ambatovy Joint Venture, this loan is not included in loans and borrowings on the Corporation's statement of financial position.

(5) Finance leases include only those that have been committed by lenders.

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 reclassification 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.

At March 31, 2013, the Corporation and its divisions were in compliance with all of their financial covenants. The Corporation expects to remain in compliance with all of its financial covenants during the next 12 months, based on current market conditions. Other than the covenants required for the debt facilities, the Corporation is not subject to any externally imposed capital restrictions.

SOURCES AND USES OF CASH

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

$ millions, for the three months ended March 31	2013	2012	Change
Cash from operating activities			
Cash from operating activities before change in non-cash working capital	**$ 59**	$ 92	(36%)
Change in non-cash working capital	**(11)**	8	(238%)
	$ 48	$ 100	(52%)
Cash provided by (used for) investing and financing activities			
Property, plant, equipment and intangible expenditures	**$ (34)**	$ (20)	70%
Net repayment of loans, borrowings and other financial liabilities	**(39)**	(46)	(15%)
Net repayment of finance lease receivables	**26**	6	333%
Loans to an associate	**(43)**	(23)	87%
Investment in an associate	**(13)**	(70)	(81%)
Decrease in investments	**7**	7	-
Dividends paid on common shares	**(11)**	(11)	-
Other	**(2)**	6	-
	$ (109)	$ (151)	(28%)
	(61)	(51)	20%
Cash, cash equivalents and short-term investments:			
Beginning of the period	**503**	601	(16%)
End of the period	**$ 442**	$ 550	(20%)

The significant items affecting the sources and uses of cash during the three months ended March 31, 2013 are described below:

- Cash from operating activities before change in non-cash working capital for the three months ended March 31, 2013 was lower than the same period in the prior year primarily as a result of lower net earnings after adjustment for the non-cash gain on termination of contract;
- The negative change in non-cash working capital compared to a positive change for the same period in the prior year is primarily due to an increase in accounts receivable in Oil and Gas compared to a decrease in the same period in the prior year, and a lower increase in inventory in Coal;
- Cash used for spending on property, plant, equipment and intangibles in the three months ended March 31, 2013 was $34 million. A discussion of these expenditures is included in the Review of operations sections for each division;
- A total of $56 million (US$56 million) was provided in cash to the Ambatovy Joint Venture as Sherritt's share of the joint venture funding requirements in the three months ended March 31, 2013. Of the funding provided, $43 million was provided as a loan and the remaining funding was a direct contribution to Sherritt's investment in the joint venture;
- The net repayment of loans and borrowings for the three months ended March 31, 2013 related primarily to the repayment of the Corporation's Coal revolving credit facility;
- The net repayment of finance leases receivable primarily related to the leases repaid on the termination of the Highvale mining contract;
- The decrease in investments was primarily related to amounts collected by the Corporation on the Cuban certificates of deposit.

COMMON SHARES

As at April 23, 2013, the Corporation had 296,580,661 common shares outstanding. An additional 4,979,917 common shares are issuable upon exercise of outstanding stock options granted to employees and directors pursuant to the Corporation's stock option plan.

On February 26, 2013, the Corporation's Board of Directors approved a quarterly dividend of $0.043 per common share payable on April 12, 2013 to shareholders of record as of the close of business on March 29, 2013.

Managing risk

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

Accounting pronouncements

There have been no new accounting pronouncements issued in the first quarter of 2013 that are expected to impact the Corporation. For a summary of accounting pronouncements, see the Accounting pronouncements note in the Corporation's audited consolidated financial statements for the year ended December 31, 2012.

Summary of quarterly results

The following table presents a summary of the segment revenue and consolidated operating results for each of the eight quarters ended June 30, 2011 to March 31, 2013.

$ millions, except per share amounts, for the three months ended	**2013 Mar. 31**	2012 Dec. 31	2012 Sept. 30	2012 June 30	2012 Mar. 31	2011(1) Dec. 31	2011(1) Sept. 30	2011(1) June 30
Revenue								
Metals	**$ 103.7**	$ 138.4	$ 88.4	$ 140.2	$ 116.1	$ 137.7	$ 122.9	$ 149.4
Coal	**179.5**	242.0	237.1	250.6	245.3	303.3	247.2	254.1
Oil and Gas	**71.1**	68.2	74.2	76.3	82.2	74.4	78.5	81.5
Power	**16.0**	17.0	18.8	17.6	16.6	18.6	14.0	13.0
Corporate and other	**1.2**	2.3	3.7	3.2	3.3	2.8	3.8	2.6
	$ 371.5	$ 467.9	$ 422.2	$ 487.9	$ 463.5	$ 536.8	$ 466.4	$ 500.6
Adjust joint venture and asssociate revenue	**(85.0)**	(95.6)	(80.7)	(110.8)	(104.1)	-	-	-
Financial statement revenue	**$ 286.5**	$ 372.3	$ 341.5	$ 377.1	$ 359.4	$ 536.8	$ 466.4	$ 500.6
Net earnings (loss)	**$ 23.1**	$ (16.9)	$ (22.6)	$ 40.8	$ 32.4	$ 28.1	$ 45.5	$ 60.1
Net earnings (loss) per share								
Basic	**$ 0.08**	$ (0.06)	$ (0.08)	$ 0.14	$ 0.11	$ 0.10	$ 0.16	$ 0.20
Diluted	**0.08**	(0.06)	(0.08)	0.14	0.11	0.09	0.15	0.20

(1) The adoption date of IFRS 11 was January 1, 2013 which resulted in the Corporation changing the accounting for Moa Joint Venture from proportionate consolidation to equity accounting effective January 1, 2012. Comparative period figures for 2012 have been restated to comply with these requirements. The 2011 period figures have not been restated to reflect the impact of adoption of this IFRS.

Net earnings (loss) for the Corporation are primarily affected by commodity prices, sales volumes and exchange rates that impact revenue and costs. The average Canadian dollar cost to purchase one U.S. dollar for the above quarters has been relatively consistent, ranging from $0.97 to $1.02. In addition to the impact of commodity prices, sales volumes and exchange rates, net earnings (loss) was impacted by the following significant items:

- the first quarter of 2013 included a non-cash gain on termination of the Highvale mining contract of $22.0 million, pre-tax;
- the fourth quarter of 2012 included the recognition of a total of $18.7 million, pre-tax, in impairments;
- the quarters ended September, 30 2012 and December 31, 2011 each included early redemption premiums on the redemption/repurchase of debentures;
- the quarter ended June 30, 2012 included a gain on sale related to Mineral Products; and
- the quarter ended March 31, 2012 included an $11.8 million pre-tax downward adjustment in the fair value of the Ambatovy call option.

Off-balance sheet arrangements

The Corporation has no foreign exchange or commodity options, futures or forward contracts. The Corporation has made a completion guarantee to the Ambatovy Joint Venture lenders and has letters of credit issued under the Coal revolving credit facility.

Transactions with related parties

The Corporation and subsidiaries provide goods, labour, advisory and other administrative services to joint operations and an associate at fair value. The Corporation and its subsidiaries also market, pursuant to sales agreements, a portion of the nickel, cobalt and certain by-products produced by certain joint operations and an associate in the Metals business.

$ millions, for the three months ended March 31	**2013**	2012
Total value of goods and services:		
Provided to joint operations	**$ 5.2**	$ 5.8
Provided to joint venture	**34.6**	30.2
Provided to associate	**5.7**	1.1
Purchased from joint operations	**0.9**	-
Purchased from joint venture	**20.7**	13.6
Net financing income from joint operations	**5.7**	4.2
Net financing income from joint venture	**1.2**	2.2

$ millions, as at	**2013 March 31**	2012 December 31
Accounts receivable from joint operations	**$ 0.2**	$ -
Accounts receivable from joint venture	**9.2**	5.8
Accounts receivable from associate	**57.8**	31.1
Accounts payable to joint operations	**0.3**	-
Accounts payable to joint venture	**3.0**	0.9
Accounts payable to associate	**0.4**	11.8
Advances and loans receivable from associate	**1,348.8**	1,279.1
Advances and loans receivable from Energas	**240.8**	223.9
Advances and loans receivable from joint venture entities	**237.1**	235.6

All transactions between related parties are 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 year for bad debts in respect of amounts owed by related parties.

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

The Corporation's disclosure controls and procedures are designed to ensure that all important information about Sherritt, including operating and financial activities, is communicated fully, accurately and in a timely way and that they provide Sherritt with assurance that the financial reporting is accurate.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal control over financial reporting means a process designed by or under the supervision of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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

As at March 31, 2013, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the quarter ended March 31, 2013 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 for the three months ended March 31, 2013 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[1]		Increase	Approximate change in Q1 net earnings ($ millions) Increase/(decrease)	Approximate change in Q1 basic EPS Increase/(decrease)
Prices				
Nickel - LME price per pound (50% basis)	US$	0.50	3	0.01
Cobalt - Metal Bulletin price per pound (50% basis)	US$	5.00	3	0.01
Export thermal coal - price per tonne	US$	15.00	1	-
Oil -U.S. Gulf Coast Fuel Oil No. 6 price per barrel	US$	5.00	2	0.01
Volume				
Nickel - tonnes (50% basis)[2]		1,000	1	-
Cobalt - tonnes (50% basis)[2]		250	2	0.01
Oil - gross working-interest barrels per day		1,000	1	-
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	US$	0.05	(11)	(0.04)
Operating costs				
Natural gas - cost per gigajoule (Metals) (50% basis)	$	1.00	(1)	-
Sulphuric acid - cost per tonne (Metals) (50% basis)	US$	25.00	(1)	-
Fuel - WTI oil price (Coal)	US$	10.00	(1)	-

(1) Changes in factors/net earnings do not include the impact related to Ambatovy.

(2) Reflects volume increase on 100% basis for an approximate change in net earnings and basic EPS on a 50% basis.

NON-GAAP MEASURES

Management uses Adjusted EBITDA, average-realized price and unit operating cost to monitor the financial performance of the Corporation's 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.

Adjusted EBITDA

As a result of the change in accounting for Moa Joint Venture under IFRS 11, the Corporation revised its definition of Adjusted EBITDA to include the results of the Corporation's earnings or loss in joint venture and associate to provide a measure that is reasonably consistent with historical measures.

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 property, plant and equipment, intangible assets, goodwill and investments; and gain or loss on disposal of property, plant and equipment of the Corporation, associate and joint venture.

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

$ millions, for the three months ended March 31, 2013	Metals	Coal	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	Total
Earnings (loss) from operations, associate and joint venture per financial statements (note 4)	$ 7.0	$ 33.4	$ 41.4	$ 0.9	$ (17.4)	$ (4.8)	$ 60.5
Add (deduct):							
Depletion, depreciation and amortization	2.2	26.2	16.0	2.6	0.9		47.9
Gain on termination of contract		(22.0)					(22.0)
Adjustments for share of associate and joint venture:							
Associate							
Depletion, depreciation and amortization	0.7						0.7
Joint venture							
Depletion, depreciation and amortization	7.0						7.0
Net finance expense						3.9	3.9
Income tax recovery						0.9	0.9
Adjusted EBITDA	$ 16.9	$ 37.6	$ 57.4	$ 3.5	$ (16.5)	$ -	$ 98.9

$ millions, for the three months ended March 31, 2012	Metals	Coal	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	Total
Earnings (loss) from operations, associate and joint venture per financial statements (note 4)	$ 22.0	$ 25.8	$ 46.4	$ 3.3	$ (9.6)	$ (1.7)	$ 86.2
Add:							
Depletion, depreciation and amortization	2.1	27.3	18.8	2.6	0.6		51.4
Adjustments for share of associate and joint venture:							
Associate							
Depletion, depreciation and amortization	0.4						0.4
Net finance income						(2.3)	(2.3)
Joint venture							-
Depletion, depreciation and amortization	6.2						6.2
Income tax expense						4.0	4.0
Adjusted EBITDA	$ 30.7	$ 53.1	$ 65.2	$ 5.9	$ (9.0)	$ -	$ 145.9

Average-realized price

Average-realized price is calculated by dividing revenue by sales volume for the given product. For Metal's, Moa Joint Venture's average-realized price does not include revenue of the Metals Marketing Company.

For Coal's Prairie Operations, average-realized price excludes the impact related to royalties, activated carbon and char activities.

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 IFRS financial statements, less depreciation, depletion and amortization in cost of sales and certain non-production related costs by the number of units sold.

For Metals, Moa Joint Venture's net direct cash cost is calculated by dividing cost of sales as reported in the IFRS financial statements adjusted for the following: cost of sales of Ambatovy and the Metals Marketing Company, 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, translated to U.S. dollars using an average exchange rate for the respective period.

For Coal's Prairie Operations, the unit operating cost excludes the impact related to royalties, activated carbon and char activities.

The table below reconciles unit operating cost to cost of sales per the financial statements:

$ millions, except unit cost and sales volume, for the three months ended March 31, 2013

		Coal				
	Metals	Prairie	Mountain	Total	Oil and Gas	Power
Cost of sales per financial statements (note 4)	$ 94.6	$ 100.5	$ 63.3	$ 163.8	$ 27.9	$ 13.6
Less:						
Depletion, depreciation and amortization in cost of sales	(9.9)	(15.2)	(10.8)	(26.0)	(16.0)	(2.6)
Cost of sales per Review of operations	84.7	85.3	52.5	137.8	11.9	11.0
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	(29.5)					
Net impact of non-joint venture fertilizer sales	5.6					
Impact of opening/closing inventory and other	(2.7)					
Cost of sales – royalties, activated carbon and char		(4.3)		(4.3)		
Cost of sales – Metal Marketing Company and other	(5.9)					
Service concession arrangments – Cost of construction						(6.1)
Other		(1.1)	1.9	0.8		(0.6)
Cost of sales for purposes of unit cost calculation	52.2	79.9	54.4	134.3	11.9	4.3
Sales volume for the period	8.6	5.7	0.6		1.0	160
Volume units	Millions of pounds	Millions of tonnes	Millions of tonnes		Millions of barrels[1]	Gigawatts
Unit operating cost[2][3][4]	$ 6.05	$ 13.97	$ 91.05		$ 12.18	$ 26.70
Unit operating cost (U.S. dollars)	$ 5.99					

(1) Net working-interest oil production

(2) Metals: Net direct cash cost, inclusive of by-product credits and third-party feed costs. Sales volume based on pounds of finished nickel.

(3) Unit operating costs may not calculate based on amounts presented due to rounding.

(4) Power, unit operating cost per MWh

$ millions, except unit cost and sales volume, for the three months ended March 31, 2012

	Metals	Coal Prairie	Coal Mountain	Coal Total	Oil and Gas	Power
Cost of sales per financial statements (note 4)	$ 92.0	$ 126.9	$ 87.9	$ 214.8	$ 33.2	$ 12.3
Less:						
Depletion, depreciation and amortization in cost of sales	(8.7)	(13.4)	(13.3)	(26.7)	(18.7)	(2.6)
Cost of sales per Review of operations	83.3	113.5	74.6	188.1	14.5	9.7
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	(32.0)					
Net impact of non-joint venture fertilizer sales	4.0					
Impact of opening/closing inventory and other	(4.8)					
Cost of sales – royalties, activated carbon and char	-	(7.8)		(7.8)		
Service concession arrangments - Cost of construction						(7.0)
Other	(1.5)	2.2	(0.9)	1.3		
Cost of sales for purposes of unit cost calculation	49.0	107.9	73.7	181.6	14.5	2.7
Sales volume for the period	9.6	8.1	0.8		1.0	155
Volume units	Millions of pounds	Millions of tonnes	Millions of tonnes		Millions of barrels(1)	Gigawatts
Unit operating cost(2)(3)(4)	$ 5.14	$ 13.32	$ 89.08		$ 13.94	$ 17.16
Unit operating cost (U.S. dollars)	$ 5.13					

(1) Net working-interest oil production
(2) Metals: Net direct cash cost, inclusive of by-product credits and third-party feed costs. Sales volume based on pounds of finished nickel.
(3) Unit operating costs may not calculate based on amounts presented due to rounding.
(4) Power, unit operating cost per MWh

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”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include statements respecting certain future expectations about capital expenditures; capital project commissioning and completion dates; commodity and product prices and demand; production volumes; realized prices for production; environmental rehabilitation provisions; availability of regulatory approvals; earnings and revenues; compliance with applicable environmental laws and regulations; debt repayments; compliance with financial covenants; sufficiency of working capital and capital project funding; the impact of regulations related to greenhouse gas emissions and credits; collection of accounts receivable; and certain corporate objectives, plans or goals for 2013, including development and exploratory wells and enhance oil recovery in Cuba. These 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.

Key factors that may result in material differences between actual results and developments and those contemplated by this MD&A include global economic conditions, and business, economic and political conditions in Canada, Cuba, Madagascar, Indonesia, and the principal markets for the Corporation’s products. Other such factors include, but are not limited to, uncertainties in the development, construction and ramp-up of large mining, processing and refining projects; risks related to the availability of capital to undertake capital initiatives; changes in capital cost estimates in respect of the Corporation’s capital initiatives; risks associated with the Corporation’s joint-venture partners; future non-compliance with financial covenants; potential interruptions in transportation; political, economic and other risks of foreign operations; the Corporation’s reliance on key personnel and skilled workers; the possibility of equipment and other unexpected failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainty of gas supply for electrical generation; uncertainties in oil and gas exploration; risks related to foreign exchange controls on Cuban government enterprises to transact in foreign currency; risks associated with the United States embargo on Cuba and the Helms-Burton legislation; risks related to the Cuban government’s ability to make certain payments to the Corporation; drilling and development programs; uncertainties in reserve estimates; risks associated with access to reserves and resources; uncertainties in environmental rehabilitation provisions estimates; the Corporation’s reliance on significant customers; risks related to the Corporation’s corporate structure; foreign exchange and pricing risks; uncertainties in commodity pricing; credit risks; competition in product markets; the Corporation’s ability to access markets; risks in obtaining insurance; uncertainties in labour relations; uncertainties in pension liabilities; the ability of the Corporation to enforce legal rights in foreign jurisdictions; the ability of the Corporation to obtain government permits; risks associated with government regulations and environmental, health and safety matters; and 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 the Corporation’s other documents filed with 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 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.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2013

Condensed consolidated statements of comprehensive income (loss)

Unaudited, Canadian $ millions, except per share amounts, For the three months ended March 31	Note		2013		2012
					(note 28)
Revenue		**$**	**286.5**	$	359.4
Cost of sales	5		**229.4**		274.6
Gross profit			**57.1**		84.8
Administrative expenses			**18.4**		17.5
Operating profit			**38.7**		67.3
Gain on termination of contract	6		**22.0**		-
Share of earnings of an associate, net of tax	7		-		1.2
Share of (loss) earnings of a joint venture, net of tax	8		**(0.2)**		17.7
Earnings from operations, associate and joint venture			**60.5**		86.2
Financing income	9		**(6.5)**		2.2
Financing expense	9		**34.6**		43.1
Net finance expense			**28.1**		45.3
Earnings before tax			**32.4**		40.9
Income tax expense	10		**9.3**		8.2
Net earnings from continuing operations			**23.1**		32.7
Loss from discontinued operation, net of tax	11		-		(0.3)
Net earnings for the period		**$**	**23.1**	$	32.4
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations	19		**48.1**		(36.8)
Actuarial gains on pension plans, net of tax	19		**2.9**		2.1
Other comprehensive income (loss)			**51.0**		(34.7)
Total comprehensive income (loss)		**$**	**74.1**	$	(2.3)
Net earnings from continuing operations per common share, basic and diluted	12	**$**	**0.08**	$	0.11
Net earnings per common share, basic and diluted	12	**$**	**0.08**	$	0.11

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

Condensed consolidated statements of financial position

Unaudited, Canadian $ millions, as at	Note		2013 March 31		2012 December 31 (note 28)		2012 January 1 (note 28)
ASSETS							
Current assets							
Cash and cash equivalents	13	**$**	**255.2**	$	147.1	$	144.6
Restricted cash			**1.1**		1.1		1.1
Short-term investments	13		**187.0**		356.1		456.8
Investments			**25.9**		26.8		29.1
Advances, loans receivable and other financial assets	14		**93.2**		93.7		121.5
Other non-financial assets	14		**0.8**		0.8		0.2
Finance lease receivables	14		**16.2**		24.8		23.3
Trade accounts receivable, net	13		**414.1**		371.9		348.1
Income taxes receivable			**5.3**		5.0		19.1
Inventories	15		**186.0**		163.8		129.0
Prepaid expenses			**12.6**		12.7		11.1
			1,197.4		1,203.8		1,283.9
Non-current assets							
Advances, loans receivable and other financial assets	14		**1,784.2**		1,695.2		1,367.8
Other non-financial assets	14		**9.0**		10.8		20.5
Finance lease receivables	14		**164.6**		182.2		196.0
Property, plant and equipment	16		**909.2**		908.9		906.3
Investments			**-**		4.9		34.7
Investment in an associate	7		**1,104.1**		1,089.5		1,053.1
Investment in a joint venture	8		**369.9**		365.8		357.5
Goodwill			**307.9**		307.9		307.9
Intangible assets			**778.7**		790.1		786.2
Deferred income taxes			**39.7**		28.7		3.3
			5,467.3		5,384.0		5,033.3
Assets of discontinued operation	11		**-**		-		1.5
Total assets		**$**	**6,664.7**	$	6,587.8	$	6,318.7
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities							
Loans and borrowings	17		**-**		-		56.9
Trade accounts payable and accrued liabilities			**182.8**		171.4		158.1
Income taxes payable			**28.9**		16.8		25.5
Other financial liabilities	17		**50.6**		56.8		55.4
Other non-financial liabilities	17		**49.1**		16.0		8.1
Environmental rehabilitation provisions	18		**35.9**		34.4		31.9
			347.3		295.4		335.9
Non-current liabilities							
Loans and borrowings	17		**2,043.1**		2,039.8		1,687.8
Other financial liabilities	17		**121.1**		122.6		107.7
Other non-financial liabilities	17		**7.6**		49.7		46.2
Intangible liability			**4.2**		4.6		9.1
Environmental rehabilitation provisions	18		**222.2**		228.8		203.4
Deferred income taxes			**211.3**		201.0		209.3
			2,609.5		2,646.5		2,263.5
Liabilities of discontinued operation	11		**-**		-		8.2
Total liabilities			**2,956.8**		2,941.9		2,607.6
Shareholders' equity							
Capital stock	19		**2,806.9**		2,806.1		2,803.1
Retained earnings			**762.0**		774.5		786.0
Reserves	19		**194.7**		194.9		195.1
Accumulated other comprehensive loss	19		**(55.7)**		(129.6)		(73.1)
			3,707.9		3,645.9		3,711.1
Total liabilities and shareholders' equity		**$**	**6,664.7**	$	6,587.8	$	6,318.7

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

Condensed consolidated statements of cash flow

Unaudited, Canadian $ millions, for the three months ended March 31	Note	2013	2012
			(note 28)
Operating activities			
Net earnings for the period		$ **23.1**	$ 32.4
Add (deduct):			
Depletion, depreciation and amortization		**47.9**	51.4
Share of (earnings) of an associate, net of tax	7	**-**	(1.2)
Share of (earnings) loss of a joint venture, net of tax	8	**0.2**	(17.7)
Gain on termination of contract	6	**(22.0)**	-
Loss on impairment of assets		**-**	1.1
Finance costs (less accretion expenses)	9	**27.1**	44.3
Income tax expense	10	**9.3**	8.2
Loss on settlement of environmental rehabilitation provisions		**1.4**	1.7
Service concession arrangement		**(6.1)**	(7.0)
Net change in non-cash working capital	21	**(11.4)**	7.5
Interest received		**7.4**	14.0
Interest paid		**(21.3)**	(1.6)
Income tax paid		**(0.5)**	(20.2)
Liabilities settled for environmental rehabilitation provisions		**(6.2)**	(8.7)
Other operating items	21	**(0.9)**	(3.8)
Cash provided by operating activities		**48.0**	100.4
Investing activities			
Property, plant and equipment expenditures	4	**(31.2)**	(17.8)
Intangible expenditures	4	**(2.5)**	(2.7)
Increase in advances, loans receivable and other financial assets		**(11.1)**	(12.7)
Repayment of advances, loans receivable and other financial assets		**5.1**	19.1
Investments		**6.9**	6.8
Loans to an associate		**(42.8)**	(22.7)
Investment in an associate		**(13.2)**	(69.9)
Net proceeds from sale of property, plant and equipment		**4.0**	0.7
Short-term investments		**169.1**	27.8
Cash provided by (used for) investing activities		**84.3**	(71.4)
Financing activities			
Repayment of loans and borrowings and other financial liabilities		**(39.5)**	(46.1)
Increase in finance lease receivables		**(4.2)**	(0.6)
Repayment of finance lease receivables		**30.4**	6.2
Treasury stock - restricted stock plan		**-**	(1.5)
Dividends paid on common shares	19	**(11.3)**	(11.3)
Cash used for financing activities		**(24.6)**	(53.3)
Effect of exchange rate changes on cash and cash equivalents		**0.4**	(0.1)
Increase (decrease) in cash and cash equivalents		**108.1**	(24.4)
Cash and cash equivalents at beginning of the period		**147.1**	144.6
Cash and cash equivalents at end of the period		$ **255.2**	$ 120.2

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

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian $ millions

	Note	Capital stock	Retained earnings	Reserves	Accumulated comprehensive loss	Total
		(notes 19, 28)	(note 28)	(notes 19, 28)	(notes 19, 28)	
Balance as at January 1, 2012		**$ 2,803.1**	**$ 786.0**	**$ 195.1**	**$ (73.1)**	**$ 3,711.1**
Total comprehensive income:						
Net earnings for the period		-	32.4	-	-	32.4
Foreign currency translation differences on foreign operations	19	-	-	-	(36.8)	(36.8)
Actuarial gains on defined benefit obligation	19	-	-	-	2.1	2.1
		-	32.4	-	(34.7)	(2.3)
Shares issued for:						
Treasury stock - restricted stock plan	19	(1.5)	-	-	-	(1.5)
Restricted stock plan (vested)	19	0.2	-	(0.2)		-
Restricted stock plan amortization	20	-	-	0.3	-	0.3
Employee share purchase plan expense	20	-	-	0.1	-	0.1
Stock option plan expense	20	-	-	0.4	-	0.4
Dividends declared to common shareholders		-	(11.3)	-	-	(11.3)
Balance as at March 31, 2012		**$ 2,801.8**	**$ 807.1**	**$ 195.7**	**$ (107.8)**	**$ 3,696.8**
Total comprehensive income:						
Net earnings for the period		-	1.3	-	-	1.3
Foreign currency translation differences on foreign operations	19	-	-	-	(13.0)	(13.0)
Actuarial losses on defined benefit obligation	19	-	-	-	(8.8)	(8.8)
		-	1.3	-	(21.8)	(20.5)
Shares issued for:						
Treasury stock - restricted stock plan	19	(0.1)	-	-	-	(0.1)
Restricted stock plan (vested)	19	0.7	-	(0.7)	-	-
Employee share purchase plan	19	3.7	-	(2.4)	-	1.3
Restricted stock plan amortization	20	-	-	1.0	-	1.0
Employee share purchase plan expense	20	-	-	0.1	-	0.1
Stock option plan expense	20	-	-	1.2	-	1.2
Dividends declared to common shareholders		-	(33.9)	-	-	(33.9)
Balance as at December 31, 2012		**$ 2,806.1**	**$ 774.5**	**$ 194.9**	**$ (129.6)**	**$ 3,645.9**
Total comprehensive income:						
Net earnings for the period		-	**23.1**	-	-	**23.1**
Foreign currency translation differences on foreign operations	19	-	-	-	**48.1**	**48.1**
Reclassification on settlement of pension obligation	19	-	**(22.9)**	-	**22.9**	-
Actuarial gains (losses) on defined benefit obligation	19	-	-	-	**2.9**	**2.9**
		-	**0.2**	-	**73.9**	**74.1**
Shares issued for:						
Restricted stock plan (vested)	19	**0.8**	-	**(0.8)**	-	-
Restricted stock plan amortization	20	-	-	**0.2**	-	**0.2**
Employee share purchase plan expense	20	-	-	**0.1**	-	**0.1**
Stock option plan expense	20	-	-	**0.3**	-	**0.3**
Dividends declared to common shareholders		-	**(12.7)**	-	-	**(12.7)**
Balance as at March 31, 2013		**$ 2,806.9**	**$ 762.0**	**$ 194.7**	**$ (55.7)**	**$ 3,707.9**

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

Notes to the interim condensed consolidated financial statements

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Sherritt International Corporation (the "Corporation" or "Sherritt") is a diversified Canadian natural resource company that operates principally in Canada and Cuba and has a significant mining project in Madagascar (the Ambatovy Joint Venture) that recently commenced production. The Corporation, either directly or through its subsidiaries, has significant interests in nickel and cobalt mining, processing and refining; thermal coal technology and production; oil and gas exploration, development and production; and, electricity generation. The Corporation also licenses its proprietary technologies to other mining companies.

The Corporation is domiciled in Ontario, Canada and its registered office is 1133 Yonge Street, Toronto, Ontario, M4T 2Y7. These interim condensed consolidated financial statements were approved and authorized for issuance by the Audit Committee on behalf of the Board of Directors of Sherritt on April 23, 2013. The Corporation is listed on the Toronto Stock Exchange.

2. BASIS OF PRESENTATION

The interim condensed consolidated financial statements of the Corporation are prepared in accordance with IAS 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 financial statements include the financial results of the Corporation's interest in its subsidiaries, joint arrangements and an associate.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of Sherritt as at and for the year ended December 31, 2012, with the exception of the impact of certain amendments to accounting standards or new interpretations issued by the IASB, which were applicable from January 1, 2013. The adoption of these amendments and standards have not had a material impact on the accounting policies, methods of computation or presentation applied by the Corporation, with the exception of IFRS 11, "Joint Arrangements" and IAS 19 (2011), "Employee Benefits" for which the effects of adoption are included in note 28.

Joint Arrangements

The Corporation adopted IFRS 11, "Joint Arrangements" effective January 1, 2013. This standard replaces IAS 31, "Interests in Joint Ventures" and SIC 13, "Jointly controlled entities – non-monetary contributions by venturers". The standard is applicable to all entities that have an interest in arrangements that are jointly controlled. In accordance with the transition requirements, interests, previously defined as jointly controlled entities that were proportionately consolidated, are re-measured using the carrying amount of the assets and liabilities at the beginning of the immediately preceding period, that is, January 1, 2012, in order to arrive at the initial equity investment. The Corporation has two types of joint arrangements:

(i) Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the net assets of the arrangement. Joint control is considered to be when all parties to the joint venture are required to reach unanimous consent over decisions about relevant business activities pertaining to the contractual arrangement. Interests in joint ventures are recognized as an investment and accounted for using the equity method of accounting.

(ii) Joint Operations

A joint operation is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the assets and liabilities relating to the arrangement. Joint control is considered to exist when all parties to the joint venture are required to reach unanimous consent over decisions about relevant business activities pertaining to the contractual arrangement. Interests in joint operations are accounted for by recognizing the Corporation's share of assets, liabilities, revenues, and expenses incurred jointly.

Post-employment benefits

The Corporation adopted IAS 19 (2011), "Employee Benefits" effective January 1, 2013. On adoption of this standard, which has been applied retrospectively, the Corporation now recognizes changes in defined benefit obligations and plan assets when they occur rather than utilizing the corridor approach. Actuarial gains and losses are recognized immediately through other comprehensive income. Additionally, net interest on plan assets is calculated using the discount rate used to measure the defined benefit obligations and recognized in the consolidated statements of comprehensive income (loss).

Judgments and estimates

Interests in other entities

As part of its process in determining the classification of its interests in other entities, the Corporation applies judgment in interpreting these interests such as (i) the determination of the level of control or significant influence held by the Corporation (ii) the standard's applicability to the operations, (iii) the legal structure and contractual terms of the arrangement, (iv) concluding whether the Corporation has rights to assets and liabilities or to net assets of the arrangement, and (v) when relevant, other facts and circumstances. The Corporation has determined that Energas S.A., Carbon Development Partnership, and Bienfait Activated Carbon Joint Venture represent joint operations while the Moa Joint Venture represents a joint venture as described in IFRS 11, "Joint Arrangements". The Corporation has also concluded that the Ambatovy Joint Venture continues to represent an investment in associate as described in IAS 28 "Investments in Associates and Joint Ventures".

4. SEGMENTED INFORMATION

Business segments

Canadian $ millions, for the three months ended March 31 — 2013

	Metals[1]	Coal	Oil and Gas	Power	Corporate and Other	Adjustments for Joint Venture and Associate[2]	Total
Revenue	$ 103.7	$ 179.5	$ 71.1	$ 16.0	$ 1.2	$ (85.0)	$ 286.5
Cost of sales	94.6	163.8	27.9	13.6	8.9	(79.4)	229.4
Gross profit (loss)	9.1	15.7	43.2	2.4	(7.7)	(5.6)	57.1
Administrative expenses	2.1	4.3	1.8	1.5	9.7	(1.0)	18.4
Operating profit (loss)	7.0	11.4	41.4	0.9	(17.4)	(4.6)	38.7
Gain on termination of contract	-	22.0	-	-	-	-	22.0
Share of loss of joint venture, net of tax	-	-	-	-	-	(0.2)	(0.2)
Earnings (loss) from operations, associate and joint venture	7.0	33.4	41.4	0.9	(17.4)	(4.8)	60.5
Financing income	1.4	(3.9)	(0.8)	(0.6)	(2.7)	0.1	(6.5)
Financing expense	9.6	5.1	12.0	(8.5)	20.4	(4.0)	34.6
Net finance expense (income)	11.0	1.2	11.2	(9.1)	17.7	(3.9)	28.1
Earnings (loss) before tax	(4.0)	32.2	30.2	10.0	(35.1)	(0.9)	32.4
Income tax expense (recovery)	0.9	4.6	9.6	0.6	(5.5)	(0.9)	9.3
Net earnings (loss) for the period	$ (4.9)	$ 27.6	$ 20.6	$ 9.4	$ (29.6)	$ -	$ 23.1
Supplementary information							
Depletion, depreciation and amortization	$ 9.9	$ 26.2	$ 16.0	$ 2.6	$ 0.9	$ (7.7)	$ 47.9
Property, plant and equipment expenditures	9.7	15.5	12.3	0.1	0.3	(6.7)	31.2
Intangible asset expenditures	-	-	0.7	1.8	-	-	2.5

Canadian $ millions, as at March 31 — 2013

	Metals[1]	Coal	Oil and Gas	Power	Corporate and Other	Adjustments for Joint Venture and Associate[2]	Total
Non-current assets[3]	$ 4,003.5	$ 1,425.9	$ 198.4	$ 206.5	$ 17.9	$ (3,856.4)	$ 1,995.8
Total assets	5,902.8	1,892.5	1,048.9	479.8	116.5	(2,775.8)	6,664.7

Canadian $ millions, for the three months ended March 31 — 2012

	Metals[1]	Coal	Oil and Gas	Power	Corporate and Other	Adjustments for Joint Venture and Associate[2]	Total
Revenue	$ 116.1	$ 245.3	$ 82.2	$ 16.6	$ 3.3	$ (104.1)	$ 359.4
Cost of sales	92.0	214.8	33.2	12.3	4.4	(82.1)	274.6
Gross profit (loss)	24.1	30.5	49.0	4.3	(1.1)	(22.0)	84.8
Administrative expenses	2.1	4.7	2.6	1.0	8.5	(1.4)	17.5
Operating profit (loss)	22.0	25.8	46.4	3.3	(9.6)	(20.6)	67.3
Share of earnings of associate, net of tax	-	-	-	-	-	1.2	1.2
Share of earnings of joint venture, net of tax	-	-	-	-	-	17.7	17.7
Earnings (loss) from operations, associate and joint venture	22.0	25.8	46.4	3.3	(9.6)	(1.7)	86.2
Financing income	11.8	(4.4)	(1.4)	(0.6)	(3.2)	-	2.2
Financing expense	22.0	3.8	(4.8)	(2.4)	22.2	2.3	43.1
Net finance expense (income)	33.8	(0.6)	(6.2)	(3.0)	19.0	2.3	45.3
Earnings (loss) before tax	(11.8)	26.4	52.6	6.3	(28.6)	(4.0)	40.9
Income tax expense (recovery)	4.0	2.8	13.5	0.8	(8.9)	(4.0)	8.2
Net earnings (loss) from continuing operations	(15.8)	23.6	39.1	5.5	(19.7)	-	32.7
Loss from discontinued operation	-	-	-	-	(0.3)	-	(0.3)
Net earnings (loss) for the period	$ (15.8)	$ 23.6	$ 39.1	$ 5.5	$ (20.0)	$ -	$ 32.4
Supplementary information							
Depletion, depreciation and amortization	$ 8.7	$ 27.3	$ 18.8	$ 2.6	$ 0.6	$ (6.6)	$ 51.4
Property, plant and equipment expenditures	4.8	6.6	8.6	0.2	1.1	(3.5)	17.8
Intangible asset expenditures	-	-	1.6	1.1	-	-	2.7

Canadian $ millions, as at December 31 — 2012

	Metals[1]	Coal	Oil and Gas	Power	Corporate and Other	Adjustments for Joint Venture and Associate[2]	Total
Non-current assets[3]	$ 3,892.5	$ 1,436.9	$ 203.9	$ 197.0	$ 18.3	$ (3,741.7)	$ 2,006.9
Total assets	5,638.4	1,911.6	1,007.7	462.3	221.5	(2,653.7)	6,587.8

(1) Included in the Metals segment are the operations of the Corporation's 50% interest in the Moa Joint Venture, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan and its 40% interest in the Ambatovy Joint Venture. Also included in the Metals segment are revenues and cost of sales of $5.1 million (March 31, 2012 - $nil) recognized by a subsidiary of the Corporation established to buy, market and sell certain of Ambatovy's nickel production.

(2) The adjustments for Joint Venture and Associate reflect the adjustments for equity-accounted investments in the Moa and Ambatovy Joint Ventures that are included within the Metals segment above.

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

Geographic segments

Canadian $ millions, as at			2013 March 31			2012 December 31
		Non-current assets[1]		Total assets[2]	Non-current assets[1]	Total assets[2]
Canada	$	**1,601.6**	$	**3,011.8**	$ 1,617.1	$ 3,060.1
Cuba		**373.0**		**1,101.4**	368.9	1,077.2
Madagascar		**9.7**		**2,497.1**	10.0	2,387.0
Europe		**10.4**		**19.7**	9.6	33.5
Asia		**1.1**		**2.2**	1.3	2.3
Other		**-**		**32.5**	-	27.7
	$	**1,995.8**	$	**6,664.7**	$ 2,006.9	$ 6,587.8

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

(2) For its geographic segments, the Corporation has allocated assets based on their physical location.

Canadian $ millions, for the three months ended March 31		2013 Total revenue[1]		2012 Total revenue[1]
Canada	$	**132.6**	$	169.6
Cuba		**82.6**		93.1
Madagascar		**2.0**		2.4
Europe		**3.0**		4.1
Asia		**39.7**		34.9
Other		**26.6**		55.3
	$	**286.5**	$	359.4

(1) For its geographic segments, the Corporation has allocated revenue based on the location of the customer.

Revenue segments

Revenue includes the following significant categories:

Canadian $ millions, for the three months ended March 31		2013		2012
Commodity and electricity	$	**265.4**	$	327.8
Royalty		**11.0**		13.7
Other		**10.1**		17.9
	$	**286.5**	$	359.4

5. COST OF SALES

Cost of sales includes the following select information:

Canadian $ millions, for the three months ended March 31		2013		2012
Employee costs	$	**68.1**	$	83.7
Depletion, depreciation and amortization of property, plant and equipment and intangible assets		**47.0**		50.3
Exploration and evaluation expenses		**7.2**		2.6
Impairment losses		**-**		1.1

The exploration and evaluation expenses incurred by the Corporation relate to the Sulawesi Project in Indonesia. The Corporation expensed $7.2 million relating to this project for the three months ended March 31, 2013 ($2.6 million for the three months ended March 31, 2012).

6. GAIN ON TERMINATION OF CONTRACT

On January 17, 2013, the Corporation and its customer, the owner of the Highvale mine, agreed to transfer the mine operations to the customer and terminate the Highvale mining contract. The termination resulted in a non-cash gain of $22.0 million relating to the transfer of the defined benefit pension obligation to the customer of $39.3 million which was partially offset by a non-cash write-off of $17.3 million for intangible assets associated with the mining contract.

7. INVESTMENT IN AN ASSOCIATE

The Corporation indirectly holds a 40% interest in Ambatovy Minerals S.A. and Dynatec Madagascar S.A (collectively the Ambatovy Joint Venture). Sherritt is the operator of the Ambatovy Joint Venture and has as its partners, Sumitomo Corporation (Sumitomo), Korea Resources Corporation (Kores) and SNC-Lavalin Inc. (SNC-Lavalin). The Ambatovy Joint Venture has two nickel deposits located near Moramanga, Madagascar. The ore from these deposits are delivered via pipeline to a processing plant and refinery located near the Port of Toamasina. The Ambatovy Joint Venture commenced production in September 2012.

Statement of financial position

The following provides additional information relating to the Corporation's investment in the Ambatovy Joint Venture:

Canadian $ millions, 100% basis, as at	**2013 March 31**	2012 December 31	2012 January 1
Assets			
Cash and cash equivalents[(1)]	**$ 19.2**	$ 51.5	$ 34.3
Short-term investments[(1)]	**99.5**	79.5	-
Other current assets	**28.3**	13.5	15.5
Trade accounts receivable, net	**126.8**	119.3	80.5
Inventories	**295.4**	265.3	139.3
Other non-current assets[(2)]	**4.9**	4.8	6.0
Property, plant and equipment	**8,363.3**	8,079.3	7,519.3
Total assets	**8,937.4**	8,613.2	7,794.9
Liabilities			
Trade accounts payable and accrued liabilities	**298.8**	227.8	248.8
Other financial liabilities	**20.1**	20.0	16.3
Current portion of loans and borrowings[(3)]	**124.0**	121.5	-
Loans and borrowings			
Ambatovy revolving credit facility[(4)]	**-**	8.8	-
Ambatovy Joint Venture financing[(3)]	**1,977.3**	1,935.5	2,097.3
Ambatovy Subordinated loan payable[(5)]	**3,372.0**	3,197.8	2,422.3
Environmental rehabilitation provision	**88.7**	87.0	81.0
Other long-term liabilities	**0.1**	0.3	0.3
Deferred income taxes	**296.2**	290.8	296.2
Total liabilities	**6,177.2**	5,889.5	5,162.2
Net assets[(6)]	**$ 2,760.2**	$ 2,723.7	$ 2,632.7

(1) In accordance with Article 44 of La loi pour les grands investissements dans le secteur minier Malagasay (LGIM), Madagascar's large scale mining investment act, the Ambatovy Joint Venture is required to maintain, in local bank accounts, sufficient funds to pay 90 days of operating expenses. Those funds are comprised of cash and cash equivalents and short-term investments. As at March 31, 2013, the Ambatovy Joint Venture was in compliance with the requirements of Article 44 of the LGIM.

(2) As at March 31, 2013, the Ambatovy Joint Venture has earned investment tax credits of $464.2 million (December 31, 2012 - $432.8 million) for which a deferred income tax asset has not been recognized. The investment tax credits have an indefinite carry forward period and may be used to partially offset Malagasy income tax otherwise payable by the Ambatovy Joint Venture in subsequent years.

(3) The Ambatovy Joint Venture financing totalling US$2,100.0 million is limited recourse project financing with a group of international lenders that matures June 15, 2024. The first repayment will be at the latest of six months after financial completion or 30 months after the final draw down, but in no case later than June 2013. The project financing is guaranteed by the project sponsors until the project passes certain completion tests at which point the project financing is secured by the project assets. Failure to pass such completion tests would be an event of default. Interest is payable based on LIBOR rates plus applicable margins, depending on the lenders. Interest is currently payable based on LIBOR rates plus applicable margins of approximately 1.4%. As part of the project financing, Sherritt is required to demonstrate its financial capacity to fund its share of the project. Sherritt is required to have available cash or un-drawn partner loans equal to three months of its shareholder contributions. If Sherritt's net tangible assets fall below $1,600.0 million or the ratio of debt-to-total-capitalization on a three-year rolling average basis is equal to or greater than 0.55:1, Sherritt will be required to set aside its remaining shareholder contributions. At March 31, 2013, the Ambatovy Joint Venture had borrowed US$2,100.0 million (December 31, 2012 - US$2,100.0 million) under the project financing.

(4) The Ambatovy revolving credit facility is comprised of a US$35.0 million revolving and US$9.0 million overdraft credit facility agreement with local financial institutions. The facilities bear interest rates between 9.00% and 11.85% and expire on December 6, 2013. The facilities are subordinated to the Ambatovy Joint Venture financing. As at March 31, 2013, $nil million and $nil million were drawn on the revolving and overdraft credit facilities (December 31, 2012 - US$8.8 million and $nil).

(5) The subordinated loan payable is comprised of pro-rata contributions provided by the Ambatovy Joint Venture partners. The debt bears interest at LIBOR plus 6%. Repayments of principal or interest will not be made prior to certain conditions of the finance agreements being satisfied. Unpaid interest is accrued monthly and capitalized to the principal balance semi-annually. Interest expense capitalized to property, plant and equipment is eliminated on consolidation. The Corporation has recorded its share of subordinated loan receivable in advances, loans receivable, other financial assets and finance lease receivables (note 14).

(6) Net assets include the elimination of certain items the most significant of which is the capitalization of interest relating to the subordinated loans payable to the Ambatovy Joint Venture partners. As at March 31, 2013 $495.7 million of capitalized interest was eliminated (December 31, 2012 - $432.8 million; January 1, 2012 - $256.9 million).

Results of operations

For the three months ended March 31, 2013, the Corporation recognized net earnings of $nil, representing its 40% interest in the Ambatovy Joint Venture (net earnings of $1.2 million for the three months ended March 31, 2012). The Ambatovy Joint Venture generated pre-commercial production revenue of $40.9 million for the three months ended March 31, 2013 ($nil for the three months ended March 31, 2012). The operating revenue and expenses are capitalized until commercial production is declared. For the Ambatovy Joint Venture commercial production is defined as achieving 70% of ore throughput of nameplate capacity in the Pressure Acid Leach circuits over a thirty-day period.

8. JOINT ARRANGEMENTS

Investment in a Joint Venture

The Corporation indirectly holds a 50% interest in the Moa Joint Venture. The Moa Joint Venture mines, processes and refines nickel and cobalt for sale worldwide (except in the United States). The Moa Joint Venture has mining operations and associated processing facilities in Moa, Cuba; refining facilities in Fort Saskatchewan, Alberta; and an international marketing and sales organization.

The following provides additional information relating to the Corporation's investment in the Moa Joint Venture:

Statement of financial position

Canadian $ millions, 100% basis, as at		**2013 March 31**		2012 December 31		2012 January 1
Assets						
Cash and cash equivalents	**$**	**53.9**	$	47.1	$	60.0
Other current assets		**13.0**		8.8		4.2
Trade accounts receivable, net		**83.5**		74.6		84.5
Inventories		**169.1**		169.0		172.3
Other non-current assets		**10.7**		10.6		6.3
Property, plant and equipment		**1,019.4**		1,017.3		1,048.2
Total assets		**1,349.6**		1,327.4		1,375.5
Liabilities						
Trade accounts payable and accrued liabilities		**73.1**		57.3		51.1
Other current financial liabilities		**95.4**		98.0		130.4
Other current liabilities		**0.3**		3.0		0.8
Environmental rehabilitation provision		**63.9**		66.0		64.8
Other long-term financial liabilities		**344.3**		338.4		380.9
Deferred income taxes		**32.8**		33.1		32.5
Total liabilities		**609.8**		595.8		660.5
Net assets[(1)]	**$**	**739.8**	$	731.6	$	715.0

(1) Net assets include the elimination of certain items the most significant of which is the capitalization of interest relating to advances and loans payable due to the Moa Joint Venture partners. As at March 31, 2013, $77.1 million of capitalized interest was eliminated (December 31, 2012 - $75.8 million; January 1, 2012 - $77.0 million).

Results of operations

Canadian $ millions, 100% basis, for the three months ended March 31		2013		2012
Revenue	$	**169.9**	$	208.4
Cost of sales		**158.0**		163.2
Gross profit		**11.9**		45.2
Administrative expenses		**2.0**		1.8
Operating profit		**9.9**		43.4
Financing income		**(0.2)**		(0.1)
Financing expense		**8.4**		0.1
Net finance expense		**8.2**		-
Earnings before tax		**1.7**		43.4
Income tax expense		**2.1**		8.0
Net (loss) earnings for the period (1)	$	**(0.4)**	$	35.4
Other comprehensive income				
Foreign currency translation differences on foreign operations		**13.6**		(11.5)
Total comprehensive income	$	**13.2**	$	23.9

(1) Net earnings includes the elimination of certain items the most significant of which is interest expense relating to advances and loans payable due to the Moa Joint Venture partners. For the three months ended March 31, 2013, $3.6 million of interest expense was eliminated ($2.8 million for the three months ended March 31, 2012).

For the three months ended March 31, 2013, the Corporation recognized a net loss of $0.2 million, representing its 50% interest in the Moa Joint Venture (net earnings of $17.7 million for the three months ended March 31, 2012).

For the three months ended March 31, 2013, the Moa Joint Venture (50% basis) issued $nil million in dividends ($nil million for the three months ended March 31, 2012).

Joint Operations

The following is a summary of the Corporation's economic interests in joint operations, all of which have a December 31 reporting date:

As at		2013 March 31	2012 December 31
Entity	**Principal activities**	**Economic Interest**	
Carbon Development Partnership	Coal recovery and coal gasification project	**50%**	50%
Energas	Power generation	**33⅓%**	33⅓%
Bienfait Activated Carbon	Operator of activated carbon plant facility	**50%**	50%

As a result, the Corporation recognizes all applicable assets, liabilities, revenues and expenses relating to its interest in the above noted joint operations in accordance with IFRS.

The following table is a summary of the Corporation's interests in its joint operations:

Canadian $ millions, as at March 31		Bienfait Activated Carbon		Carbon Development Partnership		2013 Energas
		50%		**50%**		**33⅓%**
Current assets	$	**4.2**	$	**1.1**	$	**31.3**
Non-current assets		**34.0**		**12.9**		**165.7**
Current liabilities		**26.5**		**1.2**		**15.9**
Non-current liabilities		**0.8**		**0.4**		**112.9**
Net assets	$	**10.9**	$	**12.4**	$	**68.2**

Canadian $ millions, as at December 31			2012
	Bienfait Activated Carbon	Carbon Development Partnership	Energas
	50%	50%	33⅓%
Current assets	$ 5.3	$ 1.1	$ 24.4
Non-current assets	34.2	12.9	156.3
Current liabilities	29.2	1.0	11.4
Non-current liabilities	0.8	0.4	104.2
Net assets	$ 9.5	$ 12.6	$ 65.1

Canadian $ millions, as at January 1			2012
	Bienfait Activated Carbon	Carbon Development Partnership	Energas
	50%	50%	33⅓%
Current assets	$ 5.1	$ 0.9	$ 21.2
Non-current assets	35.2	29.6	131.2
Current liabilities	36.2	1.1	11.4
Non-current liabilities	0.8	0.5	75.4
Net assets	$ 3.3	$ 28.9	$ 65.6

Canadian $ millions, for the three months ended March 31			**2013**
	Bienfait Activated Carbon	**Carbon Development Partnership**	**Energas**
	50%	**50%**	**33⅓%**
Revenue	**$ 3.6**	**$ 0.2**	**$ 14.7**
Expense	**2.1**	**0.3**	**10.7**
Net earnings (loss)	**$ 1.5**	**$ (0.1)**	**$ 4.0**

Canadian $ millions, for the three months ended March 31			2012
	Bienfait Activated Carbon	Carbon Development Partnership	Energas
	50%	50%	33⅓%
Revenue	$ 4.2	$ 0.2	$ 15.3
Expense	2.4	0.4	13.9
Net earnings (loss)	$ 1.8	$ (0.2)	$ 1.4

9. NET FINANCE EXPENSE

Canadian $ millions, for the three months ended March 31	Note	**2013**	2012
Net unrealized loss on financial instruments	13	**$ (1.5)**	$ (11.8)
Interest income on cash, cash equivalents and short-term investments		**1.2**	1.1
Interest income on investments		**1.2**	1.9
Interest income on advances and loans receivable		**1.7**	2.2
Interest income on finance leases		**3.9**	4.4
Total financing income		**6.5**	(2.2)
Interest expense and accretion on loans and borrowings		**32.7**	28.9
Interest expense on finance lease obligations		**1.9**	2.0
Unrealized foreign exchange (gain)/loss		**(5.0)**	4.7
Realized foreign exchange (gain)/loss		**(0.1)**	0.2
Cross-guarantee fee amortization		**-**	3.0
Other finance charges		**4.1**	3.3
Accretion expense on environmental rehabilitation provisions	18	**1.0**	1.0
Total financing expense		**34.6**	43.1
Net finance expense		**$ 28.1**	$ 45.3

10. INCOME TAXES

Canadian $ millions, for the three months ended March 31		2013		2012
Current income tax expense				
Current period	**$**	**12.0**	$	14.5
		12.0		14.5
Deferred income tax recovery				
Origination and reversal of temporary differences		**(3.3)**		(2.3)
Reduction in tax rate		**-**		(0.3)
Non-recognition/(recognition) of tax assets previously recognized		**0.6**		(3.7)
		(2.7)		(6.3)
Income tax expense	**$**	**9.3**	$	8.2

11. DISCONTINUED OPERATION

In 2007, the Corporation acquired Mineral Products, which included a talc mine and plant, through the acquisition of the Dynatec Corporation (Dynatec). During 2010, the Corporation closed the talc mine and plant and classified Mineral Products as a discontinued operation. Mineral Products is included in the Corporate and Other business segment (note 4).

In the second quarter of 2012, the Corporation closed the sale of its talc plant to a third party. The Corporation recorded a gain of $4.7 million at that time primarily as a result of transferring the reclamation liability to the purchaser. For the three months ended March 31, 2012, the Corporation recorded a loss from discontinued operation, net of tax, of $0.3 million. As at April 30, 2012, remaining net assets with respect to the talc mine were reclassified into continuing operations.

12. EARNINGS PER SHARE

The following table presents the calculation of basic and diluted earnings per common share:

Canadian $ millions, except share amounts in millions and per share amounts in dollars, for the three months ended March 31		**2013**		2012
Net earnings from continuing operations	**$**	**23.1**	$	32.7
Loss from discontinued operation, net of tax		**-**		(0.3)
Net earnings - basic	**$**	**23.1**	$	32.4
Net earnings from continuing operations	**$**	**23.1**	$	32.7
Adjustments to cash-settled share-based compensation expense		**-**		(0.1)
Earnings from continuing operations - diluted		**23.1**		32.6
Loss from discontinued operation, net of tax		**-**		(0.3)
Net earnings - diluted	**$**	**23.1**	$	32.3
Weighted-average number of common shares - basic		**296.5**		296.2
Weighted-average effect of dilutive securities [1]:				
Stock options		**-**		0.1
Restricted stock plan		**0.4**		0.3
Weighted-average number of common shares - diluted		**296.9**		296.6
Net earnings from continuing operations per common share:				
Basic and diluted	**$**	**0.08**	$	0.11
Earnings from discontinued operation per common share:				
Basic and diluted	**$**	**-**	$	-
Net earnings per common share:				
Basic and diluted	**$**	**0.08**	$	0.11

(1) The determination of the weighted-average number of common shares - diluted excludes 5.0 million shares related to stock options that were anti-dilutive for the three months ended March 31, 2013 (3.6 million for the three months ended March 31, 2012). There were 0.8 million shares related to the employee share purchase plan that were anti-dilutive for the three months ended March 31, 2013 (0.8 million shares for the three months ended March 31, 2012).

13. FINANCIAL INSTRUMENTS

Financial instrument hierarchy

Canadian $ millions, as at	Hierarchy level		**2013 March 31**		2012 December 31		2012 January 1
Financial assets held for trading, measured at fair value:							
Cash equivalents	1	**$**	**211.5**	$	108.3	$	54.9
Short-term investments	1		**187.0**		356.1		456.8
Ambatovy call option	3		**20.5**		21.5		38.0

The following is a reconciliation of the beginning to ending balance for the Ambatovy call option included in Level 3:

Canadian $ millions	Note		**For the three months ended 2013 March 31**		For the year ended 2012 December 31
Balance, beginning of the period		**$**	**21.5**	$	38.0
Total loss included in net earnings[1]	9		**(1.5)**		(15.8)
Effect of movements in exchange rates			**0.5**		(0.7)
Balance, end of the period		**$**	**20.5**	$	21.5

(1) Losses are recognized in net finance expense (note 9).

During the three months ended March 31, 2013, the Corporation recognized a downward fair value adjustment of $1.5 million (downward fair value adjustment of $11.8 million for the three months ended March 31, 2012) in financing income on the

Ambatovy call option primarily as a result of changes in various inputs in the Black-Scholes model, including volatility, which is based on a blend of historical commodity prices and publicly traded stock prices of companies with comparable projects, and the reduced time of expiration of the option.

Fair values

Financial instruments with carrying amounts different from their fair values include the following(1):

		2013		2012		2012	
Canadian $ millions, as at	Note	**March 31**		December 31		January 1	
		Carrying value	**Fair value**	Carrying value	Fair Value	Carrying value	Fair Value
8.25% senior unsecured debentures due 2014	17	**$ -**	**$ -**	$ -	$ -	$ 223.0	$ 233.0
7.75% senior unsecured debentures due 2015	17	**273.5**	**296.3**	273.4	295.6	272.9	283.1
8.00% senior unsecured debentures due 2018	17	**392.5**	**419.9**	392.2	426.0	391.2	408.4
7.50% senior unsecured debentures due 2020	17	**490.1**	**512.8**	489.8	517.5	-	-
Ambatovy Joint Venture Additional Partner loans (2)	17	**765.0**	**875.5**	749.3	865.4	708.5	797.4
Ambatovy Joint Venture Partner loans (2)	17	**94.0**	**80.0**	92.1	77.5	92.2	71.5

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

(2) The fair value for the Ambatovy Partner loans and Ambatovy Additional Partner loans is calculated by discounting future cash flows by 6.91% and 7.15%, respectively. These rates are based on market rates adjusted for the Corporation's credit quality for instruments with similar maturity horizons.

As at March 31, 2013, the carrying amounts of cash and cash equivalents, restricted cash, short-term investments, trade accounts receivable, current portion of advances and loans receivable, current portion of other financial assets, current portion of finance lease receivables, current portion of loans and borrowings, current portion of other financial liabilities, trade accounts payable and accrued liabilities are at fair value or approximate fair value due to their immediate or short terms to maturity.

The fair values of non-current loans and borrowings and other financial liabilities approximate their carrying amount except as indicated above. The fair value of a financial instrument on initial recognition is normally the transaction price, the fair value of the consideration given or received. The fair values of non-current advances and loans receivable and finance lease receivables are estimated based on discounted cash flows. Due to the use of judgment and uncertainties in the determination of the estimated fair values, these values should not be interpreted as being realizable in the immediate term.

As at March 31, 2013, the carrying amount of the lenders' conversion option under the Ambatovy Joint Venture additional partner loan agreements is approximately equal to the fair value.

Cash, cash equivalents and short-term investments

Cash and cash equivalents consist of:

Canadian $ millions, as at		2013 March 31		2012 December 31		2012 January 1
Cash equivalents	$	**211.5**	$	108.3	$	54.9
Cash on hand and balances with banks		**43.7**		38.8		89.7
	$	**255.2**	$	147.1	$	144.6

The Corporation's cash balances are deposited with major financial institutions rated A or higher by Standard and Poor's and with banks in Cuba that are not rated. The total cash held in Cuban bank deposit accounts was $21.1 million at March 31, 2013 (December 31, 2012 – $20.1 million).

As at March 31, 2013, $15.8 million of cash on the Corporation's consolidated statements of financial position was held by Energas (December 31, 2012 – $8.6 million). These funds are for the use of the joint operation.

As at March 31, 2013, the Corporation had $398.5 million in Government of Canada treasury bills (December 31, 2012 - $464.4 million) included in cash and cash equivalents and short-term investments.

Trade accounts receivable

The Corporation's trade accounts receivable are composed of the following:

Canadian $ millions, as at	Note		2013 March 31		2012 December 31		2012 January 1
Trade accounts receivable		$	**328.6**	$	322.4	$	303.8
Allowance for doubtful accounts			**(3.0)**		(2.3)		(0.1)
Accounts receivable from joint operations	23		**0.2**		-		0.1
Accounts receivable from joint venture	23		**9.2**		5.8		7.8
Accounts receivable from associate	23		**57.8**		31.1		22.1
Other			**21.3**		14.9		14.4
		$	**414.1**	$	371.9	$	348.1

Aging of receivables:

Canadian $ millions, as at		2013 March 31		2012 December 31		2012 January 1
Not past due	$	**321.5**	$	290.0	$	285.5
Past due no more than 30 days		**30.8**		31.6		33.2
Past due for more than 30 days but no more than 60 days		**20.3**		19.0		19.5
Past due for more than 60 days		**44.5**		33.6		10.0
	$	**417.1**	$	374.2	$	348.2

Current payment terms for oil sales to an agency of the Cuban government are based on West Texas Intermediate (WTI) reference prices. As the WTI price exceeds US$29.50, payment terms are 180 days from the date of invoice.

Payment terms for electricity and by-product sales to Cuban state enterprises are 60 days from the date of invoice.

14. ADVANCES, LOANS RECEIVABLE, OTHER FINANCIAL ASSETS AND FINANCE LEASE RECEIVABLES

Advances, loans receivable and other financial assets

Canadian $ millions, as at	Note	2013 March 31	2012 December 31	2012 January 1
Advances, loans receivable				
Ambatovy subordinated loans receivable	23	$ **1,348.8**	$ 1,279.1	$ 968.9
Energas conditional sales agreement	23	**240.8**	223.9	166.9
Moa Joint Venture loans receivable	23	**237.1**	235.6	285.6
Other		**19.5**	19.8	20.9
Other financial assets				
Ambatovy call option	13	**20.5**	21.5	38.0
Deferred reclamation recoveries		**9.2**	9.0	9.0
Other		**1.5**	-	-
		1,877.4	1,788.9	1,489.3
Current portion of advances, loan receivable and other financial assets		**(93.2)**	(93.7)	(121.5)
		$ **1,784.2**	$ 1,695.2	$ 1,367.8

Other non-financial assets

Canadian $ millions, as at	Note	2013 March 31	2012 December 31	2012 January 1
Cross-guarantee fee asset		$ **-**	$ -	$ 10.6
Pension assets	24	**4.5**	5.3	5.8
Other		**5.3**	6.3	4.3
		9.8	11.6	20.7
Current portion of other non-financial assets		**(0.8)**	(0.8)	(0.2)
		$ **9.0**	$ 10.8	$ 20.5

Finance lease receivables

Canadian $ millions, as at	2013 March 31			2012 December 31			2012 January 1		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ **28.4**	$ **12.2**	$ **16.2**	$ 38.5	$ 13.7	$ 24.8	$ 38.3	$ 15.0	$ 23.3
Between one and five years	**100.4**	**36.3**	**64.1**	120.6	39.6	81.0	122.8	45.8	77.0
More than five years	**126.1**	**25.6**	**100.5**	127.8	26.6	101.2	149.5	30.5	119.0
	$ **254.9**	$ **74.1**	$ **180.8**	$ 286.9	$ 79.9	$ 207.0	$ 310.6	$ 91.3	$ 219.3

15. INVENTORIES

Canadian $ millions, as at	2013 March 31	2012 December 31	2012 January 1
Uncovered coal	$ **10.2**	$ 8.3	$ 8.5
Raw materials	**11.2**	6.6	2.7
Materials in process	**0.4**	0.1	0.2
Finished products	**87.9**	77.5	51.0
	109.7	92.5	62.4
Spare parts and operating materials	**76.3**	71.3	66.6
	$ **186.0**	$ 163.8	$ 129.0

For the three months ended March 31, 2013, the cost of inventories recognized as an expense and included in cost of sales was $152.0 million ($158.4 million for the three months ended March 31, 2012).

16. PROPERTY, PLANT AND EQUIPMENT

Canadian $ millions, for the three months ended March 31								2013
		Mining properties		Oil and Gas properties		Plant, equipment and land		Total
Cost								
Balance, beginning of the period	$	439.5	$	1,056.9	$	1,310.6	$	2,807.0
Additions		4.6		7.0		34.5		46.1
Capitalized closure costs		3.9		-		(4.1)		(0.2)
Disposals and derecognition		-		-		(1.3)		(1.3)
Effect of movements in exchange rates		-		16.8		6.0		22.8
Balance, end of the period	$	448.0	$	1,080.7	$	1,345.7	$	2,874.4
Depletion, depreciation and impairment losses								
Balance, beginning of the period	$	298.4	$	957.7	$	642.0	$	1,898.1
Depletion and depreciation		8.1		14.6		21.1		43.8
Disposals and derecognition		0.2		-		4.6		4.8
Effect of movements in exchange rates		-		15.4		3.1		18.5
Balance, end of the period		306.7		987.7		670.8		1,965.2
Net book value	$	141.3	$	93.0	$	674.9	$	909.2

Canadian $ millions, for the year ended December 31								2012
		Mining properties		Oil and Gas properties		Plant, equipment and land		Total
Cost								
Balance, beginning of the year	$	389.7	$	1,047.0	$	1,294.3	$	2,731.0
Additions		21.1		30.5		122.7		174.3
Capitalized closure costs		41.9		(1.4)		5.2		45.7
Disposals and derecognition		(13.2)		-		(105.0)		(118.2)
Effect of movements in exchange rates		-		(19.2)		(6.6)		(25.8)
Balance, end of the year	$	439.5	$	1,056.9	$	1,310.6	$	2,807.0
Depletion, depreciation and impairment losses								
Balance, beginning of the year	$	241.0	$	917.0	$	666.7	$	1,824.7
Depletion and depreciation		59.6		57.9		82.7		200.2
Impairments		10.9		-		-		10.9
Disposals and derecognition		(13.1)		-		(103.7)		(116.8)
Effect of movements in exchange rates		-		(17.2)		(3.7)		(20.9)
Balance, end of the year		298.4		957.7		642.0		1,898.1
Net book value	$	141.1	$	99.2	$	668.6	$	908.9

Canadian $ millions		Plant, equipment and land
Assets held under finance lease at net book value, included in above		
As at March 31, 2013	$	**152.4**
As at December 31, 2012		142.8
As at January 1, 2012		115.6
Assets under construction, included in above		
As at March 31, 2013	$	**27.1**
As at December 31, 2012		24.7
As at January 1, 2012		28.8

17. LOANS, BORROWINGS AND OTHER LIABILITIES

Loans and borrowings

Canadian $ millions, as at	Note	2013 March 31	2012 December 31	2012 January 1
Long-term loans				
8.25% senior unsecured debentures due 2014		$ -	$ -	$ 223.0
7.75% senior unsecured debentures due 2015	13	**273.5**	273.4	272.9
8.00% senior unsecured debentures due 2018	13	**392.5**	392.2	391.2
7.50% senior unsecured debentures due 2020	13	**490.1**	489.8	-
Ambatovy Joint Venture Additional Partner loans	13	**765.0**	749.3	708.5
Ambatovy Joint Venture Partner loans	13	**94.0**	92.1	92.2
Coal revolving credit facility		**28.0**	43.0	-
Senior credit facility		-	-	43.0
3-year non-revolving term loan		-	-	11.2
Loan from financial institution		-	-	2.7
		2,043.1	2,039.8	1,744.7
Current portion of loans and borrowings		-	-	(56.9)
		$ 2,043.1	$ 2,039.8	$ 1,687.8

Under the syndicated 364 day revolving-term credit facility the Corporation issued a US $20.0 million letter of credit relating to its pro-rata share of Ambatovy's environmental obligations.

Other financial liabilities

Canadian $ millions, as at	Note	2013 March 31	2012 December 31	2012 January 1
Finance lease obligations		**$ 151.0**	$ 155.1	$ 139.5
Other long-term financial liabilities		**12.1**	12.4	12.4
Stock compensation liability	20	**8.6**	11.9	11.2
		171.7	179.4	163.1
Current portion of other financial liabilities		**(50.6)**	(56.8)	(55.4)
		$ 121.1	$ 122.6	$ 107.7

Finance lease obligations

Canadian $ millions, as at			**2013 March 31**			2012 December 31			2012 January 1
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	**$ 47.5**	**$ 6.4**	**$ 41.1**	$ 51.8	$ 7.0	$ 44.8	$ 49.4	$ 6.5	$ 42.9
Between one and five years	**118.5**	**8.6**	**109.9**	119.7	9.4	110.3	105.8	9.2	96.6
	$ 166.0	**$ 15.0**	**$ 151.0**	$ 171.5	$ 16.4	$ 155.1	$ 155.2	$ 15.7	$ 139.5

Other long-term financial liabilities

Canadian $ millions, as at	2013 March 31	2012 December 31	2012 January 1
Less than one year	**$ 2.2**	$ 2.4	$ 3.7
Between one and five years	**5.1**	5.6	7.0
More than five years	**4.8**	4.4	1.7
	$ 12.1	$ 12.4	$ 12.4

Other non-financial liabilities

Canadian $ millions, as at	Note	**2013 March 31**	2012 December 31	2012 January 1
Pension liability	24	**$ 6.8**	$ 48.9	$ 45.2
Deferred revenue		**49.9**	16.8	9.1
		56.7	65.7	54.3
Current portion of other non-financial liabilities		**(49.1)**	(16.0)	(8.1)
		$ 7.6	$ 49.7	$ 46.2

18. ENVIRONMENTAL REHABILITATION PROVISIONS, CONTINGENCIES AND GUARANTEES

The following is a reconciliation of the environmental rehabilitation provision:

Canadian $ millions	Note	**For the three months ended 2013 March 31**	For the year ended 2012 December 31
Balance, beginning of the period		**$ 263.2**	$ 235.3
Additions		**3.2**	23.3
Change in estimates		**(4.4)**	22.6
Utilized during the period		**(4.8)**	(21.2)
Accretion	9	**1.0**	3.5
Foreign exchange translation		**(0.1)**	(0.3)
Balance, end of the period		**258.1**	263.2
Current portion		**(35.9)**	(34.4)
		$ 222.2	$ 228.8

Guarantees

Ambatovy Joint Venture

Sherritt has provided guarantees of up to US$840.0 million as its pro-rata share of completion guarantees under the Ambatovy Joint Venture financing. The other joint venture partners have cross-guaranteed US$598.0 million and have also agreed to provide letters of credit up to US$242.0 million to the senior lenders. These guarantees are released once the Ambatovy Joint Venture has satisfied certain required completion tests (note 7).

19. 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	Note			**For the three months ended 2013 March 31**			For the year ended 2012 December 31
		Number		**Capital stock**	Number		Capital stock
Balance, beginning of the period		**296,490,635**	**$**	**2,806.1**	296,390,692	$	2,803.1
Treasury stock - restricted stock plan	20	**-**		**-**	(287,400)		(1.6)
Restricted stock plan (vested)	20	**90,026**		**0.8**	106,848		0.9
Employee share purchase plan	20	**-**		**-**	280,495		3.7
Balance, end of the period		**296,580,661**	**$**	**2,806.9**	296,490,635	$	2,806.1

The following dividends were paid or were declared but unpaid:

Canadian $ millions, except per share amounts, for the three months ended March 31				**2013**				2012
		Per share		**Total**		Per share		Total
Dividends paid during the period	**$**	**0.038**	**$**	**11.3**	$	0.038	$	11.3
Dividends declared but unpaid		**0.043**		**12.7**		0.038		11.3

Reserves

Canadian $ millions	Note		**For the three months ended 2013 March 31**		For the year ended 2012 December 31
Stated capital reserve					
Balance, beginning and end of the period		**$**	**190.3**	$	190.3
Stock-based compensation reserve[1]					
Balance, beginning of the period		**$**	**4.6**	$	4.8
Restricted stock plan (vested)	20		**(0.8)**		(0.9)
Restricted stock plan amortization	20		**0.2**		1.3
Employee share purchase plan expense	20		**-**		(2.4)
Employee share purchase plan (vested)	20		**0.1**		0.2
Stock option plan expense	20		**0.3**		1.6
Balance, end of the period		**$**	**4.4**	$	4.6
Total reserves, end of the period		**$**	**194.7**	$	194.9

(1) Stock-based compensation reserve relates to equity-settled compensation plans issued by the Corporation to its directors, officers and employees.

Accumulated other comprehensive loss

Foreign currency translation reserve Canadian $ millions	Note		For the three months ended 2013 March 31	For the year ended 2012 December 31
Balance, beginning of the period		$	**(101.2)**	$ (51.4)
Foreign currency translation differences on foreign operations			**48.1**	(49.8)
Balance, end of the period		**$**	**(53.1)**	$ (101.2)
Actuarial gains and losses on defined benefit obligation reserve				
Balance, beginning of the period		$	**(28.4)**	$ (21.7)
Reclassification due to settlement of pension obligation			**22.9**	-
Actuarial gains (losses) on defined benefit obligation, net of tax	24		**2.9**	(6.7)
Balance, end of the period			**(2.6)**	$ (28.4)
Total accumulated other comprehensive loss		**$**	**(55.7)**	$ (129.6)

Accumulated foreign currency translation reserve

Accumulated other comprehensive income (loss) includes a reserve pertaining to the accumulated foreign currency translation adjustment which relates to deferred exchange gains and losses arising from the translation of the financial statements of the Corporation's foreign operations which have a foreign dollar functional currency.

Accumulated actuarial gains and losses on defined benefit obligations reserve

Accumulated other comprehensive income (loss) also includes a reserve relating to changes in defined benefit obligations and plan assets. These amounts will not recycle through comprehensive income.

The Corporation has elected to reclassify actuarial losses, included in accumulated other comprehensive loss, to retained earnings upon settlement of a pension obligation.

20. STOCK-BASED COMPENSATION PLANS

Stock options and options with tandem stock appreciation rights

The following is a summary of stock option activity:

Canadian $, for the three months ended March 31	2013 Number of Options		2013 Weighted-average exercise price	2012 Number of Options		2012 Weighted-average exercise price
Outstanding, beginning of the period	**4,244,317**	**$**	**9.49**	4,976,817	$	10.38
Granted	**888,300**		**5.14**	692,500		6.04
Forfeited	**(152,700)**		**6.12**	(1,425,000)		10.92
Outstanding, end of the period	**4,979,917**	**$**	**8.82**	4,244,317	$	9.49
Options exercisable, end of the period	**3,529,881**	**$**	**10.06**	2,764,599	$	10.91

The following table summarizes information on stock options outstanding and exercisable at March 31, 2013:

Range of exercise prices (Canadian $)	Number outstanding	Weighted-average remaining contractual life		Weighted-average exercise price	Number exercisable		Exercisable weighted-average exercise price
$3.05 - $5.05	**40,000**	**5.6**	**$**	**3.69**	**40,000**	**$**	**3.69**
$5.06 - $9.77	**3,281,582**	**7.9**		**6.54**	**1,831,546**		**7.14**
$9.78 - $11.64	**543,335**	**2.7**		**10.26**	**543,335**		**10.26**
$11.65 - $15.23	**1,115,000**	**4.4**		**14.99**	**1,115,000**		**14.99**
Total	**4,979,917**	**6.5**	**$**	**8.82**	**3,529,881**	**$**	**10.06**

As at March 31, 2013, 2,984,017 Options with tandem SARs (March 31, 2012 – 2,984,017) and 1,995,900 options (March 31, 2012 – 1,260,300) remained outstanding for which the Corporation has recognized a compensation recovery of $0.8 million for the three months ended March 31, 2013 (compensation recovery of $1.2 million for the three months ended March 31, 2012).

The carrying amount of liabilities associated with cash-settled compensation arrangements is $3.1 million at March 31, 2013 (December 31, 2012 – $4.2 million).

Inputs for measurement of grant date fair values

The fair value at the grant date of the stock options and Options with Tandem SARs was measured using Black-Scholes. The following summarizes the fair value measurement factors for options granted during the period:

Canadian $, for the three months ended March 31	**2013**	2012
Share price at grant date	**$5.22**	$5.96
Exercise price	**$5.14**	$6.04
Risk-free interest rates (based on 10-year Government of Canada bonds)	**1.94%**	1.95%
Expected volatility	**48.81%**	49.00%
Expected dividend yield	**2.91%**	2.55%
Expected life of options	**10 years**	10 years
Weighted-average fair value of options granted during the the period	**$2.11**	$2.52

Other stock-based compensation

A summary of the Share Purchase Plan units, SARs, RSUs, DSUs and RSP units outstanding as at March 31, 2013 and 2012 and changes during the period is as follows:

For the three months ended March 31				**2013**
	Share Purchase Plan	**RSU**	**DSU**	**RSP**
Outstanding, beginning of the period	**822,491**	**1,934,701**	**430,649**	**450,926**
Issued	-	**1,522,310**	**120,900**	-
Dividends credited	-	**13,016**	**2,907**	-
Exercised	-	**(605,076)**	-	-
Forfeited	**(56,865)**	**(22,948)**	-	-
Vested	-	-	-	**(90,026)**
Outstanding, end of the period	**765,626**	**2,842,003**	**554,456**	**360,900**
Units exercisable, end of the period	**n/a**	**n/a**	**554,456**	**n/a**

For the three months ended March 31				2012
	Share Purchase Plan	RSU	DSU	RSP
Outstanding, beginning of the period	769,055	1,754,529	336,160	270,374
Issued	-	758,375	85,000	260,400
Dividends credited	-	17,515	2,941	-
Forfeited	(16,440)	-	-	-
Vested	-	-	-	(19,848)
Outstanding, end of the period	752,615	2,530,419	424,101	510,926
Units exercisable, end of the period	n/a	n/a	424,101	n/a

The Corporation recorded a compensation expense of $1.1 million for the three months ended March 31, 2013 for other stock-based compensation plans (March 31, 2012 - $2.0 million compensation expense). The carrying amount of liabilities associated with cash-settled compensation arrangements is $5.5 million at March 31, 2013 (December 31, 2012 - $7.7 million).

Measurement of fair values at grant date

The fair value of the Share Purchase Plan, RSUs, DSUs and RSPs are determined by reference to the market value and performance conditions, as applicable, of the shares at the time of grant.

Beginning in 2013, the Corporation began issuing performance based RSUs to certain employees, all of which vest at the end of three years. Under the plan, each unit awarded is equivalent to a common share. A liability is accrued related to the units awarded and a compensation expense is recognized in the Consolidated Statement of Comprehensive Income over the service period required for employees to become fully entitled to the award. At the maturity date, the participant receives cash representing the value of the units. The final number of units that vest will vary from 80% to 120% of the initial number awarded (plus additional units for dividend equivalents) based on the Corporation’s total shareholder return relative to a benchmark index comprised of mining and oil and gas companies. The number of units subject to the performance condition outstanding at March 31, 2013 was 1,522,310 (March 31, 2012 – nil).

The following summarizes the fair value measurement factor for the Share Purchase Plan, RSU, DSU and RSP grants during the period:

Canadian $, for the three months ended March 31		**2013**		2012
RSU	**$**	**5.22**	$	5.96
DSU		**5.91**		6.15
RSP		**-**		5.96

The intrinsic value of cash-settled stock-based compensation awards vested and outstanding as at March 31, 2013 was $5.3 million (December 31, 2012 - $8.2 million).

21. CASH FLOWS

Other operating items

Canadian $ millions, for the three months ended March 31			**2013**		2012
Add (deduct) non-cash items:					
Accretion expense on environmental rehabilitation provisions	9	**$**	**1.0**	$	1.0
Stock-based compensation expense, net	20		**0.3**		0.8
Other items			**1.8**		(2.1)
Cash flow arising from changes in:					
Other finance charges			**(4.1)**		(3.3)
Realized foreign exchange (gain) loss			**0.1**		(0.2)
		$	**(0.9)**	$	(3.8)

Net change in non-cash working capital

Canadian $ millions, for the three months ended March 31		**2013**		2012
Trade accounts receivable	**$**	**(12.7)**	$	7.0
Inventories		**(16.5)**		(25.1)
Prepaid expenses		**(3.5)**		(2.6)
Trade accounts payable and accrued liabilities		**(11.8)**		(7.6)
Deferred revenue		**33.1**		35.8
	$	**(11.4)**	$	7.5

22. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Credit risk

Cuba

The Corporation has credit risk exposure related to its share (50% basis) of cash, accounts receivable, advances and loans receivable and certificates of deposit associated with its businesses located in Cuba or businesses which have Cuban joint venture partners as follows:

Canadian $ millions, as at		**2013 March 31**		2012 December 31		2012 January 1
Cash	**$**	**21.1**	$	22.2	$	14.8
Trade accounts receivable		**224.3**		216.1		218.7
Advances and loans receivable		**598.3**		574.9		539.4
Cuban certificates of deposit		**25.9**		31.7		58.2
Total	**$**	**869.6**	$	844.9	$	831.1

The table above reflects the Corporation's maximum credit exposure to Cuban counterparties which may differ from balances in the consolidated results due to eliminations in accordance with accounting principles for subsidiaries and joint ventures.

Madagascar

The Corporation has credit risk exposure in Madagascar related to its share (40% basis) of cash and cash equivalents of $7.7 million, short-term investments of $39.8 million, and net accounts receivable of $50.7 million associated with the Ambatovy Joint Venture, including value added tax (VAT) receivables of $39.8 million from the government of Madagascar. Total overdue accounts receivable including VAT for the Ambatovy Joint Venture amount to $36.0 million.

The Corporation also has net accounts receivable from the Malagasy Government of $10.1 million associated with its Power business, with the entire balance being overdue.

Liquidity risk

Financial obligation maturity analysis

The Corporation's significant contractual commitments, obligations, and interest and principal repayments on its financial liabilities are presented in the following table:

Canadian $ millions, for the period ended March 31, 2013	Total	Falling due within 1 year	Falling due beween 1-2 years	Faliing 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	$ 182.8	$ 182.8	$ -	$ -	$ -	$ -	$ -
Income taxes payable	28.9	28.9	-	-	-	-	-
Loans and borrowings[(1)]	3,269.4	91.6	91.6	408.0	213.6	193.8	2,270.8
Finance leases and other equipment financing	173.7	49.9	39.7	36.5	30.0	17.5	0.1
Other long-term financial liabilities	0.3	0.1	0.1	0.1	-	-	-
Environmental rehabilitation provisions	341.7	33.8	32.0	28.8	26.0	22.6	198.5
Operating leases[(2)]	23.4	9.1	3.0	2.0	1.9	1.9	5.5
Total	$ 4,020.2	$ 396.2	$ 166.4	$ 475.4	$ 271.5	$ 235.8	$ 2,474.9

(1) Loans and borrowings is composed primarily of $1,156.1 million in three public issues of senior unsecured debentures having interest rates of between 7.5% and 8.0% and maturities in 2015, 2018 and 2020, and $765.0 million and $94.0 million in loans provided by the Ambatovy Joint Venture partners to finance Sherritt's portion of the funding requirements of the Joint Venture bearing interest of LIBOR plus a margin of 7.0% and 1.125%, respectively. These partner loans are to be repaid from the Corporation's share of cash distributions from the Ambatovy Joint Venture (note 17). The amounts above 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. These 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.

(2) Operating lease payments recognized as an expense in the consolidated statement of comprehensive income were $3.6 million for the three months ended March 31, 2013 ($4.8 million for the three months ended March 31, 2012).

As a result of the Corporation's 40% interest in the Ambatovy Joint Venture, its proportionate share of significant undiscounted commitments of the Joint Venture include environmental rehabilitation commitments of $157.5 million, other contractual commitments of $40.1 million and senior debt financing of $947.3 million.

As a result of the Corporation's 50% interest in the Moa Joint Venture, its proportionate share of significant undiscounted commitments of the Joint Venture include advances and loans payable of $124.6 million, environmental rehabilitation commitments of $72.3 million and other commitments of $2.5 million.

Market risk

Foreign exchange risk

Many of Sherritt's businesses transact in currencies other than the Canadian dollar. The Corporation is sensitive to foreign exchange exposure when commitments are made to deliver products quoted in foreign currencies or when the contract currency is different from the product price currency. Derivative financial instruments are not used to reduce exposure to fluctuations in foreign exchange rates. The Corporation is also sensitive to foreign exchange risk arising from the translation of subsidiaries with a functional currency other than the Canadian dollar impacting other comprehensive income (loss).

Based on financial instrument balances as at March 31, 2013, a strengthening or weakening of $0.05 of the Canadian dollar to the U.S. dollar with all other variables held constant could have an unfavourable or favourable impact of approximately $7.5 million, respectively, on net earnings, and $28.3 million on other comprehensive income.

Interest rate risk

The Corporation is exposed to interest rate risk based on its outstanding loans and borrowings and short-term and other investments. A change in interest rates could affect future cash flows or the fair value of financial instruments.

Based on the balance of short-term and long-term loans and borrowings, cash equivalents, short-term and long-term investments, and advances and loans receivable as at March 31, 2013, excluding interest capitalized to project costs, a 1% increase or decrease in the market interest rate could increase or decrease the Corporation's annual interest expense by approximately $3.9 million, respectively. The Corporation does not engage in hedging activities to mitigate its interest rate risk.

Capital risk management

In the definition of capital, the Corporation includes, as disclosed on its consolidated statements of financial position and notes of the financial statements: capital stock, retained earnings and un-drawn credit facilities.

Canadian $ millions, as at	2013 March 31	2012 December 31	2012 January 1
Capital stock	$ **2,806.9**	$ 2,806.1	$ 2,803.1
Retained earnings	**762.0**	774.5	786.0
Un-drawn credit facilities	**559.3**	562.1	423.6

23. RELATED PARTY TRANSACTIONS

Canadian $ millions, for the three months ended March 31	2013	2012
Total value of goods and services:		
Provided to joint operations	$ **5.2**	$ 5.8
Provided to joint venture	**34.6**	30.2
Provided to associate	**5.7**	1.1
Purchased from joint operations	**0.9**	-
Purchased from joint venture	**20.7**	13.6
Net financing income from joint operations	**5.7**	4.2
Net financing income from joint venture	**1.6**	2.2

Canadian $ millions, as at	Note	2013 March 31	2012 December 31	2012 January 1
Accounts receivable from joint operations	13	$ **0.2**	$ -	$ 0.1
Accounts receivable from joint venture	13	**9.2**	5.8	7.8
Accounts receivable from associate	13	**57.8**	31.1	22.1
Accounts payable to joint operations		**0.3**	-	-
Accounts payable to joint venture		**3.0**	0.9	-
Accounts payable to associate		**0.4**	11.8	0.3
Advances and loans receivable from associate	14	**1,348.8**	1,279.1	968.9
Advances and loans receivable from Energas	14	**240.8**	223.9	166.9
Advances and loans receivable from joint venture entities	14	**237.1**	235.6	285.6

All transactions between related parties are 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 period for bad debts in respect of amounts owed by related parties.

24. POST-EMPLOYMENT BENEFITS

The Corporation sponsors defined benefit and defined contribution pension arrangements covering substantially all employees. The following table summarizes the significant actuarial assumptions used to calculate the pension expense and obligations under the defined benefit pension plans:

As at	**2013 March 31**	2012 December 31
Accrued benefit obligation		
Discount rate	**4.0%**	4.0%
Rate of compensation increases	**3.5%**	3.5%
Inflation rate	**2.5%**	2.5%
Benefit costs		
Expected long-term rate of return on plan assets	**4.0% - 6.3%**	4.0% - 4.6%
Discount rate	**4.0%**	4.0%
Plan assets		
Expected return on plan assets	**4.0% - 6.3%**	4.0% - 4.6%

Actuarial reports and updates are prepared by independent actuaries for funding and accounting purposes. Net pension plan expense was:

Canadian $ millions	Note	**For the three months ended 2013 March 31**	For the three months ended 2012 March 31
Current service cost:			
Defined benefit		**$ 0.7**	$ 2.0
Defined contribution		**4.0**	4.2
Interest cost on obligation		**0.4**	1.8
Interest on asset		**(0.7)**	(1.3)
Settlement (gain)	6	**(39.3)**	-
Net pension plan expense		**$ (34.9)**	$ 6.7

Information on defined benefit plans, in aggregate, is set out below:

Canadian $ millions	Note	**For the three months ended 2013 March 31**	For the year ended 2012 December 31
Accrued benefit obligation			
Balance, beginning of the period		**$ 174.5**	$ 157.5
Current service cost		**0.7**	6.7
Interest cost		**0.4**	7.3
Benefits paid		**(1.0)**	(11.2)
Actuarial loss		**0.2**	14.2
Settlement (gain)	6	**(111.2)**	-
Balance, end of the period		**$ 63.6**	$ 174.5

Canadian $ millions	Note	**For the three months ended 2013 March 31**	For the year ended 2012 December 31
Plan assets			
Fair value, beginning of the period		**$ 125.6**	$ 112.8
Employer contributions		**1.5**	13.7
Interest on assets		**0.7**	5.4
Benefits paid		**(1.0)**	(11.2)
Administrative costs		**-**	(0.1)
Actuarial gain		**1.9**	5.0
Settlement decrease	6	**(71.9)**	-
Fair value, end of the period		**$ 56.8**	$ 125.6

Canadian $ millions, as at	Note	**2013 March 31**	2012 December 31	2012 January 1
Pension asset	14	**$ 4.5**	$ 5.3	$ 5.8
Pension liability	17	**(6.8)**	(48.9)	(45.2)
		$ (2.3)	$ (43.6)	$ (39.4)

Total cash payments for post-retirement benefits for the three months ended March 31, 2013, consisting of contributions to defined benefit and defined contribution pension plans, were $5.4 million ($6.8 million for the three months ended March 31, 2012).

As at March 31, 2013 for pension plans with an accrued benefit obligation in excess of plan assets, the accrued benefit obligation was $49.2 million (December 31, 2012 - $160.1 million) and the fair value of the plan assets was $39.6 million (December 31, 2012 - $108.5 million).

The measurement date for the plan assets and the accrued benefit obligations for the Corporation's defined benefit pension plans is December 31. Actuarial valuations are performed at least every three years and rendered to date using current salary levels to determine the actuarial present value of the accrued benefit obligation. An actuarial valuation was performed on certain plans as at December 31, 2010. The next required actuarial valuation for funding purposes for certain plans will be December 31, 2013.

The following table summarizes the history and experience adjustments of the plan obligations and plan assets:

Canadian $ millions, as at	**2013 March 31**	2012 December 31	2012 January 1
Present value of plan obligations	**$ (63.6)**	$ (174.5)	$ (157.5)
Fair value of plan assets	**56.8**	125.6	112.8
Deficit	**$ (6.8)**	$ (48.9)	$ (44.7)

Canadian $ millions	**For the three months ended 2013 March 31**	For the year ended 2012 December 31
Experience (losses) on plan obligations	**$ (0.2)**	$ (14.2)
Experience gains (losses) on plan assets	**1.9**	5.0

Canadian $ millions	Note	**For the three months ended 2013 March 31**	For the year ended 2012 December 31
Amounts recognized in other comprehensive income (loss)			
Actuarial gains (losses), beginning of the period	19	**$ (28.4)**	$ (21.7)
Actuarial gains (losses) on pension plans, net of tax	19	**2.9**	(6.7)
Settlement gain		**22.9**	-
Actuarial gains (losses), end of the period		**$ (2.6)**	$ (28.4)

Approximate asset allocations, by asset category, of the Corporation's defined benefit pension plans were as follows:

As at	**2013 March 31**	2012 December 31
Equity securities	**50%**	55%
Debt securities	**37%**	39%
Other	**13%**	6%

25. NON-CASH TRANSACTIONS

The Corporation entered into the following non-cash investing and financing activities which are not reflected in the consolidated statements of cash flow:

Canadian $ millions, for the three months ended March 31	**2013**	2012
Acquisition of property, plant and equipment under finance leases	**$ 19.1**	$ 4.8

26. OPERATING LEASE ARRANGEMENTS

Corporation acts as a lessor

The Corporation acts as a lessor in operating leases related to the Power facilities in Madagascar and in Varadero, Cuba. The following table summarizes future minimum lease payments relating to the Madagascar operating lease receivable:

Canadian $ millions, as at	**2013 March 31**	2012 December 31	2012 January 1
Less than one year	**$ 5.0**	$ 5.1	$ 5.1
Between one and five years	**2.9**	4.2	9.3
	$ 7.9	$ 9.3	$ 14.4

All operating lease payments related to the Varadero facility are contingent on power generation and therefore excluded from the table above. The term of the lease is 20 years ending in February 2018. At the end of the lease term, the leased assets will be sold at fair market value with the Corporation retaining its share of the net proceeds. For the three months ended March 31, 2013, contingent revenue was $3.5 million ($3.3 million for the three months ended March 31, 2012).

Corporation acts as a lessee

Operating lease payments recognized as an expense in the consolidated statement of comprehensive (loss) income for the three months ended March 31, 2013 were $3.6 million ($4.8 million for the three months ended March 31, 2012).

27. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at March 31	**2013**
Property, plant and equipment commitments	$ 4.3
Joint operations:	
Property, plant and equipment commitments	4.4
Construction commitments relating to service concession arrangements (100% basis)	6.3

28. TRANSITION NOTE

Effective January 1, 2013, the Corporation adopted IFRS 11, "Interests in Joint Ventures" ("IFRS 11") which replaces IAS 31, "Interests in Joint Ventures" and SIC 13, "Jointly controlled entities – non-monetary contributions by venturers". The most significant result from the adoption is the change in the method of accounting for the Corporation's investment in the Moa Joint Venture. Under the previous standards, the Moa Joint Venture was proportionately consolidated whereas under IFRS 11, the Corporation is required to account for the investment using the equity method of accounting. In accordance with the transition requirements, the initial equity investment is measured as the aggregate of the carrying amount of the assets and liabilities that the entity had previously proportionately consolidated as at the beginning of the immediately preceding period, that is, January 1, 2012.

Effective January 1, 2013, the Corporation also adopted amendments to IAS 19, "Employee Benefits". The adoption results in all actuarial gains and losses being immediately recognized in other comprehensive income rather than net earnings. The amendments eliminate the use of the "corridor method" which allowed the deferral and amortization of actuarial gains and losses. The adoption of this amendment has been applied retrospectively to the Corporation's consolidated financial statements, effective from January 1, 2012.

In order for users of the consolidated financial statements to better understand the impact of the adoption of these new standards, the Corporation's consolidated Statements of Financial Position, Statements of Comprehensive (Loss) Income, and Statements of Cash Flow have been reconciled to reflect the new standards and amendments. The following reconciliations have been provided:

i. Reconciliation of consolidated statements of financial position as at:
   - January 1, 2012;
   - March 31, 2012; and
   - December 31, 2012.

ii. Reconciliation of the change in consolidated shareholders' equity as at:
   - January 1, 2012;
   - March 31, 2012; and
   - December 31, 2012.

iii. Reconciliation of consolidated statement of comprehensive income for:
   - Three months ended March 31, 2012; and
   - The year ended December 31, 2012.

iv. Reconciliation of consolidated statement of cash flow for:
   - Three months ended March 31, 2012; and
   - The year ended December 31, 2012.

Transition date statements

Reconciliation of consolidated statement of financial position as at January 1, 2012

Canadian $ millions, as at January 1, 2012	As Reported	IFRS 11 Adjustments	IAS 19 Adjustments	As Adjusted
ASSETS				
Current Assets				
Cash and cash equivalents	$ 174.6	$ (30.0)	$ -	$ 144.6
Restricted cash	1.1	-	-	1.1
Short-term investments	456.8	-	-	456.8
Investments	29.1	-	-	29.1
Advances, loans receivable and other financial assets	71.1	50.4	-	121.5
Other non-financial assets	0.2	-	-	0.2
Finance lease receivables	23.3	-	-	23.3
Trade accounts receivable, net	386.5	(38.4)	-	348.1
Income taxes receivable	19.1	-	-	19.1
Inventories	215.1	(86.1)	-	129.0
Prepaid expenses	12.1	(1.0)	-	11.1
	1,389.0	(105.1)	-	1,283.9
Non-current assets				
Advances, loans receivable and other financial assets	1,278.8	89.0	-	1,367.8
Other non-financial assets	17.1	-	3.4	20.5
Finance lease receivables	196.0	-	-	196.0
Property, plant and equipment	1,430.4	(524.1)	-	906.3
Investments	34.7	-	-	34.7
Investment in an associate	1,053.1	-	-	1,053.1
Investment in a joint venture	-	357.5	-	357.5
Goodwill	307.9	-	-	307.9
Intangible assets	786.2	-	-	786.2
Deferred income taxes	2.8	-	0.5	3.3
	5,107.0	(77.6)	3.9	5,033.3
Assets of discontinued operation	1.5	-	-	1.5
Total assets	$ 6,497.5	$ (182.7)	$ 3.9	$ 6,318.7
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Loans and borrowings	$ 56.9	$ -	$ -	$ 56.9
Trade accounts payable and accrued liabilities	179.8	(21.7)	-	158.1
Income taxes payable	25.9	(0.4)	-	25.5
Other financial liabilities	69.8	(14.4)	-	55.4
Other non-financial liabilities	8.0	0.1	-	8.1
Environmental rehabilitation provisions	31.9	-	-	31.9
	372.3	(36.4)	-	335.9
Non-current liabilities				
Loans and borrowings	1,687.8	-	-	1,687.8
Other financial liabilities	205.4	(97.7)	-	107.7
Other non-financial liabilities	15.1	-	31.1	46.2
Intangible liability	9.1	-	-	9.1
Environmental rehabilitation provisions	235.8	(32.4)	-	203.4
Deferred income taxes	232.1	(16.2)	(6.6)	209.3
	2,385.3	(146.3)	24.5	2,263.5
Liabilities of discontinued operation	8.2	-	-	8.2
Total liabilities	2,765.8	(182.7)	24.5	2,607.6
Shareholders' equity				
Capital stock	2,803.1	-	-	2,803.1
Retained earnings	784.9	-	1.1	786.0
Reserves	195.1	-	-	195.1
Accumulated other comprehensive loss	(51.4)	-	(21.7)	(73.1)
	3,731.7	-	(20.6)	3,711.1
Total liabilities and shareholders equity	$ 6,497.5	$ (182.7)	$ 3.9	$ 6,318.7

Reconciliation of change in consolidated Shareholders' equity as at January 1, 2012

Canadian $ millions, as at January 1, 2012		
Shareholders' equity as reported	$	3,731.7
Post-employment benefits		(20.6)
Total shareholders' equity adjusted	$	3,711.1

Reconciliation of consolidated statement of financial position as at March 31, 2012

Canadian $ millions, as at March 31, 2012	As Reported	IFRS 11 Adjustments	IAS 19 Adjustments	As Adjusted
ASSETS				
Current Assets				
Cash and cash equivalents	$ 163.9	$ (43.7)	$ -	$ 120.2
Restricted cash	1.2	(0.1)	-	1.1
Short-term investments	429.0	-	-	429.0
Investments	28.3	-	-	28.3
Advances, loans receivable and other financial assets	68.3	47.2	-	115.5
Other non-financial assets	0.2	-	-	0.2
Finance lease receivables	22.3	-	-	22.3
Trade accounts receivable, net	388.6	(38.4)	-	350.2
Income taxes receivable	19.1	-	-	19.1
Inventories	240.1	(85.5)	-	154.6
Prepaid expenses	13.3	(2.5)	-	10.8
	1,374.3	(123.0)	-	1,251.3
Non-current assets				
Advances, loans receivable and other financial assets	1,275.6	83.7	-	1,359.3
Other non-financial assets	12.8	-	3.7	16.5
Finance lease receivables	191.4	-	-	191.4
Property, plant and equipment	1,409.0	(515.2)	-	893.8
Investments	28.4	-	-	28.4
Investment in an associate	1,088.6	-	-	1,088.6
Investment in a joint venture	-	368.0	-	368.0
Goodwill	307.9	-	-	307.9
Intangible assets	786.0	-	-	786.0
Deferred income taxes	2.8	-	0.4	3.2
	5,102.5	(63.5)	4.1	5,043.1
Assets of discontinued operation	1.5	-	-	1.5
Total assets	$ 6,478.3	$ (186.5)	$ 4.1	$ 6,295.9
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Loans and borrowings	$ 21.9	$ -	$ -	$ 21.9
Trade accounts payable and accrued liabilities	217.0	(27.9)	-	189.1
Income taxes payable	23.8	(4.3)	-	19.5
Other financial liabilities	70.4	(15.0)	-	55.4
Other non-financial liabilities	43.8	0.1	-	43.9
Environmental rehabilitation provisions	33.3	-	-	33.3
	410.2	(47.1)	-	363.1
Non-current liabilities				
Loans and borrowings	1,674.3	-	-	1,674.3
Other financial liabilities	192.5	(92.1)	-	100.4
Other non-financial liabilities	14.8	-	28.5	43.3
Intangible liability	8.0	-	-	8.0
Environmental rehabilitation provisions	230.5	(31.2)	-	199.3
Deferred income taxes	224.6	(16.1)	(6.0)	202.5
	2,344.7	(139.4)	22.5	2,227.8
Liabilities of discontinued operation	8.2	-	-	8.2
Total liabilities	2,763.1	(186.5)	22.5	2,599.1
Shareholders' equity				
Capital stock	2,801.8	-	-	2,801.8
Retained earnings	805.9	-	1.2	807.1
Reserves	195.7	-	-	195.7
Accumulated other comprehensive loss	(88.2)	-	(19.6)	(107.8)
	3,715.2	-	(18.4)	3,696.8
Total liabilities and shareholders equity	$ 6,478.3	$ (186.5)	$ 4.1	$ 6,295.9

Reconciliation of change in consolidated Shareholders' equity as at March 31, 2012

Canadian $ millions, as at March 31, 2012	
Shareholders' equity as reported	$ 3,715.2
Post-employment benefits	(18.4)
Total shareholders' equity adjusted	$ 3,696.8

Reconciliation of consolidated statement of comprehensive income (loss) for the three months ended March 31, 2012

Canadian $ millions, except per share amounts, for the three months ended March 31, 2012	As Reported	IFRS 11 Adjustments	IAS 19 Adjustments	As Adjusted
Revenue	$ 462.2	$ (102.8)	$ -	$ 359.4
Cost of sales	354.8	(80.2)	-	274.6
Gross profit	107.4	(22.6)	-	84.8
Administrative expenses	18.5	(0.9)	(0.1)	17.5
Operating profit	88.9	(21.7)	0.1	67.3
Share of earnings of an associate, net of tax	1.2	-	-	1.2
Share of earnings of a joint venture, net of tax	-	17.7	-	17.7
Earnings from operations, associate and joint venture	90.1	(4.0)	0.1	86.2
Financing income	2.2	-	-	2.2
Financing expense	43.1	-	-	43.1
Net finance expense	45.3	-	-	45.3
Earnings before tax	44.8	(4.0)	0.1	40.9
Income tax expense	12.2	(4.0)	-	8.2
Net earnings from continuing operations	32.6	-	0.1	32.7
Loss from discontinued operation, net of tax	(0.3)	-	-	(0.3)
Net earnings for the period	$ 32.3	$ -	$ 0.1	$ 32.4
Other comprehensive income (loss)				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation differences on foreign operations	(36.8)	-	-	(36.8)
Actuarial gains on pension plans, net of tax	-	-	2.1	2.1
Other comprehensive income (loss)	(36.8)	-	2.1	(34.7)
Total comprehensive income (loss)	$ (4.5)	$ -	$ 2.2	$ (2.3)
Net earnings from continuing operations per common share, basic and diluted:	$ 0.11	$ -	$ -	$ 0.11
Net earnings per common share, basic and diluted:	$ 0.11	$ -	$ -	$ 0.11

Reconciliation of consolidated statement of cash flow for the three months ended March 31, 2012

Canadian $ millions, for the three months ended March 31, 2012	As Reported	IFRS 11 Adjustments	IAS 19 Adjustments	As Adjusted
Operating activities				
Net earnings for the period	$ 32.3	$ -	$ 0.1	$ 32.4
Add (deduct):				
Depletion, depreciation and amortization	57.5	(6.1)	-	51.4
Share of earnings of an associate, net of tax	(1.2)	-	-	(1.2)
Share of earnings of a joint venture, net of tax	-	(17.7)	-	(17.7)
Loss on impairment of assets	1.2	(0.1)	-	1.1
Finance costs (less accretion expenses)	44.0	0.3	-	44.3
Income tax expense	12.2	(4.0)	-	8.2
Loss on settlement of environmental rehabilitation provisions	1.9	(0.2)	-	1.7
Service concession arrangement	(7.0)	-	-	(7.0)
Net change in non-cash working capital	6.3	1.2	-	7.5
Interest received	10.3	3.7	-	14.0
Interest paid	(3.6)	2.0	-	(1.6)
Income tax paid	(20.4)	0.2	-	(20.2)
Liabilities settled for environmental rehabilitation provisions	(8.9)	0.2	-	(8.7)
Other operating items	(1.8)	(1.9)	(0.1)	(3.8)
Cash provided by (used for) operating activities	122.8	(22.4)	-	100.4
Investing activities				
Property, plant and equipment expenditures	(19.4)	1.6	-	(17.8)
Intangible expenditures	(2.7)	-	-	(2.7)
Increase in advances, loans receivable and other financial assets	(12.7)	-	-	(12.7)
Repayment of advances, loans receivable and other financial assets	13.4	5.7	-	19.1
Investments	6.8	-	-	6.8
Loans to an associate	(22.7)	-	-	(22.7)
Investment in an associate	(69.9)	-	-	(69.9)
Restricted cash	(0.1)	0.1	-	-
Net proceeds from sale of property, plant and equipment	0.7	-	-	0.7
Short-term investments	27.8	-	-	27.8
Cash provided by (used for) investing activities	(78.8)	7.4	-	(71.4)
Financing activities				
Repayment of loans and borrowings and other financial liabilities	(46.8)	0.7	-	(46.1)
Increase in finance lease receivables	(0.6)	-	-	(0.6)
Repayment of finance lease receivables	6.2	-	-	6.2
Treasury stock - restricted stock plan	(1.5)	-	-	(1.5)
Dividends paid on common shares	(11.3)	-	-	(11.3)
Cash provided by (used for) financing activities	(54.0)	0.7	-	(53.3)
Effect of exchange rate changes on cash and cash equivalents	(0.7)	0.6	-	(0.1)
Decrease in cash and cash equivalents	(10.7)	(13.7)	-	(24.4)
Cash and cash equivalents at beginning of the period	174.6	(30.0)	-	144.6
Cash and cash equivalents at end of the period	$ 163.9	$ (43.7)	$ -	$ 120.2
Cash and cash equivalents consist of:				
Cash on hand and balances with banks	96.5	(16.2)	-	80.3
Cash equivalents	67.4	(27.5)	-	39.9

Reconciliation of consolidated statement of financial position as at December 31, 2012

Canadian $ millions, as at December 31, 2012	As Reported	IFRS 11 Adjustments	IAS 19 Adjustments	As Adjusted
ASSETS				
Current Assets				
Cash and cash equivalents	$ 170.7	$ (23.6)	$ -	$ 147.1
Restricted cash	1.1	-	-	1.1
Short-term investments	356.1	-	-	356.1
Investments	26.8	-	-	26.8
Advances, loans receivable and other financial assets	57.8	35.9	-	93.7
Other non-financial assets	0.8	-	-	0.8
Finance lease receivables	24.8	-	-	24.8
Trade accounts receivable, net	405.9	(34.0)	-	371.9
Income taxes receivable	7.7	(2.7)	-	5.0
Inventories	248.2	(84.4)	-	163.8
Prepaid expenses	14.1	(1.4)	-	12.7
	1,314.0	(110.2)	-	1,203.8
Non-current assets				
Advances, loans receivable and other financial assets	1,616.8	78.4	-	1,695.2
Other non-financial assets	7.2	-	3.6	10.8
Finance lease receivables	182.2	-	-	182.2
Property, plant and equipment	1,417.5	(508.6)	-	908.9
Investments	4.9	-	-	4.9
Investment in an associate	1,089.5	-	-	1,089.5
Investment in a joint venture	-	365.8	-	365.8
Goodwill	307.9	-	-	307.9
Intangible assets	790.1	-	-	790.1
Deferred income taxes	28.2	-	0.5	28.7
	5,444.3	(64.4)	4.1	5,384.0
Assets of discontinued operation	-	-	-	-
Total assets	$ 6,758.3	$ (174.6)	$ 4.1	$ 6,587.8
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade accounts payable and accrued liabilities	$ 196.6	$ (25.2)	$ -	$ 171.4
Income taxes payable	18.3	(1.5)	-	16.8
Other financial liabilities	69.7	(12.9)	-	56.8
Other non-financial liabilities	15.9	0.1	-	16.0
Environmental rehabilitation provisions	34.4	-	-	34.4
	334.9	(39.5)	-	295.4
Non-current liabilities				
Loans and borrowings	2,039.8	-	-	2,039.8
Other financial liabilities	208.1	(85.5)	-	122.6
Other non-financial liabilities	9.9	-	39.8	49.7
Intangible liability	4.6	-	-	4.6
Environmental rehabilitation provisions	261.8	(33.0)	-	228.8
Deferred income taxes	226.5	(16.6)	(8.9)	201.0
	2,750.7	(135.1)	30.9	2,646.5
Liabilities of discontinued operation	-	-	-	-
Total liabilities	3,085.6	(174.6)	30.9	2,941.9
Shareholders' equity				
Capital stock	2,806.1	-	-	2,806.1
Retained earnings	772.9	-	1.6	774.5
Reserves	194.9	-	-	194.9
Accumulated other comprehensive loss	(101.2)	-	(28.4)	(129.6)
	3,672.7	-	(26.8)	3,645.9
Total liabilities and shareholders equity	$ 6,758.3	$ (174.6)	$ 4.1	$ 6,587.8

Reconciliation of change in consolidated Shareholders' equity as at December 31, 2012

Canadian $ millions, as at December 31, 2012		
Shareholders' equity as reported	$	3,672.7
Post-employment benefits		(26.8)
Total shareholders' equity adjusted	$	3,645.9

Reconciliation of consolidated statement of comprehensive income (loss) for the year ended December 31, 2012

Canadian $ millions, except per share amounts, for the year ended December 31, 2012	As Reported	IFRS 11 Adjustments	IAS 19 Adjustments	As Adjusted
Revenue	$ 1,840.2	$ (389.9)	$ -	$ 1,450.3
Cost of sales	1,506.0	(321.2)	-	1,184.8
Gross profit	334.2	(68.7)	-	265.5
Administrative expenses	84.7	(4.0)	(0.6)	80.1
Operating profit	249.5	(64.7)	0.6	185.4
Loss on impairment of investment	(5.6)	-	-	(5.6)
Share of loss of an associate, net of tax	(2.1)	-	-	(2.1)
Share of earnings of a joint venture, net of tax	-	52.8	-	52.8
Earnings from operations, associate and joint venture	241.8	(11.9)	0.6	230.5
Financing income	(21.2)	0.4	-	(20.8)
Financing expense	204.3	(8.3)	-	196.0
Net finance expense	183.1	(7.9)	-	175.2
Earnings before tax	58.7	(4.0)	0.6	55.3
Income tax expense	29.9	(4.0)	0.1	26.0
Net earnings from continuing operations	28.8	-	0.5	29.3
Earnings from discontinued operation, net of tax	4.4	-	-	4.4
Net earnings for the year	$ 33.2	$ -	$ 0.5	$ 33.7
Other comprehensive loss				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation differences on foreign operations	(49.8)	-	-	(49.8)
Actuarial losses on pension plans, net of tax	-	-	(6.7)	(6.7)
Other comprehensive loss	(49.8)	-	(6.7)	(56.5)
Total comprehensive loss	$ (16.6)	$ -	$ (6.2)	$ (22.8)
Net earnings from continuing operations per common share, basic and diluted:	$ 0.10	$ -	$ -	$ 0.10
Net earnings per common share, basic and diluted:	$ 0.11	$ -	$ -	$ 0.11

Reconciliation of consolidated statement of cash flow for the year ended December 31, 2012

Canadian $ millions, for the year ended December 31, 2012	As Reported	IFRS 11 Adjustments	IAS 19 Adjustments	As Adjusted
Operating activities				
Net earnings for the year	$ 33.2	$ -	$ 0.5	$ 33.7
Add (deduct):				
Depletion, depreciation and amortization	252.9	(26.7)	-	226.2
Share of loss of an associate, net of tax	2.1	-	-	2.1
Share of earnings of a joint venture, net of tax	-	(52.8)		(52.8)
Loss on impairment of assets	20.3	(0.2)	-	20.1
Loss on impairment of investment	5.6	-		5.6
Finance costs (less accretion expenses)	178.6	(6.9)	-	171.7
Income tax expense	29.9	(4.0)	0.1	26.0
Loss on settlement of environmental rehabilitation provisions	4.6	(0.5)	-	4.1
Service concession arrangement	(32.0)	-	-	(32.0)
Net change in non-cash working capital	(59.9)	(6.7)	-	(66.6)
Interest received	34.0	8.9	-	42.9
Interest paid	(86.3)	6.6	-	(79.7)
Income tax paid	(55.4)	5.2	-	(50.2)
Liabilities settled for environmental rehabilitation provisions	(26.0)	0.7		(25.3)
Other operating items	(31.7)	-	(0.6)	(32.3)
Cash provided by operating activities	269.9	(76.4)	-	193.5
Investing activities				
Property, plant and equipment expenditures	(137.5)	20.9	-	(116.6)
Intangible expenditures	(9.8)	-	-	(9.8)
Increase in advances, loans receivable and other financial assets	(66.5)	-	-	(66.5)
Repayment of advances, loans receivable and other financial assets	36.4	28.7	-	65.1
Investments	27.2	-	-	27.2
Loans to an associate	(260.4)	-	-	(260.4)
Investment in an associate	(135.6)	-	-	(135.6)
Investment in a joint venture	-	29.6	-	29.6
Net proceeds from sale of property, plant and equipment	3.3	(0.2)	-	3.1
Short-term investments	100.7	-	-	100.7
Cash used for investing activities	(442.2)	79.0	-	(363.2)
Financing activities				
Repayment of loans and borrowings and other financial liabilities	(158.4)	2.6	-	(155.8)
Increase in loans and borrowings and other financial liabilities	90.6	-	-	90.6
Issuance of senior unsecured debentures, net of finacing cost	489.6	-	-	489.6
Repayment of senior unsecured debentures	(225.0)	-	-	(225.0)
Increase in finance lease receivables	(6.9)	-	-	(6.9)
Repayment of finance lease receivables	25.5	-	-	25.5
Issuance of common shares	1.3	-	-	1.3
Treasury stock - restricted stock plan	(1.6)	-	-	(1.6)
Dividends paid on common shares	(45.2)	-	-	(45.2)
Cash provided by (used for) financing activities	169.9	2.6	-	172.5
Effect of exchange rate changes on cash and cash equivalents	(1.5)	1.2	-	(0.3)
Increase (decrease) in cash and cash equivalents	(3.9)	6.4	-	2.5
Cash and cash equivalents at beginning of the year	174.6	(30.0)	-	144.6
Cash and cash equivalents at end of the year	$ 170.7	$ (23.6)	$ -	$ 147.1
Cash and cash equivalents consist of:				
Cash on hand and balances with banks	48.4	(9.6)	-	38.8
Cash equivalents	122.3	(14.0)	-	108.3

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