sherritt

Q1

2019 FIRST QUARTER REPORT

Sherritt International Corporation

For the three months ended March 31, 2019

For immediate release

Sherritt Reports Record First Quarter Nickel and Cobalt Production at Moa JV

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Toronto, Ontario – April 25, 2019 – Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S), a world leader in the mining and hydrometallurgical refining of nickel and cobalt from lateritic ores, today reported its financial results for the three months ended March 31, 2019. All amounts are in Canadian currency unless otherwise noted.

CEO COMMENTARY

"Initiatives launched in 2018 to improve operational effectiveness, increase mining equipment availability, and improve ore access paved the way for the Moa JV's highest ever first quarter nickel and cobalt production total," said David Pathe, President and CEO of Sherritt International. "Our record production results in Q1 2019 were negatively impacted, however, by the dramatic 70% decline in realized cobalt prices, contributing to considerably lower by-product revenue and higher NDCC than we have experienced in recent quarters. Our Q1 progress was also impeded by the disappointing collections on our Cuban overdue receivables."

Mr. Pathe added, "Since the start of Q2 2019, we have seen a number of positive developments, including the resumption of drilling on Block 10, the recovery of cobalt prices by more than 15%, and the continued draw down of Class 1 nickel inventories. Combined, these trends signal a more favorable outlook for our prospects for the balance of 2019 and beyond."

Q1 HIGHLIGHTS

- Sherritt's share of finished nickel production at the Moa Joint Venture ("Moa JV") in Q1 2019 was 4,397 tonnes, up 54% from last year, while finished cobalt was 426 tonnes, up 27%. The combined nickel and cobalt total for Q1 2019 marks the Moa JV's highest ever first quarter production results.
- Q1 2019 Adjusted EBITDA[(1)] was negative $1.2 million, down from positive Adjusted EBITDA of $35.5 million in Q1 2018. The decrease was due to a number of factors, including a 70% year-over-year decline in realized cobalt prices and lower contributions from the Oil and Gas business as a result of decreased net working-interest production stemming from maturing oil fields and a lower profit share.
- Net direct cash cost (NDCC)[(1)] at the Moa JV for Q1 2019 was US$4.53 per pound of finished nickel sold, up from US$2.06 per pound for Q1 2018. The increase reflects the negative impact that sharply declining cobalt prices had on by-product credits, including the settlement of approximately 200 tonnes of provisionally-priced cobalt sales (100% basis) from Q4 2018. The variance between Q1 2019 cobalt reference and realized prices that resulted from provisional pricing adjustments negatively impacted NDCC by approximately US$0.40 per pound.
- Sherritt ended Q1 2019 with cash, cash equivalents and short-term investments of $177.3 million, down from $207.0 million at the end of 2018. The decrease was due to the timing of capital expenditures, interest paid on outstanding debentures and changes to working capital, including lower than expected Cuban energy receipts.
- Reached an agreement in principle, subject to final approvals, with its Cuban partners on a payment plan to reduce overdue energy receivables. Final approval of the agreement and payment schedule is expected shortly.
- Consistent with its previously announced strategy to no longer fund the Ambatovy Joint Venture ("Ambatovy JV"), Sherritt elected to not fund its share of a US$45 million cash call and became a defaulting shareholder with reduced local influence and authority. As a result, the Ambatovy JV is no longer considered an operating segment, and its financial performance is not included in Sherritt's combined or adjusted financial results.

DEVELOPMENTS SUBSEQUENT TO THE QUARTER END

- Resumed drilling on Block 10 on April 1 using updated drilling parameters developed with the assistance of third-party experts and the results of detailed lab analysis of rock cuttings collected previously. The adoption of new drilling parameters will not result in any increases to planned capital spending previously disclosed for the Oil and Gas business. Any incremental capital spend at the Oil and Gas business in 2019 will be predicated on successful drill results on Block 10 and collections on overdue receivables. Sherritt intends to explore partnerships for further investment in Block 10 following completion of the current drilling, which is expected in the second quarter of 2019.

- On April 17, the U.S. State Department announced that effective May 2, 2019 it will implement Title III of the Helms-Burton Act, allowing U.S. citizens to bring lawsuits against foreign companies for using property that was nationalized by the Cuban government beginning in 1959. Sherritt has been working with its partners in Cuba since 1994 producing nickel, cobalt, oil and gas, and electricity, and plans to continue to operate business as usual. More details on Title III and its potential risks and uncertainties can be found in Sherritt's Annual Information Form dated February 13, 2019. See "Risk Factors – Risks Related to U.S. Government Policy Towards Cuba" for additional information.

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

Q1 2019 FINANCIAL HIGHLIGHTS(1)

$ millions, except as otherwise noted, for the three months ended March 31		**2019**		2018	Change
Revenue	**$**	**31.9**	$	39.4	(19%)
Combined Revenue(2)		**124.6**		129.1	(3%)
Net loss for the period		**(61.8)**		(0.6)	nm(3)
Adjusted EBITDA(2)		**(1.2)**		35.5	(103%)
Cash (used) provided by continuing operations		**(34.6)**		11.1	(412%)
Combined adjusted operating cash flow (2)		**(9.9)**		6.7	(248%)
Combined free cash flow(2)		**(44.0)**		15.0	(393%)
Average Exchange Rate (CAD/US$)		**1.330**		1.265	N/A
Net earnings (loss) from continuing operations per share	**$**	**(0.16)**	$	0.00	-

(1) The financial results for the Ambatovy JV are only discussed as part of share of earnings in associate based on financial statement amounts. Prior period non-GAAP measures have been revised to exclude the Ambatovy JV performance.
(2) For additional information see the Non-GAAP measures section.
(3) Not meaningful (nm).

$ millions, as at		**2019 March 31**		2018 December 31	Change
Cash, cash equivalents and short term investments	**$**	**177.3**	$	207.0	(14%)
Loans and borrowings		**704.4**		705.7	-

Cash, cash equivalents and short-term investments at March 31, 2019 were $177.3 million, down from $207.0 million at December 31, 2018. The reduction in cash is largely as a result of negative changes to working capital totaling $26.8 million, $7.8 million in interest payments on outstanding debentures, and $7.8 million in capital expenditures principally earmarked for resumption of drilling on Block 10. These outflows were partly offset by a $3.3 million dividend received from the Moa JV.

During Q1 2019, Sherritt received US$5.7 million on its Cuban overdue receivables. At March 31, 2019 total overdue energy receivables were US$171.6 million, up from US$152.5 million at December 31, 2018. Sherritt continues to work with its Cuban partners to finalize a payment plan to reduce the amount of overdue energy receivables. Sherritt has experienced variability in its Cuban overdue energy receivables over the years but has not incurred any losses.

Adjusted net earnings (loss)(1)

Net loss for Q1 2019 was $61.8 million, or $0.16 per share, compared to a loss of $0.6 million, or nil per share, for the same period of last year. The net loss for Q1 2019 was principally due to a 4% and 70% decline in realized prices, respectively, for nickel and cobalt at the Moa JV. Other contributing factors included a $5.7 million loss from the Oil and Gas business due to reduced production and a lower profit share, and a $26.8 million share of loss for the Ambatovy JV. Adjusted net loss is summarized below:

For the three months ended March 31	**2019 $ millions**	**2019 $/share**	2018 $ millions	2018 $/share
Net loss	(61.8)	(0.16)	(0.6)	-
Adjusting items:				
Unrealized foreign exchange (gain) loss	5.8	0.01	(7.7)	(0.02)
Other	1.1	0.01	(6.5)	(0.02)
Adjusted net loss	(54.9)	(0.14)	(14.8)	(0.04)

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

METAL MARKETS

Nickel

Nickel was the best performing base metal in Q1 2019, closing at US$5.90/lb on March 29, up almost 25% from the start of the year. The recovery was driven by a number of factors, including optimism that an international trade agreement between the U.S. and China would soon be reached. Underlying market fundamentals also contributed to the price recovery.

Combined nickel inventories on the London Metals Exchange (LME) and the Shanghai Futures Exchange at the end of Q1 2019 totaled 191,292 tonnes, down 13% from the combined total of 219,804 tonnes at the end of Q4 2018. Since the end of Q1 2018, combined Class 1 nickel inventories have declined by approximately 50%. As demand continues to exceed available supply, the nickel market is anticipated to be in a structural deficit in the coming years.

Despite the recovery of prices since the start of 2019, the average reference price for nickel in Q1 2019 was down 7% from last year, declining from US$6.03/lb to US$5.62/lb. Nickel prices in April 2019 have averaged at US$5.85/lb and are currently trading on the LME at US$5.56/lb.

Demand for nickel will continue to be driven by the stainless steel sector. According to market research by CRU, stainless steel demand is expected to grow at an average annual rate of approximately 4% through 2022 with production emanating largely from China and Indonesia. Demand for nickel – particularly Class 1 nickel – from non-stainless steel sectors is also expected to accelerate given the growth of the electric vehicle battery market. Class I nickel, along with cobalt, are key metals needed to manufacture electric vehicle batteries.

Beyond 2019, a shortage of Class 1 nickel is anticipated over the coming years since current market prices are below incentive levels needed to develop new nickel projects. As a result, no new Class 1 nickel supply is expected to come on stream in the near term.

Cobalt

Cobalt prices and demand experienced considerable softness and volatility in Q1 2019. The reference price for Q1 2019 was US$18.53/lb, down 52% from US$39.01/lb for the same period of 2018. Consistent with trends over the past several months, the price decline was driven by increased supply of intermediate product from the Democratic Republic of Congo as well as by the destocking of inventory by Chinese consumers.

Abundant available supply has recently resulted in cobalt producers selling product at significant discount to prevailing reference prices. During the run-up in prices from late 2017 through 2018, cobalt producers often sold cobalt at a premium to reference prices as consumers looked to lock supply.

Since the start of April, however, cobalt prices have risen by approximately 15% as consumers renew purchasing activities. The recent increase in cobalt prices is expected to be sustained through the balance of 2019 albeit with some volatility due to increased speculative interest, growing demand from the electric vehicle battery market and persistent supply risk concerns linked to the Democratic Republic of Congo, which is currently the world's largest source of cobalt supply.

REVIEW OF OPERATIONS

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

$ millions, except as otherwise noted, for the three months ended March 31		2019		2018	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**102.3**	$	96.3	6%
(Loss) earnings from operations		**(9.5)**		16.3	(158%)
Adjusted EBITDA(1)		**4.2**		27.1	(85%)
CASH FLOW					
Cash (used) provided by operations	**$**	**(4.1)**	$	18.1	(123%)
Adjusted operating cash flow(1)		**2.8**		26.8	(90%)
Free cash flow(1)		**(10.4)**		13.6	(176%)
PRODUCTION VOLUMES (tonnes)					
Mixed Sulphides		**4,336**		3,882	12%
Finished Nickel		**4,397**		2,854	54%
Finished Cobalt		**426**		336	27%
Fertilizer		**66,962**		52,440	28%
NICKEL RECOVERY (%)		**84%**		79%	6%
SALES VOLUMES (tonnes)					
Finished Nickel		**4,391**		2,910	51%
Finished Cobalt		**460**		325	42%
Fertilizer		**26,957**		25,472	6%
AVERAGE-REFERENCE PRICES (US$ per pound)					
Nickel	**$**	**5.62**	$	6.03	(7%)
Cobalt(2)		**18.53**		39.01	(52%)
AVERAGE REALIZED PRICE					
Nickel ($ per pound)		**7.51**		7.80	(4%)
Cobalt ($ per pound)		**14.62**		48.47	(70%)
Fertilizer ($ per tonne)		**418**		358	17%
UNIT OPERATING COSTS(1) (US$ per pound)					
Nickel - net direct cash cost		**4.53**		2.06	120%
SPENDING ON CAPITAL(3)					
Sustaining		**14.0**		4.5	211%
Expansion		**-**		-	-
		14.0		4.5	211%

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

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

(3) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.

The Moa JV produced 4,397 tonnes of finished nickel in Q1 2019, up 54% from 2,854 tonnes produced in Q1 2018. Growth was largely driven by the deployment of new mining equipment acquired throughout 2018 that resulted in improved ore access and reduced equipment downtime compared to the same period of last year. In Q1 2018, the Moa JV's results were impacted by the highest level of rainfall at Moa in more than 20 years and by transportation delays to the refinery in Fort Saskatchewan by the railway service provider. Efforts at improving ore access and mining equipment reliability at Moa have been instrumental in increasing inventory stockpiles and reducing the impact that adverse weather conditions may have on future production.

Finished cobalt production for Q1 2019 was 426 tonnes, up 27% from Q1 2018 due to higher mixed sulphides availability. The ratio of finished nickel production to cobalt production was higher in Q1 2019 compared to last year as a result of a higher nickel to cobalt ratio in mixed sulphides produced at Moa. Despite the change, which is due to ore grade variability, the nickel to cobalt ratio is consistent with historical norms.

Combined nickel and cobalt production totals for Q1 2019 represent the Moa JV's highest ever first quarter production results. Second quarter production will be impacted, however, by the annual maintenance shutdown of the refinery in Fort Saskatchewan. This year's shutdown is expected to be similar in duration to the prior years.

Revenue for Q1 2019 totaled $102.3 million, up 6% from last year. The increase was largely due to higher sales volume of nickel and cobalt, offset, however, by a 70% decline in the cobalt realized price over Q1 2018. The realized price decline in Q1 2019 was driven by lower consumer demand and the settlement of provisional Q4 2018 pricing. The average-realized price for nickel in Q1 2019 was $7.51/lb, down 4% from last year.

Mining, processing and refining (MPR) costs for Q1 2019 were US$5.59/lb, up 6% from US$5.26/lb for Q1 2018 due to the impacts of higher energy prices and higher utilization of Moa mixed sulphides relative to third-party feeds although partly offset by the impact of higher sales volume.

NDCC in Q1 2019 was US$4.53/lb, up from US$2.06/lb for the same period last year. The increase was largely due to lower by-product revenue stemming from lower cobalt prices and the settlement of approximately 200 tonnes of provisionally-priced cobalt sales (100% basis) from Q4 2018. The variance between Q1 2019 cobalt reference and realized prices that resulted from provisional pricing adjustments negatively impacted NDCC by approximately $0.40 per pound. The decrease in cobalt by-product revenue was partly offset by lower third-party feed costs and a higher contribution from fertilizer sales.

Sustaining capital spending in Q1 2019 was $14.0 million, up from $4.5 million in Q1 2018 as the Moa JV continued its new mining equipment initiative aimed at improving equipment reliability, reducing maintenance costs and improving ore accessibility.

Consistent with its efforts to improve operational effectiveness, the Moa JV also commissioned a new slurry preparation plant dump pocket at Moa in Q1 2019 that is designed to improve ore screening and processing.

The Moa JV contributed a dividend distribution of $3.3 million in Q1 2019.

Oil and Gas

$ millions, except as otherwise noted, for the three months ended March 31		**2019**		2018	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**9.0**	$	18.1	(50%)
(Loss) earnings from operations		**(5.7)**		1.7	(435%)
Adjusted EBITDA[1]		**(2.7)**		4.6	(159%)
CASH FLOW					
Cash (used) provided by operations		**(8.0)**		7.3	(210%)
Adjusted operating cash flow[1]		**(2.2)**		(7.7)	71%
Free cash flow[1]		**(14.9)**		4.2	(455%)
PRODUCTION AND SALES (boepd)					
Gross working-interest (GWI) - Cuba		**4,443**		5,572	(20%)
Total net working-interest (NWI)		**1,776**		3,916	(55%)
AVERAGE-REFERENCE PRICE (US$ per barrel)					
West Texas Intermediate (WTI)	**$**	**54.79**	$	62.85	(13%)
U.S. Gulf Coast High Sulphur Fuel Oil (USGC HSFO)		**61.04**		55.13	11%
Brent		**62.96**		66.88	(6%)
AVERAGE-REALIZED PRICE[1] (NWI)					
Cuba ($ per barrel)		**59.13**	$	51.11	16%
UNIT OPERATING COSTS[1] (GWI)					
Cuba ($ per barrel)		**21.19**	$	20.83	2%
SPENDING ON CAPITAL[2]					
Development, facilities and other	**$**	**1.5**	$	(0.3)	600%
Exploration		**4.2**		2.6	62%
	$	**5.7**	$	2.3	148%

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

(2) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.

Gross working-interest oil production in Cuba in Q1 2019 was 4,443 barrels of oil per day (“bopd”), down 20% from 5,572 bopd for Q1 2018. Lower production in 2019 was primarily due to natural reservoir declines and the absence of new development drilling.

Revenue in Q1 2019 was $9.0 million, down 50% when compared to last year. The decline was attributable to lower total net working-interest production due to the impact of the decrease in profit oil percentage to 6% from 45% with the renewal of the Puerto Escondido/Yumuri PSC starting in Q2 2018. The decline was partially offset by a higher USGC HSFO reference oil price and by a weaker Canadian dollar relative to the U.S. currency.

Unit operating costs in Cuba in Q1 2019 were $21.19 per barrel, up 2% from Q1 2018, driven largely by reduced production. Costs were also negatively impacted by a stronger U.S. dollar relative to the Canadian currency. Expenses in Cuba are generally denominated in U.S. currency.

Capital spending in Q1 2019 was $5.7 million, up 148% from Q1 2018. Exploration capital spending was higher in Q1 2019 as a result of the sourcing of materials and supplies in advance of resumed drilling on Block 10.

Free cash flow for Q1 2019 was impacted by the timing of capital expenditures and negative changes to working capital.

Drilling on Block 10 resumed on April 1, 2019 using updated drilling parameters developed with the assistance of third-party experts and the results of detailed lab analysis of rock cuttings collected previously. The adoption of new drilling parameters will not result in any increases to planned capital spending previously disclosed for the Oil and Gas business. Any incremental capital spend at the Oil and Gas business in 2019 will be predicated on successful drill results on Block 10 and collections on overdue receivables. Sherritt intends to explore partnerships for further investment in Block 10 following completion of the current drilling, which is expected in the second quarter of 2019.

Power

$ millions (33⅓% basis), except as otherwise noted, for the three months ended March 31	2019	2018	Change
FINANCIAL HIGHLIGHTS			
Revenue	**$ 10.7**	$ 11.9	(10%)
Earnings from operations	**0.9**	1.8	(50%)
Adjusted EBITDA(1)	**7.2**	7.8	(8%)
FINANCIAL HIGHLIGHTS			
Cash provided by operations	**3.6**	11.2	(68%)
Adjusted operating cash flow(1)	**6.3**	7.5	(16%)
Free cash flow(1)	**3.1**	11.1	(72%)
PRODUCTION AND SALES			
Electricity (GWh)	**173**	202	(14%)
AVERAGE-REALIZED PRICE(1)			
Electricity ($/MWh)	**$ 55.74**	$ 53.24	5%
UNIT OPERATING COSTS(1) ($/MWh)			
Base	**19.83**	14.44	37%
Non-base(2)	**0.45**	2.78	(84%)
	20.28	17.22	18%
NET CAPACITY FACTOR (%)	**54**	63	(14%)
SPENDING ON CAPITAL(3)			
Sustaining	**$ 0.5**	$ 0.1	400%
	$ 0.5	$ 0.1	400%

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

(2) Costs incurred at the Boca de Jaruco and Puerto Escondido facilities that otherwise would have been capitalized if these facilities were not accounted or as service concession arrangements.

(3) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.

Power production in Q1 2019 was 173 gigawatt hours (“GWh”) of electricity, down 14% from 202 GWh for the comparable period of 2018. The decline was due to reduced gas supply and to scheduled maintenance activity on the steam turbine at Varadero.

Average-realized prices in Q1 2019 were $55.74, up 5% from $53.24 from last year. The increase was due to the depreciation of the Canadian dollar relative the U.S. currency.

Revenue in Q1 2019 totaled $10.7 million, down 10% from $11.9 million for last year. The decline was due to lower power production, partially offset by higher realized prices.

Unit operating costs in Q1 2019 were $20.28, up 18% from $17.22 for last year. The increase was attributable to lower sales volume and the impact of a weaker Canadian dollar in Q1 2019 as Power business costs are generally denominated in U.S. currency.

Total capital spending in Q1 2019 was negligible.

INVESTMENT IN AMBATOVY JOINT VENTURE (12% interest)

$ millions, except as otherwise noted, for the three months ended March 31		**2019**		2018	Change
PRODUCTION VOLUMES (tonnes)					
Mixed Sulphides		**992**		675	47%
Finished Nickel		**920**		668	38%
Finished Cobalt		**81**		49	65%
Fertilizer		**2,957**		1,989	49%
UNIT OPERATING COSTS(1)					
NDCC (US$ per pound of nickel)	**$**	**5.70**	$	5.34	7%
SPENDING ON CAPITAL(2) ($ millions)					
Sustaining		**2.2**		2.5	(12%)
Expansion		**-**		-	-
		2.2		2.5	(12%)

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

(2) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.

Consistent with previous disclosure, Sherritt announced on March 6, 2019 that it would not fund a cash call requested by the Ambatovy JV. As a result of this decision, Sherritt became a defaulting shareholder, losing its voting rights at the Ambatovy JV board level and incurring a reduction in influence and authority at the local level. Given these developments, Sherritt no longer considers the Ambatovy JV as an operating segment for accounting purposes, and will no longer present Ambatovy's financial results as part of Sherritt's combined financial results, including combined revenue, Adjusted EBITDA and combined cash flow. The accounting treatment for the Ambatovy JV for financial statement purposes has not changed.

Finished nickel production in Q1 2019 was 920 tonnes and finished cobalt production was 81 tonnes, up 38% and 65%, respectively, from Q1 2018. Production in Q1 2019 was impacted by an accident and fatality in the hydrogen plant that resulted in a full shutdown of the Ambatovy plant for a period of 10 days to undertake safety reviews and complete repairs. Production in Q1 2019 was also impacted by unplanned maintenance activities in the acid plants as well as by equipment reliability issues. In Q1 2018, production was impacted by Cyclone Ava that necessitated a plant shutdown of approximately one month due to damage to equipment and facilities.

NDCC in Q1 2019 was US$5.70/lb, up 7% from Q1 2018. The increase was attributable to lower cobalt by-product credits resulting from lower cobalt prices, which more than offset the impact of higher nickel and cobalt sales volumes.

Capital spend at Ambatovy based on Sherritt's ownership interest was $2.2 million in Q1 2019. Capital spending in 2019 will be largely aimed at improving the reliability of the acid plants, replacement of mobile equipment at the plant site, fixing corroded equipment and restoring general plant and equipment.

2019 REVIEW OF STRATEGIC PRIORITIES

The table below lists Sherritt's Strategic Priorities for 2019, and summarizes how the Corporation has performed against those priorities on a year to date basis.

Strategic Priorities	2019 Actions	Status
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH	Continue to emphasize de-leveraging of the balance sheet within the context of a low commodity price environment.	Sherritt's net debt at the end of Q1 2019 was $560 million, down from almost $2 billion at the end of 2016. The reduction was driven by the restructuring of Sherritt's ownership interest in the Ambatovy JV at the end of 2017 and the purchase of more than $130 million of debentures in 2018.
	Optimize working capital and receivables collection	Management continues to take action to expedite Cuban energy receipts and has reached an agreement in principle subject to final approvals, with its Cuban partners on a payment plan to reduce overdue receivables. Overdue receivables at quarter end were US$171.6 million.
	Operate the Metals businesses to maintain a leadership position as a low-cost producer of finished nickel and cobalt while maximizing Free Cash Flow	The Moa JV and Fort Site generated $2.8 million of adjusted operating cash flow in Q1 2019 despite the negative impact of volatile nickel and cobalt prices.
UPHOLD GLOBAL OPERATIONAL LEADERSHIP IN FINISHED NICKEL LATERITE PRODUCTION	Further reduce NDCC towards the goal of being consistently in the lowest cost quartile.	NDCC at the Moa JV was US$4.53/lb in Q1 2019, reflecting the negative impact that the dramatic decline in cobalt prices had on by-product credits, including the settlement of provisionally-priced sales from Q4 2018.
	Maximize production of finished nickel and cobalt and improve predictability over 2018 results	The Moa JV produced 9,646 tonnes of finished nickel and cobalt in Q1 2019 (100% basis), marking the highest combined total ever produced in the first quarter. The new record was driven by initiatives aimed at improving operational effectiveness, ore access and mining equipment reliability.
	Achieve peer leading performance in environmental, health, safety and sustainability	Sherritt's operations at Moa, Fort Site, Oil & Gas and Power had zero work-related fatalities and zero lost time incidents. In Q1 2019, Moa/Fort Site had a recordable injury frequency rate of 0.19 and a lost time injury frequency rate of 0.11 while the Oil and Gas business had a recordable injury frequency rate of 0.49 and a lost time injury rate of 0.00 while the Power business had a recordable injury frequency rate of 1.66 and a lost time injury frequency rate of 0.24. Sherritt is in the lowest quartile of benchmark peer set of data.
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS	Successfully execute Block 10 drilling program	Drilling on Block 10 resumed on April 1 using updated drilling parameters developed with the assistance of third-party experts who completed an analysis of geological conditions and rock cuttings from previous drilling. Drilling on Block 10 is expected to be completed in Q2 2019 with no increase to planned capital spend for the year. Any incremental capital spend at the Oil and Gas business in 2019 will be predicated on successful Block 10 drill results and collections of receivables. The company intends to explore potential partnerships on Block 10 pending completion of current drilling.
	Review opportunities to leverage Oil and Gas experience and relationships	The Production Sharing Contract at Puerto Escondido/ Yumuri was extended in 2018 for three years to 2021.

OUTLOOK

2019 Production, unit operating cost and capital spending guidance

The guidance for 2019 reflects Sherritt's targets for production, unit costs and capital spending announced on January 28, 2019.

Production volumes, unit operating costs and spending on capital	Guidance for 2019	Year-to-date actual for the March 31, 2019	Updated Guidance for 2019
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	31,000 - 33,000	8,794	No change
Cobalt, finished	3,300 - 3,600	852	No change
Ambatovy Joint Venture (tonnes, 100% basis)			
Nickel, finished	40,000 - 45,000	7,667	No change
Cobalt, finished	3,500 - 4,000	675	No change
Oil – Cuba (gross working-interest, bopd)	3,800 - 4,100	4,443	No change
Oil and Gas – All operations (net working-interest, boepd)	1,800 - 2,100	1,776	No change
Electricity (GWh, 33⅓% basis)	650 - 700	173	No change
Unit operating costs			
NDCC (US$ per pound)			
Moa Joint Venture	$3.40 - $3.90	$4.53	No change
Ambatovy Joint Venture	$3.80 - $4.30	$5.70	No change
Oil and Gas - Cuba (unit operating costs, $ per barrel)	$25.00 - $26.50	$21.19	No change
Electricity (unit operating cost, $ per MWh)	$25.25 - $26.75	$20.28	No change
Spending on capital(1)			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)	US$40 (CDN$54)	US$11 (CDN$14)	No change
Ambatovy Joint Venture (12% basis)	US$10 (CDN$14)	US$2 (CDN$2)	No change
Oil and Gas	US$21 (CDN$28)	US$5 (CDN$6)	No change
Power (33⅓% basis)	US$1 (CDN$1)	US$1 (CDN$1)	No change
Spending on capital (excluding Corporate)	US$72 (CDN$94)	US$19 (CDN$23)	No change

(1) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.

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

NON-GAAP MEASURES

The Corporation uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, adjusted operating cash flow and free cash flow to monitor the performance of the Corporation and its operating divisions. Management believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies. See Sherritt's Management's Discussion and Analysis for the three months ended March 31, 2019 for further information and reconciliation of non-GAAP measures to the most directly comparable IFRS measure.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast April 26th, 2019 at 9:00 a.m. Eastern Time to review its Q1 2019 results. Dial-in and webcast details are as follows:

North American callers, please dial:	1-866-521-4909
International callers, please dial:	647-427-2311
Live webcast:	www.sherritt.com

Please dial-in 15 minutes before the start of the call to secure a line. The conference call discussion will include a presentation that will be available from Sherritt's website.

An archive of the webcast and replay of the conference call will also be available on the website.

COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's complete condensed consolidated financial statements and MD&A for the three months ended March 31, 2019 are available at www.sherritt.com and should be read in conjunction with this news release. Financial and operating data can also viewed in the investor relations section of Sherritt's website.

ABOUT SHERRITT

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

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as “believe”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “likely”, “may”, “will”, “could”, “should”, “suspect”, “outlook”, “potential”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements set out in the “Outlook” section of this press release and certain expectations regarding production volumes, operating costs and capital spending; supply, demand and pricing outlook in the nickel and cobalt markets; demand in the stainless steel and electric vehicle battery markets; anticipated payments of outstanding receivables; future distributions from the Moa Joint Venture, funding of future Ambatovy cash calls, drill plans and results on exploration wells; the impact of Title III of the Helms-Burton Act on operations; and amounts of certain other commitments.

Forward looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; production results; realized prices for production; earnings and revenues; development and exploration wells and enhanced oil recovery in Cuba; environmental rehabilitation provisions; availability of regulatory approvals; compliance with applicable environmental laws and regulations; debt repayments; collection of accounts receivable; and certain corporate objectives, goals and plans. By their nature, forward looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that those assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this press release not to place undue reliance on any forward looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward looking statements. These risks, uncertainties and other factors include, but are not limited to, changes in the global price for nickel, cobalt, oil and gas, fertilizers or certain other commodities; security market fluctuations and price volatility; level of liquidity; access to capital; access to financing; risks related to the liquidity and funding of the Ambatovy Joint Venture; the risk to Sherritt’s entitlements to future distributions from the Moa and Ambatovy joint ventures; risk of future non-compliance with debt restrictions and covenants and mandatory repayments; uncertainty of exploration results and Sherritt’s ability to replace depleted mineral and oil and gas reserves; risks associated with the Corporation’s joint venture partners; variability in production at Sherritt’s operations in Cuba and Madagascar; risks related to Sherritt’s operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; potential interruptions in transportation; uncertainty of gas supply for electrical generation; the Corporation’s reliance on key personnel and skilled workers; the possibility of equipment and other failures; risks associated with mining, processing and refining activities; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; risks related to the Corporation’s corporate structure; political, economic and other risks of foreign operations; risks related to Sherritt’s operations in Madagascar; risks associated with Sherritt’s operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations and maintaining the Corporation’s social license to grow and operate; credit risks; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; legal contingencies; risks related to the Corporation’s accounting policies; identification and management of growth opportunities; uncertainty in the ability of the Corporation to obtain government permits; risks to information technologies systems and cybersecurity; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2019; and the Corporation’s ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this press release and in the Corporation’s other documents filed with the Canadian securities authorities, including without limitation the Annual Information Form of the Corporation dated February 13, 2019 for the period ending December 31, 2018, which is available on SEDAR at www.sedar.com.

The Corporation may, from time to time, make oral forward-looking statements. The Corporation advises that the above paragraph and the risk factors described in this press release and in the Corporation’s other documents filed with the Canadian securities authorities should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from those in the oral forward-looking statements. The forward-looking information and statements contained in this press release are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any oral or written forward-looking information or statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

For further investor information contact:
Joe Racanelli, Director of Investor Relations
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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2019

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 25, 2019, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three months ended March 31, 2019 and the MD&A for the year ended December 31, 2018. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com or on the Corporation's website at www.sherritt.com.

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

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

The business we manage

Sherritt manages its nickel, oil, gas, power and technologies operations through different legal structures including 100% owned subsidiaries, joint arrangements and an associate. The relationship for accounting purposes that Sherritt has with these operations and the interest recognized in the Corporation's financial statements are as follows:

	Relationship for accounting purposes	Interest	Basis of accounting
Moa Joint Venture	Joint venture	50%	Equity method
Ambatovy Joint Venture	Associate	12%	Equity method
Oil and Gas	Subsidiary	100%	Consolidation
Power	Joint operation	33⅓%	Share of assets, liabilities revenues and expenses
Technologies	Subsidiary	100%	Consolidation

For financial statement purposes, the Moa Joint Venture and Ambatovy Joint Venture are accounted for using the equity method of accounting which recognizes the Corporation's share of earnings (loss) from the joint venture and associate, respectively. The financial results and review of operations sections in this MD&A presents amounts by reporting segment, based on the Corporation's economic interest.

Moa Joint Venture and Fort Site: Includes the Corporation's 50% interest in the Moa Joint Venture and 100% interest in the utility and fertilizer operations at Fort Site.

Metals Other: Includes the Corporation's 100% interests in wholly-owned subsidiaries established to buy, market and sell certain Moa Joint Venture's nickel and cobalt production.

Oil and Gas: Includes the Corporation's 100% interest in its Oil and Gas business.

Power: Includes the Corporation's 33⅓% interest in its Power business.

Corporate and Other: Includes the Corporation's head office activities and the operations of its Technologies business.

Operating and financial results presented in this MD&A for operating segments can be reconciled to note 5 of the condensed consolidated financial statements for the three months ended March 31, 2019.

INVESTMENT IN AMBATOVY JOINT VENTURE

In March 2019, as a result of management's decision not to fund a cash call by the Ambatovy Joint Venture, Sherritt became a defaulting shareholder. Management is not expecting to resume funding of the Ambatovy Joint Venture, and therefore this condition will likely persist. With the loss of voting rights at the board level, limitation of operational and financial influence, and the continued decision not to provide cash funding to the Ambatovy Joint Venture, the Corporation's chief operating decision makers no longer consider the Ambatovy Joint Venture an operating segment of the business for accounting purposes. Despite becoming a defaulting shareholder, Sherritt will continue to use the equity method of accounting for the Ambatovy Joint Venture.

As a result of this change, this MD&A does not present the financial results of the Ambatovy Joint Venture as part of its combined financial results, nor assesses its financial performance. As a result of the change in accounting, the Ambatovy Joint venture is excluded from combined results, Adjusted EBITDA and combined cash flow metrics. For comparative purposes, the Ambatovy Joint Venture's results have been excluded from comparative periods.

Net direct cash costs (NDCC) which is presented in this MD&A for the Ambatovy Joint Venture can be reconciled to note 8 of the condensed consolidated financial statements for the three months ended March 31, 2019.

NON-GAAP MEASURES

Management uses the following non-GAAP financial performance measures in this MD&A:

- combined results,
- adjusted EBITDA,
- average-realized price,
- unit operating cost/Net Direct Cash Cost (NDCC),
- adjusted earnings,
- adjusted operating cash flow, and
- free cash flow.

Management uses non-GAAP measures to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace IFRS measures. Non-GAAP 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.

The non-GAAP measures are reconciled to the most directly comparable IFRS measure in the non-GAAP measures section starting on page 39.

Strategic priorities

The table below summarizes how the Corporation performed against its strategic priorities for 2019.

Strategic Priorities	2019 Actions	Status
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH	Continue to emphasize de-leveraging of the balance sheet within the context of a low commodity price environment.	Sherritt's net debt at the end of Q1 2019 was $560 million, down from almost $2 billion at the end of 2016. The reduction was driven by the restructuring of Sherritt's ownership interest in the Ambatovy JV at the end of 2017 and the purchase of more than $130 million of debentures in 2018.
	Optimize working capital and receivables collection	Management continues to take action to expedite Cuban energy receipts and has reached an agreement in principle subject to final approvals, with its Cuban partners on a payment plan to reduce overdue receivables. Overdue receivables at quarter end were US$171.6 million.
	Operate the Metals businesses to maintain a leadership position as a low-cost producer of finished nickel and cobalt while maximizing Free Cash Flow	The Moa JV and Fort Site generated $2.8 million of adjusted operating cash flow in Q1 2019 despite the negative impact of volatile nickel and cobalt prices.
UPHOLD GLOBAL OPERATIONAL LEADERSHIP IN FINISHED NICKEL LATERITE PRODUCTION	Further reduce NDCC towards the goal of being consistently in the lowest cost quartile.	NDCC at the Moa JV was US$4.53/lb in Q1 2019, reflecting the negative impact that the dramatic decline in cobalt prices had on by-product credits, including the settlement of provisionally-priced sales from Q4 2018.
	Maximize production of finished nickel and cobalt and improve predictability over 2018 results	The Moa JV produced 9,646 tonnes of finished nickel and cobalt in Q1 2019 (100% basis), marking the highest combined total ever produced in the first quarter. The new record was driven by initiatives aimed at improving operational effectiveness, ore access and mining equipment reliability.
	Achieve peer leading performance in environmental, health, safety and sustainability	Sherritt's operations at Moa, Fort Site, Oil & Gas and Power had zero work-related fatalities and zero lost time incidents. In Q1 2019, Moa/Fort Site had a recordable injury frequency rate of 0.19 and a lost time injury frequency rate of 0.11 while the Oil and Gas business had a recordable injury frequency rate of 0.49 and a lost time injury rate of 0.00 while the Power business had a recordable injury frequency rate of 1.66 and a lost time injury frequency rate of 0.24. Sherritt is in the lowest quartile of benchmark peer set of data.
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS	Successfully execute Block 10 drilling program	Drilling on Block 10 resumed on April 1 using updated drilling parameters developed with the assistance of third-party experts who completed an analysis of geological conditions and rock cuttings from previous drilling. Drilling on Block 10 is expected to be completed in Q2 2019 with no increase to planned capital spend for the year. Any incremental capital spend at the Oil and Gas business in 2019 will be predicated on successful Block 10 drill results and collections of receivables. The company intends to explore potential partnerships on Block 10 pending completion of current drilling.
	Review opportunities to leverage Oil and Gas experience and relationships	The Production Sharing Contract at Puerto Escondido/ Yumuri was extended in 2018 for three years to 2021.

Highlights

MOA JOINT VENTURE OPERATIONS UPDATE

Sherritt's share of finished nickel production at the Moa Joint Venture for Q1 2019 was 4,397 tonnes, up 54% from Q1 2018 while finished cobalt production of 426 tonnes was up 27% compared to the same period last year. The combined nickel and cobalt total for Q1 2019 marks the Moa Joint Venture's highest ever first quarter production results. These production improvements were primarily due to improved mining activities resulting from the purchase of new mining equipment in 2018 and higher mixed sulphide feed available at the refinery compared to Q1 2018. Refinery production in Q1 2018 was limited by lower Moa mixed sulphides availability caused by extremely high levels of rainfall which limited access to planned mining areas at Moa as well as a Canadian rail transportation service disruption in Q1 2018.

The ratio of finished nickel production to cobalt production was higher in the current year compared to Q1 2018 primarily as a result of a higher nickel to cobalt ratio in mixed sulphides produced at Moa. Despite the change, which is due to ore grade variability, the nickel to cobalt ratio is consistent with historical norms.

Net direct cash cost of nickel (NDCC) for Q1 2019 was higher compared to the same period in the prior year primarily as a result of lower cobalt credits due to lower cobalt prices and negative mark-to-market adjustments on Q4 2018 provisionally priced cobalt sales, partly offset by, higher production volumes on fixed costs and energy consumption, lower utilization of lower margin third-party feed relative to Moa feed and a larger fertilizer by-product credit. The variance between Q1 2019 cobalt reference and realized prices that resulted from provisional pricing adjustments negatively impacted NDCC by approximately US$0.40 per pound.

AMBATOVY FUNDING

In March 2019, consistent with previous disclosure, and in order to preserve liquidity and protect its balance sheet, Sherritt did not fund its 12% share of a US$45.0 million cash call from the Ambatovy Joint Venture resulting in Sherritt becoming a defaulting Ambatovy shareholder, losing its voting rights at the Ambatovy Joint Venture board level and being in default on its Ambatovy Joint Venture partner loans. Given the limited recourse nature of these loans, Sherritt will not make cash payments on these loans prior to their 2023 maturity date. The default on the partner loans results in the loans being classified on Sherritt's balance sheet as current liabilities.

OIL AND GAS BLOCK 10 UPDATE

Drilling on Block 10 resumed April 1 using updated drilling parameters developed with the assistance of third-party experts and the results from detailed lab analysis of rock cuttings that were collected previously. The adoption of new drilling parameters will not result in any increases to planned capital spending previously disclosed for the Oil and Gas business. Any incremental capital spend at the Oil and Gas business in 2019 will be predicated on successful drill results on Block 10 and collections on receivables. Sherritt intends to explore partnerships for further investment in Block 10 following completion of the current drilling, which is expected in the second quarter of 2019.

WORKING CAPITAL UPDATE

Cash, cash equivalents and short-term investments at March 31, 2019 were $177.3 million, down from $207.0 million at the end of 2018.

During Q1 2019, lower collections on Cuban energy receivables and interest payments on debentures offset dividends received from the Moa Joint Venture and insurance proceeds received on obligations retained by the Corporation after the disposition of its Coal operations. Interest payments on debentures were $3.2 million lower than in 2018 as a result of the partial repurchase of debentures in the first half of 2018.

CUBAN ENERGY RECEIVABLES

Cuban energy receipts were lower in the quarter compared to the prior quarter. During the quarter, US$5.7 million of Cuban energy payments were received compared to US$17.4 million in Q4 2018. Total Cuban overdue scheduled receivables were US$171.6 million at March 31, 2019 compared to US$152.5 million at December 31, 2018. Subsequent to quarter-end, Sherritt received an additional US$5.5 million of Cuban energy payments.

During the quarter the Corporation reached an agreement in principle, subject to final approvals, with its Cuban partner on a payment plan to reduce overdue energy receivables. Final approval of the agreement and payment schedule is expected shortly.

ADMINISTRATIVE EXPENSES

Administrative expenses were $10.8 million for Q1 2019. Excluding the negative impact of stock based compensation revaluation, savings of $0.7 million were achieved in administrative expenses in Q1 2019 compared to Q1 2018. These savings were achieved through various cost-savings initiatives, including the relocation of the Toronto corporate office in the second half of 2018. The Corporation continues to focus on managing its administrative expenses and has identified a number of initiatives to drive further cost savings in 2019.

HELMS-BURTON TITLE III

On April 17, the U.S. State Department announced that effective May 2, 2019, it will implement Title III of the Helms-Burton Act, allowing U.S. citizens to bring lawsuits against foreign companies for using property that was nationalized by the Cuban government beginning in 1959. Sherritt has been working with its partners in Cuba since 1994 producing nickel, cobalt, oil and gas, and electricity, and plans to continue to operate business as usual. More details on Title III and its potential risks and uncertainties can be found in the Managing Risk section of this MD&A and Sherritt's Annual Information Form dated February 13, 2019. See "Risk Factors- Risks Related to U.S. Government Policy Towards Cuba" for additional information.

Financial results(1)

$ millions, except as otherwise noted, for the three months ended March 31	2019	2018	Change
FINANCIAL HIGHLIGHTS			
Revenue	**$ 31.9**	$ 39.4	(19%)
Combined revenue(2)	**124.6**	129.1	(3%)
Loss from operations, joint venture and associate	**(51.4)**	(5.6)	(818%)
Net loss for the period	**(61.8)**	(0.6)	nm(4)
Adjusted net loss(2)	**(54.9)**	(14.8)	(271%)
Adjusted EBITDA(2)	**(1.2)**	35.5	(103%)
Net loss per share (basic and diluted) ($ per share)			
Net loss from continuing operations	**$ (0.16)**	$ 0.00	-
Net loss for the period	**(0.16)**	0.00	-
CASH			
Cash, cash equivalents and short-term investments (prior period, December 31, 2018)	**$ 177.3**	$ 207.0	(14%)
Cash (used) provided by continuing operating activities	**(34.6)**	11.1	(412%)
Combined adjusted operating cash flow(2)	**(9.9)**	6.7	(248%)
Combined free cash flow(2)	**(44.0)**	15.0	(393%)
OPERATIONAL DATA			
SPENDING ON CAPITAL AND INTANGIBLE ASSETS	**$ 20.2**	$ 6.9	193%
PRODUCTION VOLUMES			
Moa JV finished nickel (50% basis, tonnes)	**4,397**	2,854	54%
Moa JV finished cobalt (50% basis, tonnes)	**426**	336	27%
Oil (boepd, net working-interest production)(3)	**1,776**	3,916	(55%)
Electricity (gigawatt hours) (33⅓% basis)	**173**	202	(14%)
AVERAGE EXCHANGE RATE (CAD/US$)	**1.330**	1.265	5%
AVERAGE-REALIZED PRICES(2)			
Moa JV nickel ($ per pound)	**$ 7.51**	$ 7.80	(4%)
Moa JV cobalt ($ per pound)	**14.62**	48.47	(70%)
Oil ($ per boe, NWI)(3)	**47.55**	48.67	(2%)
Electricity ($ per megawatt hour)	**55.74**	53.24	5%
UNIT OPERATING COSTS(2)			
Moa Joint Venture - Nickel (US$ per pound)(NDCC)	**$ 4.53**	$ 2.06	120%
Oil ($ per boe, GWI)(3)	**22.23**	21.91	1%
Electricity ($ per megawatt hour)	**20.28**	17.22	18%

(1) The amounts for the period ended March 31, 2019 have been prepared in accordance with IFRS 16; prior year period amounts have not been restated. Refer to note 4 in the condensed consolidated financial statements for the three months ended March 31, 2019 for further information.

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

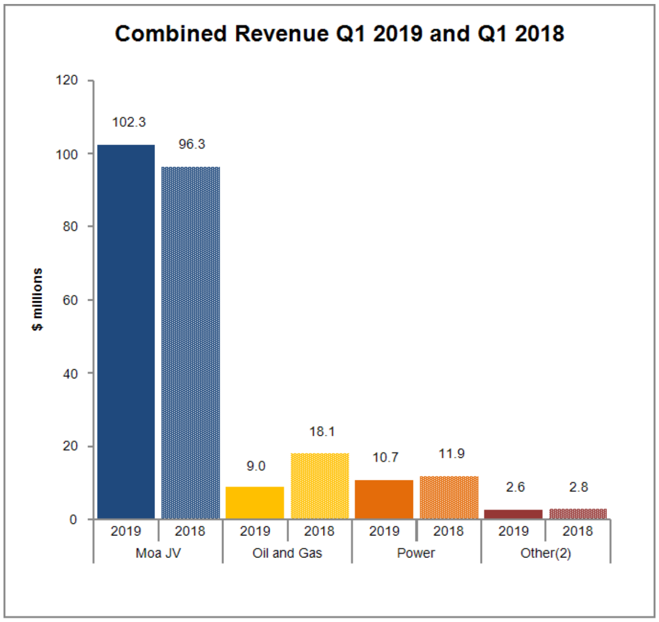
(3) Net working-interest (NWI); gross working-interest (GWI); barrels of oil equivalent per day (boepd); barrels of oil equivalent (boe).

(4) Not meaningful (nm).

Revenue for accounting purposes, which excludes revenue from the Moa and Ambatovy joint ventures as they are accounted for under the equity method, was lower for the three months ended March 31, 2019 compared to the same period in the prior year primarily due to lower oil production and sales volume, partially offset by higher fertilizer sales volume and realized prices.

Total combined revenue(1) of $124.6 million for the three months ended March 31, 2019 compared to $129.1 million for the same period in the prior year. For the first quarter of 2019, combined revenue was lower primarily as a result of the factors discussed above and lower cobalt revenues, partly offset by higher nickel revenues.

Combined revenue is composed of the following:

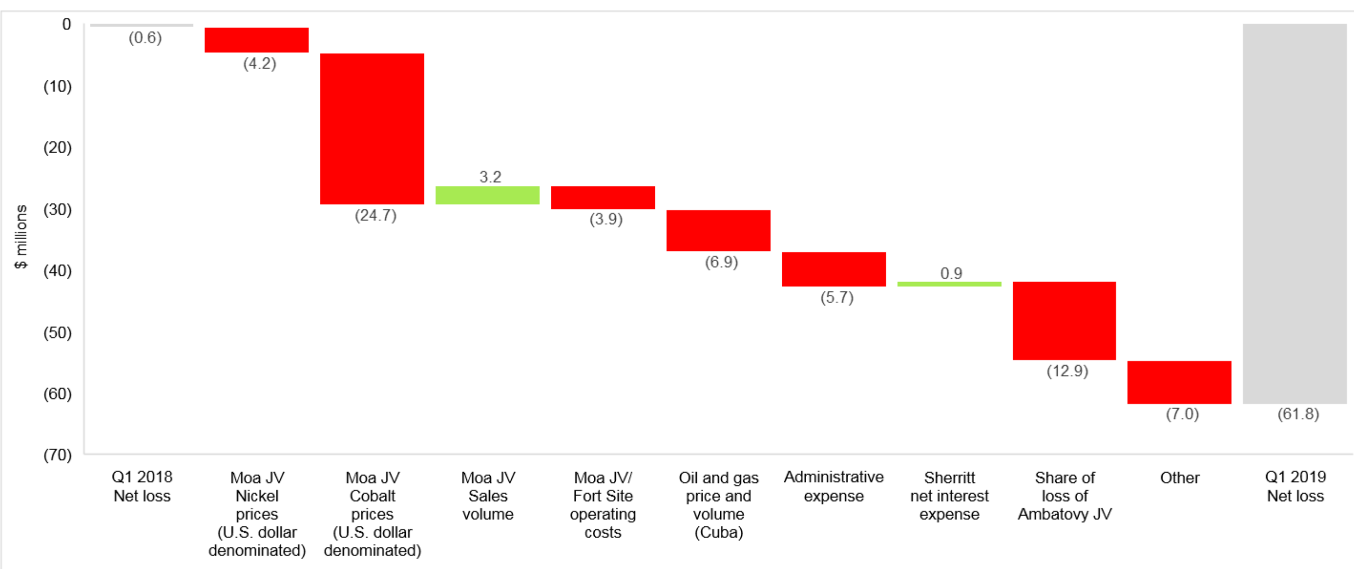


(1) For additional information see the Non-GAAP measures section.

(2) Other Q1 2019 revenue includes - Other Metals - $2.9 million and Corporate and other - $ (0.3) million. (Other Q1 2018 revenue includes - Other Metals - $2.8 million and Corporate and other - $ - million).

For the three months ended March 31, 2019, the net loss from continuing operations was $61.8 million, or $0.16 per share, compared to a loss of $0.6 million, or nil per share in the same period in the prior year.

The change in net loss from continuing operations(1) between Q1 2019 and Q1 2018 is detailed below:



(1) The amounts for the periods ended March 31, 2019 have been prepared in accordance with IFRS 16; prior period amounts have not been restated. Refer to note 4 in the condensed consolidated financial statements for the three months ended March 31, 2019 for further information.

Reference prices for nickel and cobalt were 7% and 52% lower, respectively, for the three months ended March 31, 2019, compared to the same period in the prior year. The average reference price for U.S. Gulf Coast High Sulphur Fuel Oil (USGC HSFO) was 11% higher in the three months ended March 31, 2019.

For the Moa Joint Venture, revenue for Q1 2019 was 6% higher than the same period in the prior year primarily due to higher nickel and cobalt sales volume partly offset by the impact of lower nickel and cobalt realized prices. Higher sales volume in Q1 2019 were largely due to the deployment of new mining equipment in 2018 while sales volume in Q1 2018 were negatively impacted by weather and transportation issues.

At Oil and Gas, lower NWI production volume more than offset the impact of higher realized prices. Lower NWI production was primarily due to a reduction in profit oil percentage on the renewal of the Puerto Escondido/Yumuri profit sharing contract ("PSC") as well as natural reservoir declines.

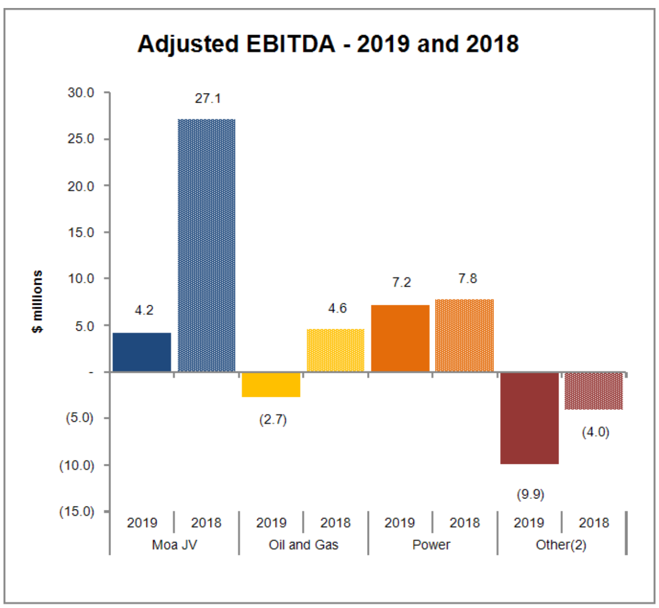
Higher administrative expenses in the three months ended March 31, 2019 compared to the same period in the prior year were primarily due to stock based compensation revaluation expense offsetting the impact of various cost saving initiatives which included the relocation of the Toronto corporate office in 2018.

Higher share of loss of Ambatovy Joint Venture in Q1 2019 compared to the same period in the prior year is due to lower average-realized nickel and cobalt prices and higher NDCC, partly offset by higher nickel and cobalt sales volume.

Other includes the recognition of unrealized foreign exchange losses of $5.8 million in Q1 2019, compared to gains of $7.7 million for the same period in the prior year. Unrealized exchange gains/losses are impacted by the change in period-end exchange rates and the balance of the Corporation's U.S. dollar denominated net assets. In addition, Other includes a net income tax recovery of $1.8 million in Q1 2019, compared to a net income tax expense of $8.1 million for the same period in the prior year. This was primarily due to the Moa Joint Venture having a loss before tax in the current period versus earnings before tax for the same period in the prior year.

ADJUSTED EBITDA

Total Adjusted EBITDA(1) for the three months ended March 31, 2019 was $(1.2) million compared to $35.5 million in the same period in the prior year. Adjusted EBITDA by business segment is as follows:



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

(2) Other Q1 2019 Adjusted EBITDA includes - Other Metals - $0.4 million and Corporate and other - $(10.3) million. (Other Q1 2018 revenue includes - Other Metals - $0.8 million and Corporate and other - $(4.8) million).

CONSOLIDATED FINANCIAL POSITION

The following table summarizes the significant items as derived from the consolidated statements of financial position(1):

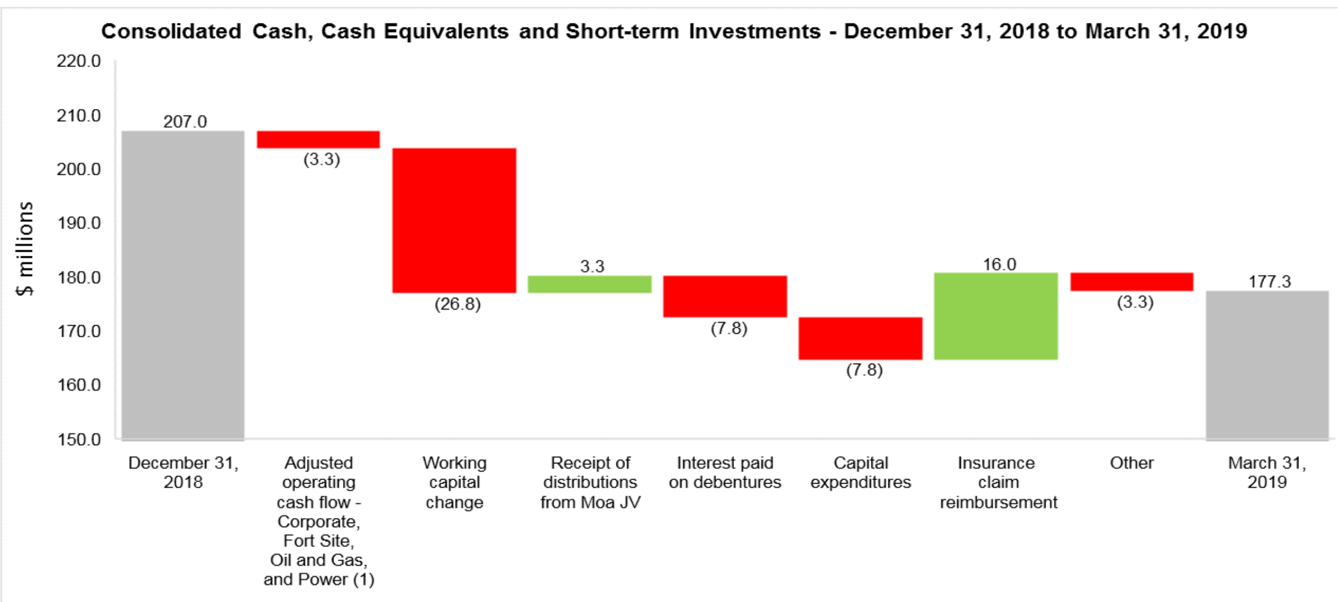
$ millions, except as noted, as at		2019 March 31		2018 December 31	Change
Financial Condition					
Cash, cash equivalents and short-term investments	**$**	**177.3**	$	207.0	(14%)
Net working capital balance		**98.2**		265.9	(63%)
Current ratio		**1.27:1**		2.14:1	(69%)
Total assets	**$**	**2,118.3**	$	2,194.4	(3%)
Loans and borrowings		**704.4**		705.7	-
Total liabilities		**1,067.5**		1,063.5	-
Shareholders' equity		**1,050.8**		1,130.9	(7%)

(1) The amounts for the three months ended March 31, 2019 have been prepared in accordance with IFRS 16; prior period amounts have not been restated. Refer to note 4 in the condensed consolidated financial statements for the three months ended March 31, 2019 for further information.

LIQUIDITY

At March 31, 2019, total available liquidity was $194.3 million which is composed of cash, cash equivalents, short-term investments and $17.0 million of available credit facilities. The total liquidity excludes restricted cash of $6.8 million.

Cash, cash equivalents and short-term investments at March 31, 2019 decreased by $29.7 million from December 31, 2018. The components of this change are shown below:



(1) Excludes debenture interest.

The change in consolidated cash, cash equivalents and short-term investments is primarily due to:

- negative adjusted operating cash flow at Oil and Gas, Fort Site and Corporate, partly offset by positive adjusted cash flow at Power;
- negative working capital change primarily due to lower collections of overdue Cuban energy receivables and the timing of working capital payments, partially offset by fertilizer customer prepayments;
- payment of interest on the Corporation's debentures which is lower in the first and third quarters based on the timing of payments on it's senior debenture series;
- Insurance proceeds of $16.0 million on obligations retained by the Corporation after the disposition of the Coal operations in 2014;
- $3.3 million in dividend payments received from the Moa Joint Venture; and
- capital expenditures which primarily relate to drilling activities on Block 10.

Outlook

2019 PRODUCTION, OPERATING COST AND CAPITAL SPENDING GUIDANCE

Production volumes, unit operating costs and spending on capital	Guidance for 2019	Year-to-date actual for the March 31, 2019	Updated Guidance for 2019
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	31,000 - 33,000	8,794	No change
Cobalt, finished	3,300 - 3,600	852	No change
Ambatovy Joint Venture (tonnes, 100% basis)			
Nickel, finished	40,000 - 45,000	7,667	No change
Cobalt, finished	3,500 - 4,000	675	No change
Oil – Cuba (gross working-interest, bopd)	3,800 - 4,100	4,443	No change
Oil and Gas – All operations (net working-interest, boepd)	1,800 - 2,100	1,776	No change
Electricity (GWh, 33⅓% basis)	650 - 700	173	No change
Unit operating costs			
NDCC (US$ per pound)			
Moa Joint Venture	$3.40 - $3.90	$4.53	No change
Ambatovy Joint Venture	$3.80 - $4.30	$5.70	No change
Oil and Gas - Cuba (unit operating costs, $ per barrel)	$25.00 - $26.50	$21.19	No change
Electricity (unit operating cost, $ per MWh)	$25.25 - $26.75	$20.28	No change
Spending on capital(1)			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)	US$40 (CDN$54)	US$11 (CDN$14)	No change
Ambatovy Joint Venture (12% basis)	US$10 (CDN$14)	US$2 (CDN$2)	No change
Oil and Gas	US$21 (CDN$28)	US$5 (CDN$6)	No change
Power (33⅓% basis)	US$1 (CDN$1)	US$1 (CDN$1)	No change
Spending on capital (excluding Corporate)	US$72 (CDN$94)	US$19 (CDN$23)	No change

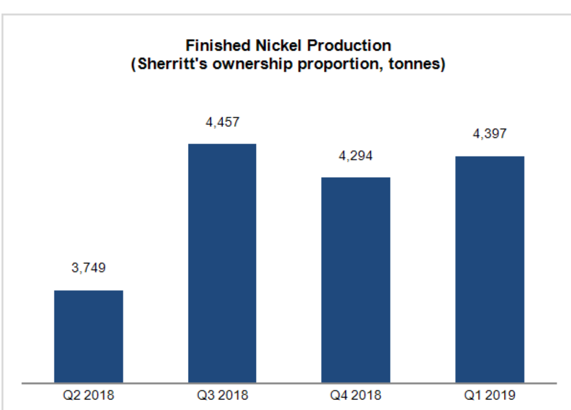
(1) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.
(2) Spending is 50% of US$ expenditures for the Moa JV and 100% expenditures for Fort Site fertilizer and utilities.

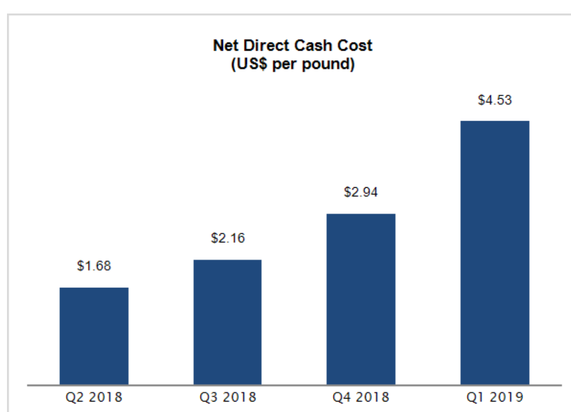
Review of operations

MOA JOINT VENTURE AND FORT SITE

$ millions, except as otherwise noted, for the three months ended March 31		**2019**		2018	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**102.3**	$	96.3	6%
(Loss) earnings from operations		**(9.5)**		16.3	(158%)
Adjusted EBITDA[1]		**4.2**		27.1	(85%)
CASH FLOW					
Cash (used) provided by operations	**$**	**(4.1)**	$	18.1	(123%)
Adjusted operating cash flow[1]		**2.8**		26.8	(90%)
Free cash flow[1]		**(10.4)**		13.6	(176%)
PRODUCTION VOLUMES (tonnes)					
Mixed Sulphides		**4,336**		3,882	12%
Finished Nickel		**4,397**		2,854	54%
Finished Cobalt		**426**		336	27%
Fertilizer		**66,962**		52,440	28%
NICKEL RECOVERY (%)		**84%**		79%	6%
SALES VOLUMES (tonnes)					
Finished Nickel		**4,391**		2,910	51%
Finished Cobalt		**460**		325	42%
Fertilizer		**26,957**		25,472	6%
AVERAGE REFERENCE PRICES (US$ per pound)					
Nickel	**$**	**5.62**	$	6.03	(7%)
Cobalt[2]		**18.53**		39.01	(52%)
AVERAGE-REALIZED PRICE[1]					
Nickel ($ per pound)	**$**	**7.51**	$	7.80	(4%)
Cobalt ($ per pound)		**14.62**		48.47	(70%)
Fertilizer ($ per tonne)		**418**		358	17%
UNIT OPERATING COST[1] (US$ per pound)					
Nickel - net direct cash cost	**$**	**4.53**	$	2.06	120%
SPENDING ON CAPITAL[3]					
Sustaining	**$**	**14.0**	$	4.5	211%
	$	**14.0**	$	4.5	211%

(1) For additional information see the Non-GAAP measures section.
(2) Average low-grade cobalt published price per Fastmarkets MB (formerly Metals Bulletin).
(3) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.



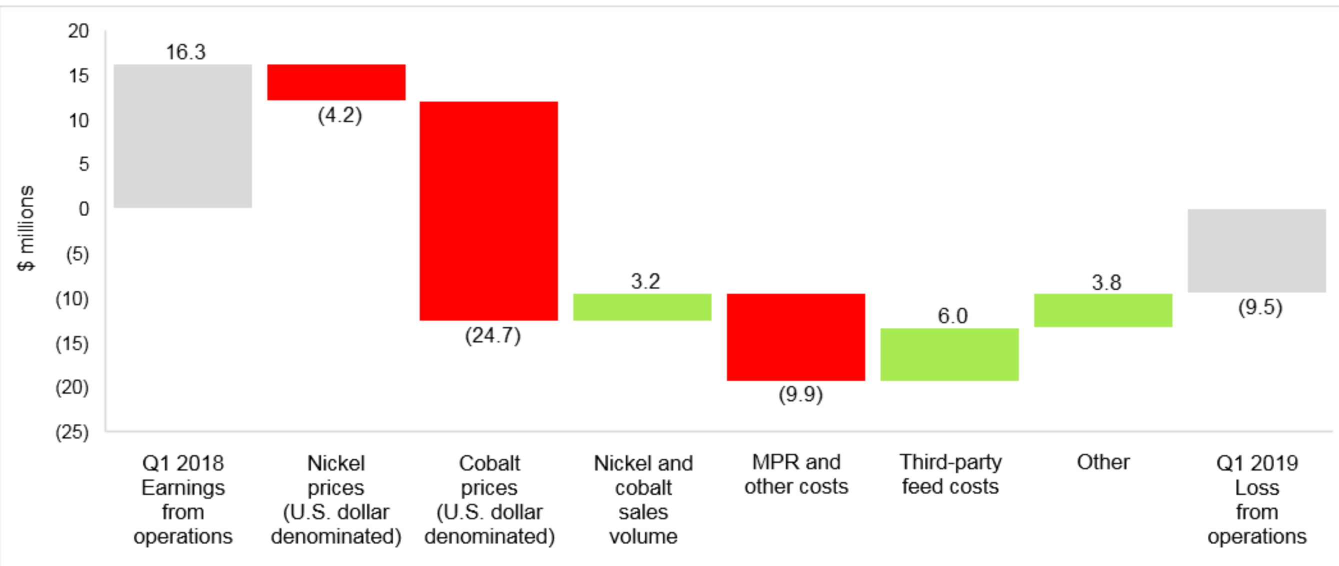


Revenue, cost of sales and NDCC are composed of the following:

$ millions, except as otherwise noted, for the three months ended March 31		2019		2018	Change
REVENUE					
Nickel	**$**	**72.7**	$	50.0	45%
Cobalt		**14.8**		34.7	(57%)
Fertilizers		**11.3**		9.1	24%
Other		**3.5**		2.5	40%
	$	**102.3**	$	96.3	6%
COST OF SALES(1)					
Mining, processing and refining (MPR)	**$**	**75.7**	$	40.0	89%
Third-party feed costs		**3.9**		8.4	(54%)
Fertilizers		**7.4**		8.1	(9%)
Selling costs		**3.8**		3.6	6%
Other		**4.7**		7.2	(35%)
	$	**95.5**	$	67.3	42%
NET DIRECT CASH COST(2) (US$ per pound of nickel)					
Mining, processing and refining costs	**$**	**5.59**	$	5.26	6%
Third-party feed costs		**0.30**		1.04	(71%)
Cobalt by-product credits		**(1.15)**		(4.27)	73%
Other(3)		**(0.21)**		0.03	(800%)
	$	**4.53**	$	2.06	120%

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

The change in earnings (loss) from operations between Q1 2019 and Q1 2018 is detailed below:



Reference prices for nickel and cobalt were 7% and 52% lower, respectively, compared to Q1 2018. Realized prices were positively impacted by a weaker Canadian dollar relative to the U.S. dollar in Q1 2019 compared to the same period in 2018. The realized price for cobalt was also impacted by mark-to-market adjustments on Q4 2018 provisionally priced sales.

Mixed sulphide production from Moa was higher in Q1 2019 primarily as a result of the deployment of new mining equipment in 2018 which significantly improved mining activities compared to Q1 2018. The prior-year quarter production was also impacted by the highest level of rainfall at Moa in more than 20 years which limited access to planned mining areas.

Nickel recovery rates were higher in Q1 2019 compared to Q1 2018 as a result of increased operating efficiencies and improved access to planned mining areas while Q1 2018 nickel recovery rates were impacted by poor mining fleet availability and weather-related ore access issues.

Finished nickel and cobalt production was higher in Q1 2019 reflecting higher mixed sulphide feed available at the refinery compared to Q1 2018. Refinery production in Q1 2018 was limited by lower Moa mixed sulphides availability, as discussed above, as well as a Canadian rail transportation service disruption in Q1 2018. The ratio of finished nickel production to cobalt production was higher in Q1 2019 compared to Q1 2018 primarily as a result of a higher nickel to cobalt ratio in mixed sulphides produced at Moa.

Net direct cash cost of nickel (NDCC) for Q1 2019 was higher compared to the same period in the prior year primarily as a result of lower cobalt credits due to lower cobalt prices and negative mark-to-market adjustments on Q4 2018 provisionally priced cobalt sales, partly offset by higher production volumes on fixed costs and energy consumption, lower utilization of lower margin third-party feed relative to Moa feed and a larger fertilizer by-product credit. The variance between Q1 2019 cobalt reference and realized prices that resulted from provisional pricing adjustments negatively impacted NDCC by approximately US$0.40 per pound.

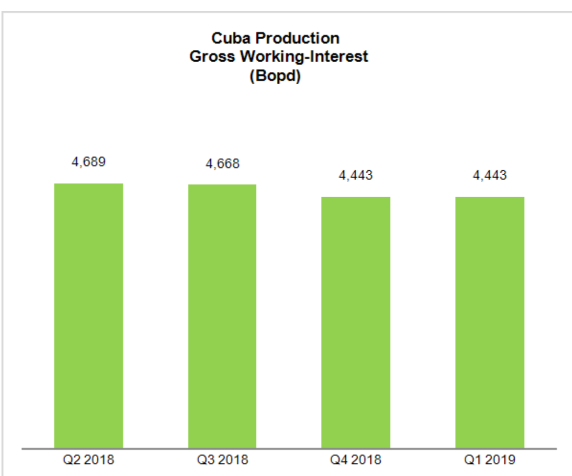
Fertilizer's contribution to operating earnings for Q1 2019 was higher compared to Q1 2018 as a result of higher sales volume and realized prices. Other costs for the three months ended March 31, 2019 includes lower royalties primarily as a result of lower cobalt reference prices.

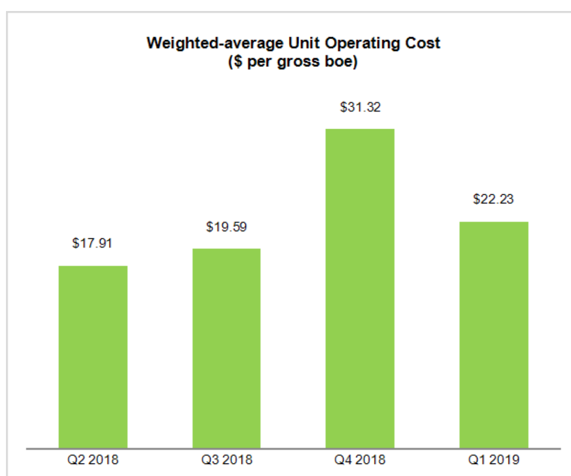
Sustaining capital spending in the three months ended March 31, 2019 was higher compared to Q1 2018 as the joint venture continued its program of purchasing additional mining equipment to increase mining efficiencies. In addition, the joint venture completed and commissioned stage one of the new slurry preparation plant at Moa which included a dump pocket and crushing system designed to improve ore screening and processing.

OIL AND GAS

$ millions, except as otherwise noted, for the three months ended March 31		2019		2018	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**9.0**	$	18.1	(50%)
(Loss) earnings from operations		**(5.7)**		1.7	(435%)
Adjusted EBITDA[1]		**(2.7)**		4.6	(159%)
CASH FLOW					
Cash (used) provided by operations	**$**	**(8.0)**	$	7.3	(210%)
Adjusted operating cash flow[1]		**(2.2)**		(7.7)	71%
Free cash flow[1]		**(14.9)**		4.2	(455%)
PRODUCTION AND SALES[2]					
Gross working-interest (GWI) - Cuba		**4,443**		5,572	(20%)
Total net working-interest (NWI)		**1,776**		3,916	(55%)
AVERAGE REFERENCE PRICES (US$ per barrel)					
West Texas Intermediate (WTI)	**$**	**54.79**	$	62.85	(13%)
U.S. Gulf Coast High Suphur Fuel Oil (USGC HSFO)		**61.04**		55.13	11%
Brent		**62.96**		66.88	(6%)
AVERAGE-REALIZED PRICES[1] (per NWI)					
Cuba ($ per barrel)	**$**	**59.13**	$	51.11	16%
Spain ($ per barrel)		**87.91**		83.83	5%
Pakistan ($ per boe)[2]		**10.62**		10.37	2%
Weighted-average ($ per boe)		**47.55**		48.67	(2%)
UNIT OPERATING COSTS[1][2] (per GWI)					
Cuba ($ per barrel)	**$**	**21.19**	$	20.83	2%
Spain ($ per barrel)		**208.96**		63.77	228%
Pakistan ($ per boe)[2]		**5.35**		8.32	(36%)
Weighted-average ($ per boe)		**22.23**		21.91	1%
SPENDING ON CAPITAL[3]					
Development, facilities and other	**$**	**1.5**	$	(0.3)	600%
Exploration		**4.2**		2.6	62%
	$	**5.7**	$	2.3	148%

(1) For additional information see the Non-GAAP measures section.
(2) Oil production is stated in barrels of oil per day (bopd). Natural gas production is stated in barrels of oil equivalent per day (boepd), which is converted at 6,000 cubic feet per barrel. Collectively, oil and natural gas production are stated in barrels of oil equivalent per day (boepd).
(3) Excludes right of use assets recognized on adoption of IRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.



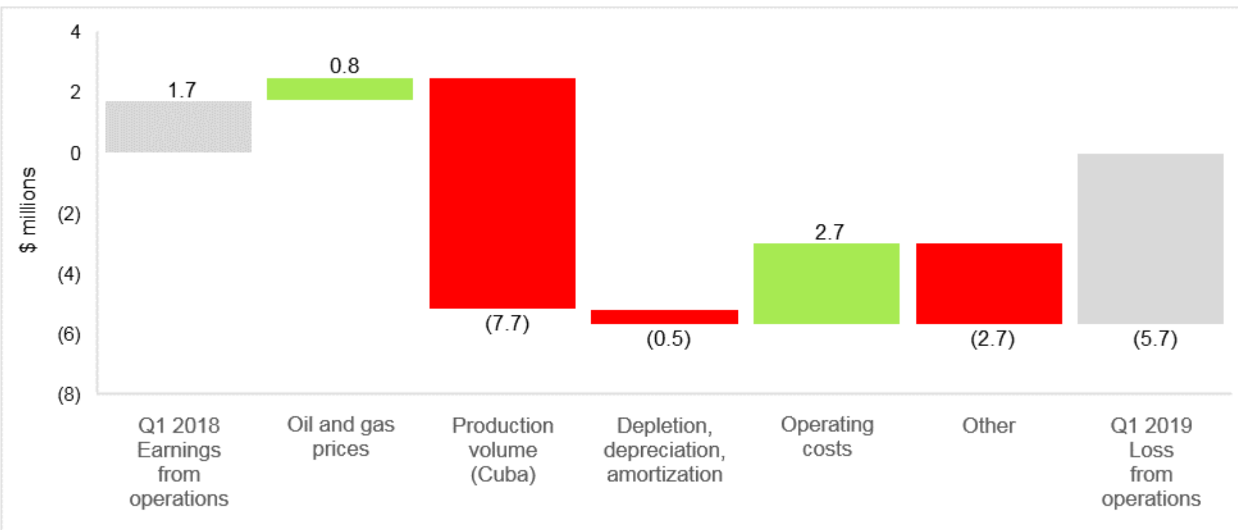


$ million, except as otherwise noted, for the three months ended March 31		2019		2018	Change
REVENUE					
Cuba	**$**	**6.7**	$	14.7	(54%)
Spain		**0.5**		2.1	(76%)
Pakistan		**0.4**		0.4	-
Processing		**1.4**		0.9	56%
	$	**9.0**	$	18.1	(50%)
DAILY PRODUCTION AND SALES VOLUMES (boepd)[(1)(2)]					
Gross working-interest (GWI) oil production in Cuba		**4,443**		5,572	(20%)
Net working-interest (NWI) oil production					
Cuba (heavy oil)					
Cost recovery		**1,018**		1,480	(31%)
Profit oil		**232**		1,694	(86%)
Total		**1,250**		3,174	(61%)
Spain (light oil)		**64**		281	(77%)
Pakistan (natural gas)		**462**		461	-
		1,776		3,916	(55%)

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

(2) For additional information regarding determination of gross working-interest and net working–interest, see the Corporation's MD&A for the year ended December 31, 2018.

The change in earnings (loss) from operations between Q1 2019 and Q1 2018 is detailed below:



Realized prices for oil in Cuba for Q1 2019 were higher than in the same period in the prior year reflecting higher USGC HSFO prices. Realized prices were also positively impacted by a weaker Canadian dollar relative to the U.S. dollar in Q1 2019 compared to Q1 2018.

GWI production in Cuba was lower for Q1 2019 compared to Q1 2018 primarily due to natural reservoir declines and the absence of new development drilling. Cuba cost recovery and profit oil production and revenue were each lower accordingly. Lower cost recovery oil production was also impacted by higher oil prices in the current-year period. Profit oil production, which represents Sherritt's share of production after cost recovery volumes are deducted from GWI volumes, was lower in Q1 2019 compared to Q1 2018 as Sherritt's profit oil percentage was reduced to 6% from 45% starting in Q2 2018 per the terms of the renewal of the Puerto Escondido/Yumuri (PE/YU) PSC. Renewal of this PSC allowed Sherritt to retain access to equipment and personnel, some of which is being used to support drilling in Block 10.

Overall operating costs are lower; however, unit operating costs in Cuba were slightly higher in Q1 2019 compared to Q1 2018 as the lower costs were more than offset by the impact of lower production. Unit operating costs in Spain were higher in Q1 2019 compared to Q1 2018 due to lower production. One of the Spain wells was off-line for most of 2018; a workover plan is being developed and the well is expected to be back on-line in early 2020. Overall, costs were negatively impacted by a weaker Canadian dollar relative to the U.S. dollar in Q1 2019 compared to Q1 2018.

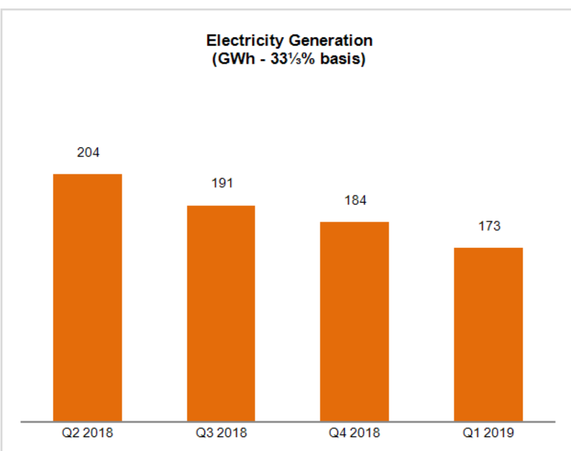
Exploration spending was higher in Q1 2019 compared to the same period in the prior year related to the timing of expenditures on drilling activities on Block 10. Free cash flow was lower for Q1 2019 compared to Q1 2018 primarily due to the timing of these capital expenditures as well as negative changes to working capital.

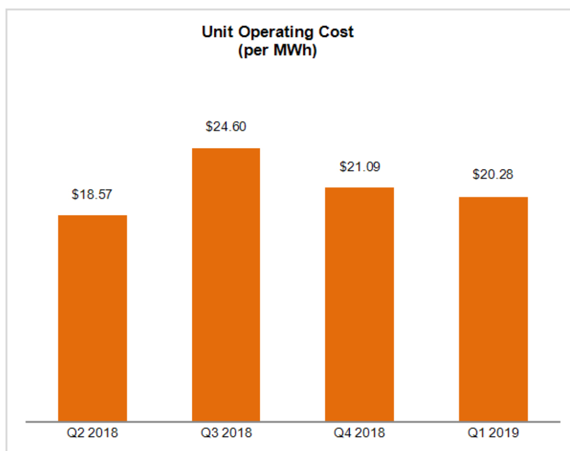
Drilling on Block 10 resumed on April 1 using updated drilling parameters developed with the assistance of third-party experts and the results from detailed lab analysis of rock cuttings that were collected previously. The adoption of new drilling parameters will not result in any increases to planned capital spending previously disclosed for the Oil and Gas business. Any incremental capital spend at the Oil and Gas business in 2019 will be predicated on successful drill results on Block 10 and collections on receivables. Sherritt intends to explore partnerships for further investment in Block 10 following completion of the current drilling, which is expected in the second quarter of 2019.

POWER

$ millions, except as otherwise noted (33⅓% basis),for the three months ended March 31		2019		2018	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**10.7**	$	11.9	(10%)
Earnings from operations		**0.9**		1.8	(50%)
Adjusted EBITDA(1)		**7.2**		7.8	(8%)
CASH FLOW					
Cash provided by operations	**$**	**3.6**	$	11.2	(68%)
Adjusted operating cash flow(1)		**6.3**		7.5	(16%)
Free cash flow(1)		**3.1**		11.1	(72%)
PRODUCTION AND SALES					
Electricity (GWh(2))		**173**		202	(14%)
AVERAGE-REALIZED PRICES(1)					
Electricity (per MWh(2))	**$**	**55.74**	$	53.24	5%
UNIT OPERATING COSTS(1) (per MWh)					
Base	**$**	**19.83**	$	14.44	37%
Non-base(3)		**0.45**		2.78	(84%)
		20.28		17.22	18%
SPENDING ON CAPITAL(4)					
Sustaining	**$**	**0.5**	$	0.1	400%
	$	**0.5**	$	0.1	400%

(1) For additional information see the Non-GAAP measures section.
(2) Gigawatt hours (GWh), Megawatt hours (MWh).
(3) Costs incurred at the Boca de Jaruco and Puerto Escondido facilities that otherwise would have been capitalized if these facilities were not accounted for as service concession arrangements.
(4) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.





Power revenue is composed of the following:

$ millions (33⅓% basis), for the three months ended March 31		**2019**		2018	Change
Electricity sales	**$**	**9.6**	$	10.7	(10%)
By-products and other		**1.1**		1.2	(8%)
	$	**10.7**	$	11.9	(10%)

Production and sales volumes were lower for Q1 2019 compared to the same period in the prior year primarily as a result of lower gas supply and due to scheduled maintenance activities. The change in average-realized price of electricity in Q1 2019 compared to Q1 2018 was due to the weaker Canadian dollar relative to the U.S. dollar.

Unit operating cost was higher in Q1 2019 compared to the same period in the prior year due to lower sales volume and the negative impact of a weaker Canadian dollar relative to the U.S. dollar.

Power had negligible capital spending in the current-year quarter.

Investment in the Ambatovy Joint Venture

In March 2019, as a result of management's decision not to fund a cash call by the Ambatovy Joint Venture, Sherritt became a defaulting shareholder. Management is not expecting to resume funding of the Ambatovy Joint Venture, and therefore this condition will likely persist. With the loss of voting rights at the board level, limitation of operational and financial influence, and the continued decision not to provide cash funding to the Ambatovy Joint Venture, the Corporation's chief operating decision makers no longer consider the Ambatovy Joint Venture an operating segment of the business for accounting purposes.

The following operational information is presented for information purposes. For additional information on Sherritt's investment in the Ambatovy Joint Venture, see note 8 of the condensed consolidated financial statements for the three months ended March 31, 2019.

For the three months ended March 31		**2019**		2018	Change
PRODUCTION VOLUMES (tonnes)					
Mixed Sulphides		**992**		675	47%
Finished Nickel		**920**		668	38%
Finished Cobalt		**81**		49	65%
Fertilizer		**2,957**		1,989	49%
UNIT OPERATING COSTS[1](US$ per pound of nickel)					
Mining, processing and refining costs	**$**	**6.76**	$	7.90	(14%)
Cobalt by-product credits		**(1.53)**		(3.09)	50%
Other[2]		**0.47**		0.53	(11%)
	$	**5.70**	$	5.34	7%
SPENDING ON CAPITAL[3] ($ millions)					
Sustaining	**$**	**2.2**	$	2.5	(12%)
	$	**2.2**	$	2.5	(12%)

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

(2) Includes selling costs, discounts and other by-product credits.

(3) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.

Finished nickel and cobalt production was higher for Q1 2019 compared to Q1 2018. For Q1 2019, production was impacted by an incident in the hydrogen plant which resulted in an employee fatality and was followed by a 10 day shutdown of the plant. Production for the period was also impacted by limited acid availability due to unplanned maintenance on the acid plants and other equipment reliability related issues. Production in Q1 2018 was impacted by Cyclone Ava which necessitated a plant shutdown of approximately one month due to damage to equipment and facilities.

Net direct cash cost (NDCC) of nickel was higher in the three months ended March 31, 2019 compared to Q1 2018 as the lower cobalt credits resulting from lower cobalt prices more than offset the impact of higher nickel and cobalt sales volumes.

Spending on sustaining capital was lower in Q1 2019 compared to Q1 2018. Capital spending in the current year period is primarily related to improving acid plant reliability, replacement of mobile equipment at the plant site, and improving the general plant and equipment conditions.

Liquidity and capital resources

Total available liquidity at March 31, 2019 was $194.3 million which is composed of available cash, cash equivalents, short term investments and $17.0 million available on the syndicated revolving-term credit facility.

CASH AND SHORT-TERM INVESTMENTS

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

$ millions, as at March 31, 2019	Cash	Cash equivalents and short-term investments	Total
Canada	$ 60.5	$ 32.5	$ 93.0
Cuba	80.2	-	80.2
Other	4.1	-	4.1
	$ 144.8	$ 32.5	$ 177.3
Sherritt's share of cash in the Moa Joint Venture, not included in the above balances:			$ 22.5

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		2019		2018	Change
Cash (used) provided by operating activities					
Oil and Gas operating cash flow	**$**	**(8.0)**	$	7.3	(210%)
Power operating cash flow		**3.6**		11.2	(68%)
Fort Site operating cash flow		**(11.7)**		6.4	(283%)
Dividends received from Moa Joint Venture		**3.3**		-	-
Interest paid on debentures		**(7.8)**		(11.0)	29%
Corporate, Metals Other and other operating cash flow		**(14.0)**		(2.8)	(400%)
Cash (used) provided by continuing operations		**(34.6)**		11.1	(412%)
Cash provided (used) by discontinued operations(1)		**14.8**		(3.8)	489%
	$	**(19.8)**	$	7.3	(371%)
Cash (used) provided by investing and financing activities					
Property, plant, equipment and intangible expenditures	**$**	**(7.8)**	$	(4.1)	(90%)
Receipts of advances, loans receivable and other financial assets		**0.2**		16.0	(99%)
Repayment of other financial liabilities		**(0.6)**		-	-
Repurchase of senior unsecured debentures		**-**		(110.3)	100%
Issuance of Units		**-**		132.3	(100%)
Fees paid on debenture repurchase and Unit offer		**-**		(9.4)	100%
Issuance of common shares		**-**		0.6	(100%)
Other		**(1.7)**		1.9	(189%)
	$	**(9.9)**	$	27.0	(137%)
		(29.7)		34.3	(187%)
Cash, cash equivalents and short-term investments:					
Beginning of the period		**207.0**		203.0	2%
End of the period	**$**	**177.3**	$	237.3	(25%)

(1) Cash provided (used) by discontinued operations relates to insurance proceeds received, or payments made, in respect of a provision retained by the Corporation following the sale of its Coal operations in 2014.

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

Cash from continuing operations was lower in the three months ended March 31, 2019 compared to the prior-year period, primarily as a result of the following:

- decreased cash from operating activities at Oil and Gas in Q1 2019 compared to the prior year period was primarily due to lower Cuban energy receipts offsetting lower taxes paid;
- decreased cash from operating activities at Power in Q1 2019 compared to the prior year period was due to lower receipts of overdue receivables and lower revenues as a result of reduced sales volume;
- decreased cash from operating activities at Fort Site were primarily due to the timing of working capital payments and lower fertilizer customer prepayments; and
- cash used by Corporate, Metals Other and other operating activities were primarily due to the timing of working capital payments;

partly offset by:

- the receipt of dividends from the Moa Joint Venture of $3.3 million for the three months ended March 31, 2019;
- lower interest payments on the secured debentures as a result of the repurchase of debentures in the first half of 2018; and
- Insurance proceeds of $16.0 million received on obligations retained by the Corporation after the disposition of its Coal operations.

Included in investing and financing activities:

- expenditures on property, plant and equipment and intangibles primarily related to Block 10 and sustaining activities.

The Corporation's Adjusted EBITDA(1) reconciles to the increase in cash, cash equivalents and short-term investments as follows for the three months ended March 31, 2019:

$ millions, for the three months ended March 31		2019
Adjusted EBITDA[1]	$	(1.2)
Add (deduct):		
Moa Joint Venture Adjusted EBITDA[1]		(2.7)
Distributions from the Moa Joint Venture		3.3
Interest paid on debentures		(7.8)
Net change in non-cash working capital		(26.8)
Other		0.6
Cash used by continuing operations per financial statements		(34.6)
Add (deduct):		
Capital expenditures		(7.8)
Other		12.7
Change in cash, cash equivalents and short-term investments	$	(29.7)

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

Canadian $ millions, as at March 31, 2019	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	$ 165.3	$ 165.3	$ -	$ -	$ -	$ -	$ -
Income taxes payable	0.6	0.6	-	-	-	-	-
Senior unsecured debentures	817.3	45.8	45.8	215.4	32.2	222.6	255.5
Ambatovy Joint Venture Partner loans	171.0	-	-	-	-	171.0	-
Syndicated revolving-term credit facility	8.5	0.5	8.0	-	-	-	-
Provisions	157.4	7.4	3.1	0.3	0.7	0.3	145.6
Lease liabilities	20.6	4.2	3.2	1.9	1.9	1.7	7.7
Capital commitments	21.3	21.3	-	-	-	-	-
Other	0.4	0.2	0.1	0.1	-	-	-
Total	$ 1,362.4	$ 245.3	$ 60.2	$ 217.7	$ 34.8	$ 395.6	$ 408.8

Covenants

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

As at March 31, 2019, the Corporation is a defaulting shareholder of the Ambatovy Joint Venture, which resulted in the Ambatovy Joint Venture partner loans also being in default and being reclassified to current liabilities. Despite being in default on the Ambatovy Joint Venture partner loans, the Ambatovy Joint Venture partners’ recourse against the Corporation is limited to the Corporation’s ownership interest in, and future distributions to be paid by, the Ambatovy Joint Venture. The Corporation will not be required to make cash payments on these loans prior to their 2023 maturity date.

The default of the Ambatovy Joint Venture partner loans would have also resulted in an event of default on the syndicated revolving-term credit facility; however, this potential default was waived prior to its occurrence through to the maturity of this facility on April 30, 2020.

As at March 31, 2019, there are no events of default on the Corporation’s debentures. The Corporation did not meet the financial ratios required to remove limitations on the incurrence of debt or certain distributions under the senior unsecured debentures indenture agreement.

OTHER COMMITMENTS

The following commitments are not reflected in the table above:

Moa Joint Venture

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

- Environmental rehabilitation commitments of $93.1 million, with no significant payments due in the next five years;
- Other contractual commitments of $11.9 million; and
- Advances and loans payable of $235.3 million. Included within this advances and loans payable balance is a $218.1 million loan payable to the entity holding the remaining 50% interest in the Moa Joint Venture.

Ambatovy Joint Venture

As a result of the Corporation's 12% interest in the Ambatovy Joint Venture, its proportionate share of significant commitments of the joint venture includes the following:

- Environmental rehabilitation commitments of $55.9 million, with no significant payments due in the next five years;
- Other contractual commitments of $13.4 million;
- Ambatovy revolving credit facilities of $9.5 million. The facilities bear interest rates between three-month LIBOR plus 4.5% and 11.85%; and
- The Ambatovy Joint Venture senior debt financing of US$192.1 million ($256.7 million) which is non-recourse to the Joint Venture partners. Interest is payable based on LIBOR plus a weighted-average margin of 2.4%. Deferred principal will be subject to an additional 2% accrued interest calculated from the date of each deferral. On an undiscounted basis, principal and interest repayments are $318.5 million.

COMMON SHARES

As at April 25, 2019, the Corporation had 397,282,785 common shares outstanding. An additional 9,897,219 common shares are issuable upon exercise of outstanding stock options granted to employees and directors pursuant to the Corporation's stock option plan, a maximum of 47,232,200 on the issue of Cobalt-Linked Warrants and 10,378,255 common shares issuable on the exercise of other common share warrants.

Managing risk

Sherritt manages a number of risks in each of its businesses in order to achieve an acceptable level of risk without appreciably hindering its ability to maximize returns. Management has procedures to identify and manage significant operational and financial risks. A comprehensive list of the Corporation's significant business risks and strategies designed to manage these risks can be found in the Corporation's Annual Information Form. There have been no significant changes in these risks other than identified below.

A number of the Corporation's subsidiaries have operations located in Cuba. The Corporation will continue to be affected by the difficult political relationship between the United States and Cuba. The incumbent U.S. administration has announced that it will no longer suspend the right of claimants to bring lawsuits under Title III of the Helms-Burton Act, effective May 2, 2019. The Corporation has received letters in the past from U.S. nationals claiming ownership of certain Cuban properties or rights in which the Corporation has an indirect interest, and explicitly or implicitly threatening litigation. However, Sherritt does not believe that its operations would be materially affected by any Helms-Burton Act lawsuits, because Sherritt's minimal contacts with the United States would likely deprive any U.S. court of personal jurisdiction over Sherritt. Furthermore, even if personal jurisdiction were exercised, any successful U.S. claimant would have to seek enforcement of the U.S. court judgment outside the U.S. in order to reach material Sherritt assets. The Corporation believes it unlikely that a court in any country in which Sherritt has material assets would enforce a Helms-Burton Act judgment. Nevertheless in the absence of any judicial interpretation of the scope of the Helms-Burton Act, the threat of potential litigation creates a distraction from constructive business and there can be no assurance that litigation against the Corporation pursuant to the Helms-Burton Act would not ultimately be successful or have a material adverse effect on the Corporation's business, results of operations or financial performance. More details on Title III and its potential risks and uncertainties can be found in Sherritt's Annual Information Form dated February 13, 2019. See "Risk Factors- Risks Related to U.S. Government Policy Towards Cuba" in that document for additional information.

Accounting Pronouncements

The condensed consolidated financial statements referenced in this MD&A have been prepared in accordance with IAS 34, Interim Financial Reporting, using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The significant accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the Corporation's audited consolidated financial statements for the year ended December 31, 2018 except for changes relating to IFRS 16 which was adopted effective January 1, 2019. For further information, see note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019.

There have been no new accounting pronouncements issued in the first quarter of 2019 that are expected to impact the Corporation. For a summary of accounting pronouncements issued but not yet effective, see the accounting pronouncements note in the Corporation's condensed consolidated financial statements for the three months ended March 31, 2019.

Summary of quarterly results(1)

The following table presents selected amounts derived from the Corporation's consolidated financial statements:

$ millions, except per share amounts, for the three months ended		**2019 Mar 31(2)**		2018 Dec 31(2)		2018 Sept 30(2)		2018 June 30(2)		2018 Mar 31(2)		2017 Dec 31(4)		2017 Sept 30		2017 June 30
Revenue per financial statements	**$**	**31.9**	**$**	37.1	**$**	29.9	**$**	46.5	**$**	39.4	**$**	54.8	$	63.3	$	76.8
Share of (loss) earnings of a joint venture, net of tax		**(8.9)**		6.2		24.7		21.4		11.9		17.4		11.6		1.8
Share of loss of an associate, net of tax		**(26.8)**		(32.1)		(17.4)		(9.0)		(13.9)		(27.5)		(53.2)		(64.2)
Net (loss) earnings from continuing operations		**(61.8)**		(69.1)		(13.3)		2.8		(0.6)		552.9		(69.5)		(101.9)
Earnings (loss) from discontinued operations, net of tax(3)		**-**		16.0		-		-		-		(15.1)		-		-
Net (loss) earnings for the period	**$**	**(61.8)**	**$**	(53.1)	**$**	(13.3)	**$**	2.8	**$**	(0.6)	**$**	537.8	$	(69.5)	$	(101.9)
Net (loss) earnings per share, basic ($ per share)																
Net (loss) earnings from continuing operations	**$**	**(0.16)**	$	(0.17)	$	(0.03)	$	0.01	$	0.00	$	1.85	$	(0.24)	$	(0.35)
Net (loss) earnings for the period		**(0.16)**		(0.13)		(0.03)		0.01		0.00		1.80		(0.24)		(0.35)

(1) Sherritt's share of financial results for the Ambatovy Joint Venture reflects its ownership interest at 40% to December 10, 2017 and 12% thereafter.

(2) The amounts for periods ended after December 31, 2018 have been prepared in accordance with IFRS 16; amounts for the periods December 31, 2018 and prior have not been restated. Refer to note 4 in the condensed consolidated financial statements for the three months ended March 31, 2019 for further information. The amounts for the periods ended after December 31, 2017 have been prepared in accordance with IFRS 9 and IFRS 15; amounts for the periods December 31, 2017 and prior have not been restated.

(3) Expenses relate to additional costs and penalties in respect of the Corporation's previous Coal operations, the liability for which was retained by the Corporation following the sale of the Coal operations in 2014. Earnings relate to insurance recoveries recognized by the Corporation.

(4) Diluted per share results are the same in all periods except the quarter ended December 31, 2017 when net earnings from continuing operations per share was $1.80 and net earnings per share was $1.75.

In general, net loss or earnings for the Corporation are primarily affected by production and sales volume, commodity prices, maintenance and operating costs, and exchange rates. The average Canadian dollar cost to purchase one U.S. dollar for the above quarters ranged from $1.25 (Q3 2017) to $1.34 (Q2 2017) and period-end rates ranged between $1.25 (Q3 2017) to $1.36 (Q4 2018).

Effective December 11, 2017, the Corporation reduced its interest in the Ambatovy Joint Venture from 40% to 12%. In general, this change in ownership interest has a positive impact on financial results of the Corporation for quarters ending after December 11, 2017 as a result of the corresponding reduction in losses from the Ambatovy Joint Venture.

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

- the first quarter of 2019 includes the recognition of $5.8 million of unrealized foreign exchange losses;
- the fourth quarter of 2018 includes an unrealized foreign exchange gain of $20.7 million, a $44.1 million loss on the revaluation of the Ambatovy Joint Venture subordinated loans receivable expected credit loss allowance within Corporate and Other and $15.7 million in losses on write-down of long-lived assets in the Ambatovy Joint Venture;
- the third quarter of 2018 includes an unrealized foreign exchange loss of $6.1 million and $8.1 million lower earnings as a result of the reduced profit oil percentage at Oil and Gas on the Puerto Escondido/Yumuri PSC;
- the second quarter of 2018 includes $11.0 million of unrealized foreign exchange gains and approximately $5.8 million lower earnings as a result of the reduced profit oil percentage at Oil and Gas on the Puerto Escondido/Yumuri PSC;
- the first quarter of 2018 includes the recognition of $7.7 million of unrealized foreign exchange gains and the impact on net earnings as a result of the expiry of the Varadero West PSC in Oil and Gas in November 2017;
- the fourth quarter of 2017 includes a gain of $629.0 million on the Ambatovy restructuring and the recognition of $24.1 million of unrealized foreign exchange losses primarily as a result of the reduction of U.S. dollar denominated loans derecognized as part of the Ambatovy restructuring;
- the third quarter of 2017 includes a $13.5 million unrealized foreign exchange gain;
- the second quarter of 2017 includes a $4.4 million unrealized foreign exchange loss.

Off-balance sheet arrangements

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

Transactions with related parties

The Corporation enters into transactions related to its investment in joint arrangements and an associate. For further detail, refer to Note 7, 8 and 18 of the Corporation's condensed consolidated financial statements for the three months ended March 31, 2019. Transactions between related parties are generally based on standard commercial terms. All amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received on the outstanding amounts. No expense has been recognized in the current or prior periods for bad debts in respect of amounts owed by related parties.

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Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

As at March 31, 2019, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the quarter ended March 31, 2019, the Corporation did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Supplementary information

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation's net earnings and earnings per share from continuing operations for the three months ended March 31, 2019 from a change in selected key variables. The impact is measured changing one variable at a time and may not necessarily be indicative of sensitivities on future results.

Factor		Increase	Approximate change in quarterly net earnings (CDN$ millions) Increase/ (decrease)	Approximate change in quarterly basic EPS Increase/ (decrease)
Prices				
Nickel - LME price per pound[1]	US$	1.00	$ 14	$ 0.03
Cobalt - Metal Bulletin price per pound[1]	US$	5.00	7	0.02
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	(9)	(0.02)
Operating costs[1]				
Natural gas - per gigajoule (Moa Joint Venture)	$	1.00	(1)	-
Sulphur - per tonne (Moa Joint Venture and Ambatovy)	US$	25.00	(2)	-

(1) Changes are applied at the operating level with the approximate change in net earnings and basic EPS representing the Corporation's 50% interest in the Moa Joint Venture and 12% interest in the Ambatovy Joint Venture.

NON-GAAP MEASURES

Management uses the following non-GAAP financial performance measures in this MD&A and/or press release:

- combined results,
- adjusted EBITDA,
- average-realized price,
- unit operating cost/NDCC,
- adjusted earnings,
- adjusted operating cash flow, and
- free cash flow.

Management uses non-GAAP measures to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace IFRS measures. Non-GAAP 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.

As discussed in the Business we manage section, the Ambatovy Joint Venture is no longer considered a reporting segment for accounting purposed; therefore, this MD&A does not present the financial results of the Ambatovy Joint Venture as part of its combined financial results, nor assess its financial performance. Certain operational information is presented for information purposes only. As a result of the change in accounting, the Ambatovy Joint venture is excluded from combined results, Adjusted EBITDA and combined cash flow metrics. For comparative purposes, the Ambatovy Joint Venture's results have been excluded from comparative periods.

The non-GAAP measures are reconciled to the most directly comparable IFRS measure in the sections below.

Combined results

The Corporation uses combined revenue (along with other combined measures, not used in this current MD&A) as a measure to help management assess the Corporation's financial performance across its operating divisions. The combined results include the Corporation's consolidated financial results and the results of its 50% share of the Moa Joint Venture, which is accounted for using the equity method for accounting purposes. Management uses these measures to reflect the Corporation's economic interest in its operating divisions prior to the application of equity accounting to help allocate financial resources and provide investors with information that it believes is useful in understanding the scope of Sherritt's business, based on its economic interest, irrespective of the accounting treatment.

The table below reconciles Combined revenue to financial statement revenue:

$ millions, for the three months ended March 31		**2019**		2018	Change
Revenue by operations					
Moa Joint Venture	**$**	**102.3**	$	96.3	6%
Oil and Gas		**9.0**		18.1	(50%)
Power		**10.7**		11.9	(10%)
Other(1)		**2.6**		2.8	(7%)
Combined revenue	**$**	**124.6**	$	129.1	(3%)
Adjust joint venture		**(92.7)**		(89.7)	
Financial statement revenue	**$**	**31.9**	$	39.4	(19%)

(1) Other Q1 2019 revenue includes - Other Metals - $2.9 million and Corporate and other - $ (0.3) million. (Other Q1 2018 revenue includes - Other Metals - $2.8 million and Corporate and other - $ - million).

Adjusted EBITDA

The Corporation defines Adjusted EBITDA as earnings (loss) from operations, joint venture and associate as reported in the financial statements for the period adjusted for share of loss of an associate; depletion, depreciation and amortization; impairment charges for long lived assets, intangible assets, goodwill and investments; gain or loss on disposal of property, plant and equipment of the Corporation or joint venture; and gain or loss on disposition of an interest in investment in associate or joint venture of the Corporation. The exclusion of impairment charges eliminates the non-cash impact. Management uses Adjusted EBITDA internally to evaluate Sherritt's operating divisions on a combined and individual basis as an indicator of ability to fund working capital needs, service debt and fund capital expenditure as well as provide a level of comparability to similar entities, Management believes that Adjusted EBITDA provides useful information to investors in evaluating our operating results in the same manner as management and the board of directors.

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

$ millions, for the three months ended March 31	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	Total 2019
(Loss) earnings from operations and joint venture per financial statements	**$ (9.5)**	**$ 0.4**	**$ (5.7)**	**$ 0.9**	**$ (10.7)**	**$ (26.8)**	**$ (51.4)**
Add (deduct):							
Depletion, depreciation and amortization	**2.1**	**-**	**3.0**	**6.3**	**0.4**	**-**	**11.8**
Share of loss of an associate	**-**	**-**	**-**	**-**	**-**	**26.8**	**26.8**
Adjustments for share of joint venture:							
Depletion, depreciation and amortization	**11.6**	**-**	**-**	**-**	**-**	**-**	**11.6**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**2.1**	**2.1**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**(2.1)**	**(2.1)**
Adjusted EBITDA	**$ 4.2**	**$ 0.4**	**$ (2.7)**	**$ 7.2**	**$ (10.3)**	**$ -**	**$ (1.2)**
Loss from operations, joint venture and associate							**$ (51.4)**
Net finance expense							**(10.1)**
Income tax expense							**(0.3)**
Net loss from continuing operations							**$ (61.8)**

$ millions, for the three months ended March 31	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	Total 2018
(Loss) earnings from operations and joint venture per financial statements	$ 16.3	$ 0.8	$ 1.7	$ 1.8	$ (5.1)	$ (21.1)	$ (5.6)
Add (deduct):							
Depletion, depreciation and amortization	1.2	-	2.9	6.0	0.3	-	10.4
Share of loss of an associate	-	-	-	-	-	13.9	13.9
Adjustments for share of joint venture:							
Depletion, depreciation and amortization	9.6	-	-	-	-	-	9.6
Net finance expense	-	-	-	-	-	0.6	0.6
Income tax expense	-	-	-	-	-	6.6	6.6
Adjusted EBITDA	$ 27.1	$ 0.8	$ 4.6	$ 7.8	$ (4.8)	$ -	$ 35.5
Loss from operations, joint venture and associate							$ (5.6)
Net finance income							6.5
Income tax expense							(1.5)
Net loss from continuing operations							$ (0.6)

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given division. The average-realized price for nickel, cobalt, and fertilizer excludes the impact of by-product revenue. Transactions by the metals marketing company, included in other revenue, are excluded. The average-realized price for oil and gas is based on net working-interest oil plus natural gas production stated in barrels of oil equivalent. Management uses this measure, and believes investors use this measure, to compare the relationship between the revenue and direct costs on a per unit basis in each reporting period for nickel, cobalt, fertilizer, oil and gas, and power and provide comparability with other similar external operations.

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

$ millions, except average-realized price and sales volume, for the three months ended March 31							**2019**
	Moa Joint Venture						
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements	**$ 72.7**	**$ 14.8**	**$ 11.3**	**$ 3.5**	**$ 102.3**	**$ 9.0**	**$ 10.7**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**			**-**	**(1.1)**
Processing revenue	**-**	**-**	**-**			**(1.4)**	**-**
Revenue for purposes of average-realized price calculation	**72.7**	**14.8**	**11.3**			**7.6**	**9.6**
Sales volume for the period	**9.7**	**1.0**	**27.0**			**0.16**	**173**
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels(1)	Gigawatt hours
Average-realized price(2)(3)	**$ 7.51**	**$ 14.62**	**$ 418**			**$ 47.55**	**$ 55.74**

$ millions, except average-realized price and sales volume, for the three months ended March 31							2018
	Moa Joint Venture						
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements	$ 50.0	$ 34.7	$ 9.1	$ 2.5	$ 96.3	$ 18.1	$ 11.9
Adjustments to revenue:							
By-product revenue	-	-	-			-	(1.2)
Processing revenue	-	-	-			(0.9)	-
Revenue for purposes of average-realized price calculation	50.0	34.7	9.1			17.2	10.7
Sales volume for the period	6.4	0.7	25.5			0.35	202
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels(1)	Gigawatt hours
Average-realized price(2)(3)	$ 7.80	$ 48.47	$ 358			$ 48.67	$ 53.24

(1) Net working-interest oil production.
(2) Average-realized price may not calculate based on amounts presented due to foreign exchange and rounding.
(3) Power, average-realized price per MWh.

Unit operating cost/NDCC

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

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

For NDCC reconciliation for the Ambatovy Joint Venture, see Ambatovy Joint Venture – NDCC non-GAAP reconciliation.

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

Unit operating costs for nickel, oil, and electricity are key measures that management and investors uses to monitor performance. NDCC of nickel is a widely used performance measure for nickel producers. Management uses unit operating costs/NDCC to assess how well the Corporation's producing mines, oil wells and power facilities are performing and to assess overall production efficiency and effectiveness internally across periods and compared to its competitors.

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

$ millions, except unit cost and sales volume, for the three months ended March 31			**2019**			2018
	Moa JV and Fort Site	Oil and Gas	Power	Moa JV and Fort Site	Oil and Gas	Power
Cost of sales per financial statements	**$ 109.2**	**$ 12.5**	**$ 9.8**	$ 78.0	$ 15.2	$ 9.5
Less:						
Depletion, depreciation and amortization in cost of sales	**(13.7)**	**(2.5)**	**(6.3)**	(10.7)	(2.9)	(6.0)
	95.5	**10.0**	**3.5**	67.3	12.3	3.5
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	**(29.6)**	**-**	**-**	(46.3)	-	-
Impact of opening/closing inventory and other	**(7.6)**	**-**	**-**	(4.3)	-	-
Cost of sales for purposes of unit cost calculation	**58.3**	**10.0**	**3.5**	16.7	12.3	3.5
Sales volume for the period	**9.7**	**0.45**	**173**	6.4	0.57	202
Volume units	**Millions of pounds**	**Millions of barrels[1]**	**Gigawatt hours**	Millions of pounds	Millions of barrels[1]	Gigawatt hours
Unit operating cost[2][3]	**$ 6.02**	**$ 22.23**	**$ 20.28**	$ 2.60	$ 21.91	$ 17.22
Unit operating cost (U.S. dollars) (NDCC)	**$ 4.53**			$ 2.06		

(1) Gross working-interest oil production.
(2) Unit operating cost/NDCC may not calculate based on amounts presented due to foreign exchange and rounding.
(3) Power, unit operating cost price per MWh.

Adjusted earnings/loss from continuing operations

The Corporation defines adjusted earnings/loss from continuing operations as earnings/loss from continuing operations less items not reflective of operational performance. These adjusting items include, but are not limited to, impairment of assets, gains and losses on the acquisition or disposition of assets, gains and losses on unrealized foreign exchange, gains and losses on revaluation of allowances for credit losses, and other one-time adjustments. While some adjustments are recurring (such as unrealized foreign exchange (gain) loss), management believes that they do not reflect the Corporation's operational performance or future operational performance.

Management uses this measure internally and believes that it provides investors with a performance measure with which to assess the Corporation's core operations by adjusting for items or transactions that are not reflective of its core operating activities.

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

$ millions, for the three months ended March 31	**2019**	2018
Net loss from continuing operations	**$ (61.8)**	$ (0.6)
Adjusting items:		
Sherritt - Unrealized foreign exchange (gain) loss - Continuing	**5.8**	(7.7)
Corporate - Gain on repurchase of debentures, net of transaction costs	**-**	(1.0)
Corporate - Cobalt linked Warrants - Fair value revaluation	**-**	(4.1)
Corporate - Revaluation of allowance for expected credit losses	**1.0**	-
Corporate - Fair value of Ambatovy operating fee	**(0.2)**	-
Oil and Gas and Power - Revaluation of allowance for expected credit losses	**0.3**	-
Other	**-**	(1.4)
Total adjustments	**$ 6.9**	$ (14.2)
Adjusted net loss from continuing operations	**$ (54.9)**	$ (14.8)
Adjusted net loss per share (basic) ($ per share)	**$ (0.14)**	$ (0.04)

Combined adjusted operating cash flow

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

Combined adjusted operating cash flow is used by management, and management believes this information is used by investors, to assess its ability to generate cash from its operations in each period without the impact of working capital changes.

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

$ millions, for the three months ended March 31								**2019**
	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for joint venture	**Total derived from financial statements**
Cash (used) provided by continuing operations	**$ (4.1)**	**$ 2.5**	**$ (8.0)**	**$ 3.6**	**$ (24.3)**	**$ (30.3)**	**$ (4.3)**	**$ (34.6)**
Adjust: net change in non-cash working capital	**6.9**	**(2.2)**	**5.8**	**2.7**	**7.2**	**20.4**	**6.4**	**26.8**
Adjusted operating cash flow	**$ 2.8**	**$ 0.3**	**$ (2.2)**	**$ 6.3**	**$ (17.1)**	**$ (9.9)**	**$ 2.1**	**$ (7.8)**

$ millions, for the three months ended March 31								2018
	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for joint venture	**Total derived from financial statements**
Cash provided (used) by continuing operations	$ 18.1	$ 1.8	$ 7.3	$ 11.2	$ (15.7)	$ 22.7	$ (11.6)	$ 11.1
Adjust: net change in non-cash working capital	8.7	(1.5)	(15.0)	(3.7)	(4.5)	(16.0)	(17.1)	(33.1)
Adjusted operating cash flow	$ 26.8	$ 0.3	$ (7.7)	$ 7.5	$ (20.2)	$ 6.7	$ (28.7)	$ (22.0)

Combined free cash flow

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

Free cash flow is used by management, and management believes this information is used by investors as a non-GAAP measure to analyze cash flows generated from operations and assess its operations' ability to provide cash or its use of cash, after funding cash capital requirements, to service current and future working capital need and service debt.

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

$ millions, for the three months ended March 31								**2019**
	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for joint venture	**Total derived from financial statements**
Cash (used) provided by continuing operations	**$ (4.1)**	**$ 2.5**	**$ (8.0)**	**$ 3.6**	**$ (24.3)**	**$ (30.3)**	**$ (4.3)**	**$ (34.6)**
Less:								
Property, plant and equipment expenditures	**(6.3)**	**-**	**(4.1)**	**(0.5)**	**-**	**(10.9)**	**5.9**	**(5.0)**
Intangible expenditures	**-**	**-**	**(2.8)**	**-**	**-**	**(2.8)**	**-**	**(2.8)**
Free cash flow	**$ (10.4)**	**$ 2.5**	**$ (14.9)**	**$ 3.1**	**$ (24.3)**	**$ (44.0)**	**$ 1.6**	**$ (42.4)**

$ millions, for the three months ended March 31								2018
	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for joint venture	**Total derived from financial statements**
Cash provided (used) by continuing operations	$ 18.1	$ 1.8	$ 7.3	$ 11.2	$ (15.7)	$ 22.7	$ (11.6)	$ 11.1
Less:								
Property, plant and equipment expenditures	(4.5)	-	(2.4)	(0.1)	-	(7.0)	3.6	(3.4)
Intangible expenditures	-	-	(0.7)	-	-	(0.7)	-	(0.7)
Free cash flow	$ 13.6	$ 1.8	$ 4.2	$ 11.1	$ (15.7)	$ 15.0	$ (8.0)	$ 7.0

Ambatovy Joint Venture – NDCC non-GAAP reconciliation

Net Direct Cash Cost

The Ambatovy Joint Venture's net direct cash cost is calculated by dividing cost of sales, as reported in the financial statement Investment in associate note (note 8) adjusted for the following: depreciation, depletion and amortization in cost of sales; cobalt by-product, fertilizer and other revenue; and other costs primarily related to the impact of opening and closing inventory values, by the number of finished nickel pounds sold in the period, and expressed in U.S. dollars.

$ millions, except unit cost and sales volume, for the three months ended March 31[(1)]	**2019**	2018
Cost of sales	**$ 313.9**	$ 229.4
Less:		
Depletion, depreciation and amortization in cost of sales	**(105.5)**	(82.4)
	208.4	147.0
Adjustments to cost of sales:		
Cobalt by-product, fertilizer and other revenue	**(46.7)**	(63.3)
Impact of opening/closing inventory and other	**(10.1)**	1.1
Cost of sales for purposes of unit cost calculation	**151.6**	84.8
Sales volume for the period	**20.0**	12.5
Volume units	**Millions of pounds**	Millions of pounds
Unit operating cost[(2)]	**$ 7.58**	$ 6.75
Unit operating cost (U.S. dollars) (NDCC)[(2)]	**$ 5.70**	$ 5.34

(1) For purposes of these reconciliations, all amounts and sales volume information is on a 100% basis.

(2) NDCC amount may not calculate based on amounts presented due to foreign exchange and rounding.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as "believe", "expect", "anticipate", "intend", "plan", "forecast", "likely", "may", "will", "could", "should", "suspect", "outlook", "potential", "projected", "continue" or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements set out in the "Outlook" section of this MD&A and certain expectations regarding production volumes, operating costs and capital spending; supply, demand and pricing outlook in the nickel and cobalt markets; anticipated payments of outstanding receivables; future distributions from the Moa Joint Venture, funding of future Ambatovy Joint Venture cash calls, drill plans and results on exploration wells; the impact of Title III of the Helms-Burton Act on operations; and amounts of certain other commitments.

Forward looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; production results; realized prices for production; earnings and revenues; development and exploration wells and enhanced oil recovery in Cuba; environmental rehabilitation provisions; availability of regulatory approvals; compliance with applicable environmental laws and regulations; debt repayments; collection of accounts receivable; and certain corporate objectives, goals and plans. By their nature, forward looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that those assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this MD&A not to place undue reliance on any forward looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward looking statements. These risks, uncertainties and other factors include, but are not limited to, changes in the global price for nickel, cobalt, oil and gas, fertilizers or certain other commodities; security market fluctuations and price volatility; level of liquidity; access to capital; access to financing; risks related to the liquidity and funding of the Ambatovy Joint Venture; the risk to Sherritt's entitlements to future distributions from the Moa and Ambatovy joint ventures; risk of future non-compliance with debt restrictions and covenants and mandatory repayments; uncertainty of exploration results and Sherritt's ability to replace depleted mineral and oil and gas reserves; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba and Madagascar; risks related to Sherritt's operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; potential interruptions in transportation; uncertainty of gas supply for electrical generation; the Corporation's reliance on key personnel and skilled workers; the possibility of equipment and other failures; risks associated with mining, processing and refining activities; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; risks related to the Corporation's corporate structure; political, economic and other risks of foreign operations; risks related to Sherritt's operations in Madagascar; risks associated with Sherritt's operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations and maintaining the Corporation's social license to grow and operate; credit risks; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; legal contingencies; risks related to the Corporation's accounting policies; identification and management of growth opportunities; uncertainty in the ability of the Corporation to obtain government permits; risks to information technologies systems and cybersecurity; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2019; and the Corporation's ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this press release and in the Corporation's other documents filed with the Canadian securities authorities, including without limitation the Annual Information Form of the Corporation dated February 13, 2019 for the period ending December 31, 2018, which is available on SEDAR at www.sedar.com.

The Corporation may, from time to time, make oral forward-looking statements. The Corporation advises that the above paragraph and the risk factors described in this MD&A and in the Corporation's other documents filed with the Canadian securities authorities should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from those in the oral forward-looking statements. The forward-looking information and statements contained in this MD&A are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any oral or written forward-looking information or statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2019 and 2018

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statements of comprehensive income (loss)

Unaudited, Canadian $ millions, except per share amounts, for the three months ended March 31	Note		**2019**		2018
Revenue	5	**$**	**31.9**	$	39.4
Cost of sales	6		**(36.8)**		(37.9)
Administrative expenses	6		**(10.8)**		(5.1)
Share of (loss) earnings of a joint venture, net of tax	7		**(8.9)**		11.9
Share of loss of an associate, net of tax	8		**(26.8)**		(13.9)
Loss from operations, joint venture and associate			**(51.4)**		(5.6)
Financing income	9		**11.0**		16.9
Financing expense	9		**(21.1)**		(10.4)
Net finance (expense) income			**(10.1)**		6.5
(Loss) earnings before tax			**(61.5)**		0.9
Income tax expense			**(0.3)**		(1.5)
Net loss from continuing operations			**(61.8)**		(0.6)
Earnings from discontinued operations, net of tax			**-**		-
Net loss for the period		**$**	**(61.8)**	$	(0.6)
Other comprehensive (loss) income					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations	15		**(18.9)**		23.5
Items that will not be subsequently reclassified to profit or loss:					
Actuarial gains (losses) on pension plans, net of tax	15		**0.5**		(0.2)
Other comprehensive (loss) income			**(18.4)**		23.3
Total comprehensive (loss) income		**$**	**(80.2)**	$	22.7
Net loss from continuing operations per common share					
Basic	10	**$**	**(0.16)**	$	0.00
Diluted	10	**$**	**(0.16)**	$	0.00
Net loss per common share					
Basic	10	**$**	**(0.16)**	$	0.00
Diluted	10	**$**	**(0.16)**	$	0.00

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

Condensed consolidated statements of financial position

Unaudited, Canadian $ millions, as at	Note		2019 March 31		2018 December 31
ASSETS					
Current assets					
Cash and cash equivalents	11	**$**	**160.3**	$	206.9
Short-term investments	11		**17.0**		0.1
Restricted cash			**6.8**		2.8
Advances, loans receivable and other financial assets	4, 12		**13.3**		24.6
Trade accounts receivable, net, and unbilled revenue	11		**227.8**		227.5
Inventories			**39.5**		33.6
Prepaid expenses	4		**2.6**		2.7
			467.3		498.2
Non-current assets					
Advances, loans receivable and other financial assets	4, 12		**719.9**		720.5
Other non-financial assets			**0.7**		0.3
Property, plant and equipment	4		**240.3**		227.9
Investment in a joint venture	4, 7		**416.4**		438.0
Investment in an associate	4, 8		**116.5**		148.1
Intangible assets			**156.3**		160.5
			1,650.1		1,695.3
Assets held for sale			**0.9**		0.9
Total assets		**$**	**2,118.3**	$	2,194.4
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Loans and borrowings	13	**$**	**155.3**	$	8.0
Trade accounts payable and accrued liabilities			**165.3**		183.2
Income taxes payable			**0.6**		0.6
Other financial liabilities	4, 13		**5.5**		7.4
Deferred revenue			**35.0**		24.5
Provisions	14		**7.4**		8.6
			369.1		232.3
Non-current liabilities					
Loans and borrowings	13		**549.1**		697.7
Other financial liabilities	4, 13		**16.7**		5.7
Other non-financial liabilities			**3.0**		3.0
Provisions	14		**113.9**		108.6
Deferred income taxes			**15.7**		16.2
			698.4		831.2
Total liabilities			**1,067.5**		1,063.5
Shareholders' equity					
Capital stock	15		**2,894.9**		2,894.9
Deficit			**(2,596.4)**		(2,534.6)
Reserves	15		**233.5**		233.4
Accumulated other comprehensive income	15		**518.8**		537.2
			1,050.8		1,130.9
Total liabilities and shareholders' equity		**$**	**2,118.3**	$	2,194.4

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

Condensed consolidated statements of cash flow

Unaudited, Canadian $ millions, for the three months ended March 31	Note	2019	2018
Operating activities			
Net loss from continuing operations		**$ (61.8)**	$ (0.6)
Add (deduct):			
Depletion, depreciation and amortization	6	**11.8**	10.4
Share of loss (earnings) of a joint venture, net of tax	7	**8.9**	(11.9)
Share of loss of an associate, net of tax	8	**26.8**	13.9
Net finance expense (income) (net of accretion expense)	9	**10.0**	(6.6)
Income tax expense		**0.3**	1.5
Net change in non-cash working capital	17	**(26.8)**	33.1
Interest received		**0.7**	1.2
Interest paid		**(7.8)**	(11.0)
Income tax paid		**(0.6)**	(11.9)
Distributions received from joint venture	7	**3.3**	-
Other operating items	17	**0.6**	(7.0)
Cash (used) provided by continuing operations		**(34.6)**	11.1
Cash provided (used) by discontinued operations	12	**14.8**	(3.8)
Cash (used) provided by operating activities		**(19.8)**	7.3
Investing activities			
Property, plant and equipment expenditures	5	**(5.0)**	(3.4)
Intangible asset expenditures	5	**(2.8)**	(0.7)
Receipts of advances, loans receivable and other financial assets		**0.2**	16.0
Purchase of short-term investments		**(16.9)**	(58.0)
Cash used by continuing operations		**(24.5)**	(46.1)
Cash used by investing activities		**(24.5)**	(46.1)
Financing activities			
Repayment of other financial liabilities		**(0.6)**	-
Repurchase of senior unsecured debentures	13	**-**	(110.3)
Issuance of units	15	**-**	132.3
Fees paid on repurchase of senior unsecured debentures and issuance of units		**-**	(9.4)
Issuance of common shares		**-**	0.6
Cash (used) provided by continuing operations		**(0.6)**	13.2
Cash (used) provided by financing activities		**(0.6)**	13.2
Effect of exchange rate changes on cash and cash equivalents		**(1.7)**	1.9
Decrease in cash and cash equivalents		**(46.6)**	(23.7)
Cash and cash equivalents at beginning of the period		**206.9**	185.0
Cash and cash equivalents at end of the period	11	**$ 160.3**	$ 161.3

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

Condensed consolidated statements of changes in shareholders’ equity

Unaudited, Canadian $ millions

	Note	Capital stock	Deficit	Reserves	Accumulated other comprehensive income (loss)	Total
Balance as at December 31, 2017		**$ 2,784.6**	**$ (2,427.7)**	**$ 232.9**	**$ 466.5**	**$ 1,056.3**
Cumulative transitional adjustment on initial application of IFRS 9		-	(42.7)	-	-	(42.7)
Total comprehensive income:						
Net loss for the period		-	(0.6)	-	-	(0.6)
Foreign currency translation differences on foreign operations		-	-	-	23.5	23.5
Actuarial losses on pension plans, net of tax		-	-	-	(0.2)	(0.2)
		-	(0.6)	-	23.3	22.7
Shares issued for:						
Stock options exercised		0.2	-	(0.1)	-	0.1
Equity issuance, net of transaction costs - 2018 unit offering		109.0	-	-	-	109.0
Warrants exercised - 2016 debenture extension		0.8	-	(0.3)	-	0.5
Stock option plan expense		-	-	0.5	-	0.5
Balance as at March 31, 2018		**$ 2,894.6**	**$ (2,471.0)**	**$ 233.0**	**$ 489.8**	**$ 1,146.4**
Total comprehensive loss:						
Net loss for the period		-	(63.6)	-	-	(63.6)
Foreign currency translation differences on foreign operations		-	-	-	47.4	47.4
		-	(63.6)	-	47.4	(16.2)
Shares issued for:						
Warrants exercised - 2016 debenture extension		0.3	-	(0.1)	-	0.2
Stock option expense		-	-	0.5	-	0.5
Balance as at December 31, 2018		**$ 2,894.9**	**$ (2,534.6)**	**$ 233.4**	**$ 537.2**	**$ 1,130.9**
Total comprehensive loss:						
Net loss for the period		-	(61.8)	-	-	(61.8)
Foreign currency translation differences on foreign operations	15	-	-	-	(18.9)	(18.9)
Actuarial gains on pension plans, net of tax	15	-	-	-	0.5	0.5
		-	(61.8)	-	(18.4)	(80.2)
Stock option plan expense	15	-	-	0.1	-	0.1
Balance as at March 31, 2019		**$ 2,894.9**	**$ (2,596.4)**	**$ 233.5**	**$ 518.8**	**$ 1,050.8**

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

Notes to the condensed consolidated financial statements

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

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

The Corporation is domiciled in Ontario, Canada and its registered office is 22 Adelaide Street West, Toronto, Ontario, M5H 4E3. These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors of Sherritt on April 25, 2019. The Corporation is listed on the Toronto Stock Exchange.

2. BASIS OF PRESENTATION

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

The condensed consolidated financial statements are prepared on a going concern basis, under the historical cost convention, except for certain financial assets and liabilities and cash-settled share-based payments, which have been measured at fair value. All financial information is presented in Canadian dollars rounded to the nearest hundred thousand, except as otherwise noted.

The Corporation's accounting policies and critical accounting estimates and judgments, as a result of adopting IFRS 16 Leases (IFRS 16), are disclosed in the following note:

Note	Topic	Accounting policies	Critical accounting estimates and judgments	Page
3	Leases	x	x	52

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

These condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2018, with the exception of the adoption of IFRS 16, with a date of initial application of January 1, 2019.

The adoption of IFRS 16 had a material impact on the accounting policies, methods of computation and presentation of leases applied by the Corporation. The adoption of IFRS 16 also resulted in the Corporation identifying new critical accounting estimates and judgments related to leases as described below. The Corporation's accounting policies for leases are described below and the effects of adoption of IFRS 16 are described in note 4.

The Corporation adopted IFRS 16 using transition methods that did not require the comparative periods to be restated and therefore comparative information is presented as previously reported under IAS 17 Leases (IAS 17) and IFRIC 4 Determining Whether an Arrangement Contains a Lease (IFRIC 4).

The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2018.

Accounting policy: Leases

At inception of a contract, the Corporation assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

- the contract involves the use of an identified asset, specified either explicitly or implicitly, that is physically distinct, and usage represents substantially all of the capacity of the asset;
- the Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Corporation has the right to direct use of the asset, which is evidenced by decision-making rights to direct how and for what purpose the asset is used. In cases where the decision about how and for what purpose the asset is used is predetermined, the Corporation has the right to direct the use of the asset if either:
  - the Corporation has the right to operate the asset (or to direct others to operate the asset in a manner that it determines), without the supplier having the right to change those operating instructions; or
  - the Corporation designed the asset in a way that predetermines how and for what purpose it will be used.

The Corporation as a lessee

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises: the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date; less, any lease incentives received; plus, any initial direct costs incurred; plus, an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. The estimated useful life of the underlying asset is determined on the same basis as that of property, plant and equipment. The lease term is the non-cancellable period of a lease, including periods covered by an option to extend the lease if the Corporation is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Corporation is reasonably certain not to exercise that option. The carrying amount of the right-of-use asset is periodically reduced by impairment losses when an impairment indicator is present and an impairment loss is identified, if any, and adjusted for certain remeasurements of the lease liability, if any.

The lease liability is initially measured at the present value of future lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the lessee’s incremental borrowing rate. Generally, the Corporation uses the lessee’s incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a lease modification, a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension, or termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Corporation. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statements of comprehensive income (loss) if the carrying amount of the right-of-use asset is zero. When a lease modification results in a decrease in scope and the carrying amount of the right-of-use asset is reduced to zero, any incremental reduction on remeasurement is recognised in the consolidated statements of comprehensive income (loss).

The Corporation presents right-of-use assets in property, plant and equipment and lease liabilities in other financial liabilities in the consolidated statements of financial position.

Non-lease components

The Corporation has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component for all classes of assets.

Leases of intangible assets

The Corporation, as a lessee, elected not to apply IFRS 16 to leases of intangible assets. Intangible assets are accounted for in accordance with IAS 38 Intangible Assets.

Short-term leases and leases of low-value assets

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense in the consolidated statements of comprehensive income (loss) on a straight-line basis over the lease term.

The Corporation as a lessor

When the Corporation acts a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Corporation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Corporation is an intermediate lessor, it accounts for its interest in the head lease and sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Corporation applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Corporation applies IFRS 15 Revenue from contracts with customers (IFRS 15) to allocate the consideration in the contract.

The Corporation recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of other revenue presented in revenue in the consolidated statements of comprehensive income (loss).

Revenue is recognized at commencement of the lease term of a finance lease. The present value of the lease payments is recognized as a finance receivable presented in advances, loans receivable and other financial assets in the consolidated statements of financial position. The difference between the gross finance receivable and the present value of the minimum lease payments is initially recognized as unearned interest and presented as a deduction to the gross finance receivable. Interest income is recognized in the consolidated statements of comprehensive income (loss) over the lease term using the effective interest method.

For operating leases, revenue is recognized in the consolidated statements of comprehensive income (loss) on a straight-line basis over lease term.

Critical accounting estimates

Incremental borrowing rate used to determine the present value of the Corporation's lease liabilities

The measurement of the Corporation's lease liabilities depends on the interest rate implicit in the lease used to discount the remaining lease payments. If the interest rate implicit in the lease cannot be readily determined, the lease payments are discounted using the incremental borrowing rate. The incremental borrowing rate is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Significant assumptions are required to be made on the basis for which the rate is derived. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Corporation's financial statements.

Critical accounting judgments

Arrangements containing a lease

The Corporation applies judgment in determining whether a contract is or contains a lease. Management applies judgment in determining which assets are specified in an arrangement, determining whether a right to direct the use of a specified asset has been conveyed and if the Corporation has the right to obtain substantially all of the economic benefits from the use of the asset.

Lease term

The Corporation applies judgment in determining the lease term where the contract contains options to extend or terminate the lease. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Such assessment involves management judgement based on information at the time the assessment is made and is based on any anticipated changes to these facts and circumstances from the commencement date of the lease to the date that such an option is exercisable. The assessment is reviewed upon a trigger by a significant event or a significant change in circumstances that are within the control of the lessee.

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 Leases which replaces IAS 17, IFRIC 4, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease effective January 1, 2019.

IFRS 16 introduces a single, on-balance sheet accounting model for lessees and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low-value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Effective January 1, 2019, the Corporation adopted the requirements of IFRS 16.

The Corporation elected to apply the standard on a modified retrospective basis using certain practical expedients and transitional provisions described below. Under this approach, the 2018 comparative period was not restated and no cumulative transitional adjustment to the opening balance of deficit was recognized on January 1, 2019, given that the right-of-use assets were measured at an amount equal to the lease liabilities.

Definition of a lease

Previously, the Corporation determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Corporation continues to assess whether a contract is or contains a lease based on the definition of a lease, as explained in note 3.

On transition to IFRS 16, the Corporation elected to not apply the practical expedient to grandfather the assessment of which transactions are leases. The Corporation applied IFRS 16 to all contracts that may contain a lease. Therefore, the definition of a lease under IFRS 16 was applied to all contracts in effect on or after January 1, 2019.

The Corporation as a lessee

As a lessee, the Corporation previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Corporation. Under IFRS 16, the Corporation recognizes right-of-use assets and lease liabilities for substantially all of its leases.

The Corporation, as a lessee, has elected not to apply IFRS 16 to leases of intangible assets (note 3).

The Corporation elected to apply recognition exemptions to short-term leases and leases of low-value assets (note 3). For leases of other assets, which were classified as operating leases under IAS 17, the Corporation recognized right-of-use assets and lease liabilities.

Leases previously classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate as at January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, with no impact to the opening balance of deficit.

The Corporation used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with a remaining lease term of less than 12 months as at January 1, 2019; and
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

Leases previously classified as finance leases under IAS 17

For leases previously classified as finance leases, the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application was equal to the carrying amount of the lease assets and lease liabilities immediately before initial application measured applying IAS 17.

The Corporation as a lessor

There was no impact to lessor accounting upon the adoption of IFRS 16, except for sub-leases. Under IFRS 16, the Corporation is required to assess the classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not the underlying asset. On transition, the Corporation reassessed the classification of sub-lease contracts previously classified as operating leases under IAS 17. The Corporation concluded that the sub-leases are finance leases under IFRS 16.

The Corporation applied IFRS 15 to allocate consideration in the contract to each lease and non-lease component.

Impact on financial statements

On transition to IFRS 16, the Corporation recognized finance lease receivables, right-of-use assets and lease liabilities in the consolidated statements of financial position as at January 1, 2019, with no impact to shareholders' equity.

When measuring lease liabilities, the Corporation discounted lease payments using the lessee's incremental borrowing rate at January 1, 2019. The Corporation's weighted-average rate applied is 6.32%.

During the three months ended March 31, 2019, the Corporation recognized an increase in depreciation expense and interest expense and a decrease in operating lease expense, with no material impact on net (loss) earnings from continuing operations in the consolidated statements of comprehensive income (loss).

During the three months ended March 31, 2019, the change in presentation of operating lease expenses resulted in an increase in cash provided by operating activities and a decrease in cash provided by financing activities within the consolidated statements of cash flow, as the principal lease payments previously included in cash used by operating activities are included in cash used by financing activities in accordance with IAS 7.

Measurement reconciliation table:

The following table reconciles the impact of transitioning from IAS 17 and IFRIC 4 to IFRS 16 on the condensed consolidated statements of financial position at the date of initial application, January 1, 2019. The impact consists of adjustments primarily related to the measurement of finance lease receivables, right-of-use assets and lease liabilities.

Canadian $ millions, as at	2018 December 31 IAS 17/IFRIC 4 Carrying value	**IFRS 16 Initial Application**	**2019 January 1 IFRS 16 Carrying value**
Current assets			
Advances, loans receivable and other financial assets	$ 24.6	**$ 0.6**	**$ 25.2**
Prepaid expenses	2.7	**(0.6)**	**2.1**
Non-current assets			
Advances, loans receivable and other financial assets	720.5	**5.2**	**725.7**
Property, plant and equipment	227.9	**10.7**	**238.6**
Investment in a joint venture(1)	438.0	**-**	**438.0**
Investment in an associate(1)	148.1	**-**	**148.1**
Total assets impacted by transition	$ 1,561.8	**$ 15.9**	**$ 1,577.7**
Current liabilities			
Other financial liabilities	$ 7.4	**$ 3.0**	**$ 10.4**
Non-current liabilities			
Other financial liabilities	5.7	**12.9**	**18.6**
Total liabilities impacted by transition	$ 13.1	**$ 15.9**	**$ 29.0**
Shareholders' equity(2)	$ 1,130.9	**$ -**	**$ 1,130.9**
Total equity impacted by transition	1,130.9	**-**	**1,130.9**
Total liabilities and equity impacted by transition	$ 1,144.0	**$ 15.9**	**$ 1,159.9**

(1) The impact of initial application of IFRS 16 resulted in no change to the investment in a joint venture and the investment in an associate as the Moa Joint Venture and the Ambatovy Joint Venture measured the right-of-use assets at an amount equal to the lease liabilities, respectively, resulting in no change to net assets.

(2) On transition to IFRS 16, no cumulative transitional adjustment to the opening balance of deficit was recognized on January 1, 2019, as the Corporation's right-of-use assets were measured at an amount equal to the lease liabilities.

Commitment reconciliation table:

The following table reconciles the Corporation's operating lease commitment at December 31, 2018 as disclosed in the Corporation's consolidated financial statements and the lease liabilities recognized at January 1, 2019.

Canadian $ millions, as at	**2019 January 1**
Operating lease commitment as at December 31, 2018, as disclosed in the Corporation's consolidated financial statements	**$ 21.9**
Discounted using incremental borrowing rates as at January 1, 2019	**16.9**
Finance lease liabilities recognized as at December 31, 2018	**$ 0.8**
Recognition exemption for:	
Short-term leases	**(0.9)**
Leases of low-value assets	**(0.1)**
Total lease liabilities recognized as at January 1, 2019	**$ 16.7**

5. SEGMENTED INFORMATION

The Corporation revised the presentation of its segments in the current and comparative periods to exclude the Ambatovy Joint Venture. This revision is the result of Sherritt losing its voting rights at the Ambatovy Joint Venture (note 8) subsequent to becoming a defaulting shareholder and the impact this had on information reviewed by the chief operating decision maker.

Canadian $ millions, for the three months ended March 31	Moa JV and Fort Site(1)	Metals Other(2)	Oil and Gas	Power	Corporate and Other(3)	Adjustments for Joint Venture and Associate(4)	2019 Total
Revenue(5)	$ 102.3	$ 2.9	$ 9.0	$ 10.7	$ (0.3)	$ (92.7)	$ 31.9
Cost of sales	(109.2)	(2.6)	(12.5)	(9.8)	(3.2)	100.5	(36.8)
Administrative expenses	(2.6)	0.1	(2.2)	-	(7.2)	1.1	(10.8)
Share of loss of a joint venture, net of tax	-	-	-	-	-	(8.9)	(8.9)
Share of loss of an associate, net of tax	-	-	-	-	-	(26.8)	(26.8)
(Loss) earnings from operations, joint venture and associate	(9.5)	0.4	(5.7)	0.9	(10.7)	(26.8)	(51.4)
Financing income							11.0
Financing expense							(21.1)
Net finance expense							(10.1)
Loss before tax							(61.5)
Income tax expense							(0.3)
Net loss from continuing operations							(61.8)
Earnings from discontinued operations, net of tax							-
Net loss for the period							(61.8)
Supplementary information							
Depletion, depreciation and amortization	$ 13.7	$ -	$ 3.0	$ 6.3	$ 0.4	$ (11.6)	$ 11.8
Property, plant and equipment expenditures	6.4	-	4.1	0.5	-	(6.0)	5.0
Intangible asset expenditures	-	-	2.8	-	-	-	2.8
Canadian $ millions, as at March 31							2019
Non-current assets(6)	$ 712.0	$ -	$ 132.9	$ 109.1	$ 9.9	$ (567.3)	$ 396.6
Total assets	1,005.3	95.1	207.5	461.8	620.5	(271.9)	2,118.3

Canadian $ millions, for the three months ended March 31	Moa JV and Fort Site(1)	Metals Other(2)	Oil and Gas	Power	Corporate and Other(3)	Adjustments for Joint Venture and Associate(4)	2018 (Restated) Total
Revenue(5)	$ 96.3	$ 2.8	$ 18.1	$ 11.9	$ -	$ (89.7)	$ 39.4
Cost of sales	(78.0)	(2.1)	(15.2)	(9.5)	(2.6)	69.5	(37.9)
Administrative expenses	(2.0)	0.1	(1.2)	(0.6)	(2.5)	1.1	(5.1)
Share of earnings of a joint venture, net of tax	-	-	-	-	-	11.9	11.9
Share of loss of an associate, net of tax	-	-	-	-	-	(13.9)	(13.9)
Earnings (loss) from operations, joint venture and associate	16.3	0.8	1.7	1.8	(5.1)	(21.1)	(5.6)
Financing income							16.9
Financing expense							(10.4)
Net finance income							6.5
Earnings before tax							0.9
Income tax expense							(1.5)
Net loss from continuing operations							(0.6)
Earnings from discontinued operations, net of tax							-
Net loss for the period							(0.6)
Supplementary information							
Depletion, depreciation and amortization	$ 10.8	$ -	$ 2.9	$ 6.0	$ 0.3	$ (9.6)	$ 10.4
Property, plant and equipment expenditures	4.5	-	2.4	0.1	-	(3.6)	3.4
Intangible asset expenditures	-	-	0.7	-	-	-	0.7

Canadian $ millions, as at December 31	Moa JV and Fort Site(1)	Metals Other(2)	Oil and Gas	Power	Corporate and Other(3)	Adjustments for Joint Venture and Associate(4)	2018 (Restated) Total
Non-current assets(6)	$ 699.7	$ -	$ 126.0	$ 117.2	$ 4.1	$ (558.6)	$ 388.4
Total assets	998.8	98.1	201.1	462.3	659.0	(224.9)	2,194.4

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

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

(3) Included in the Corporate and Other segment are the operations of wholly-owned subsidiaries of the Corporation established to finance the Ambatovy Joint Venture.

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

(5) Revenue in the Metals Other segment includes $1.8 million of intersegment revenue with the Moa JV and Fort Site segment related to marketing of nickel and cobalt for the three months ended March 31, 2019 ($1.4 million for the three months ended March 31, 2018).

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

Disaggregation of revenue by product type

Revenue in the below table excludes the revenue of equity-accounted investments in the Moa Joint Venture and Ambatovy Joint Venture:

Canadian $ millions, for the three months ended March 31	**2019 Total revenue**	2018 Total revenue
Fertilizer	**10.2**	7.5
Oil and gas	**7.6**	17.1
Power generation(1)	**9.6**	10.7
Other	**4.5**	4.1
	$ 31.9	$ 39.4

(1) All of the revenue in the table above is revenue recognized from contracts with customers in accordance with IFRS 15, except for lease revenue related to power generation facilities in 2018, which is recognized in accordance with IAS 17 Leases. Upon the adoption of IFRS 16 (note 4), the power generation facilities do not meet the definition of a lease. For the three months ended March 31, 2019, the revenue related to power generation facilities is recognized in accordance with IFRS 15. Included in power generation revenue for the three months ended March 31, 2019 is $9.6 million of revenue from service concession arrangements ($7.4 million of revenue from service concession arrangements and $3.3 million of lease revenue related to power generation facilities for the three months ended March 31, 2018, respectively).

6. EXPENSES

Cost of sales includes the following:

Canadian $ millions, for the three months ended March 31		**2019**		2018
Employee costs	**$**	**16.2**	$	17.8
Severance		**0.2**		0.8
Depletion, depreciation and amortization of property, plant and equipment and intangible assets		**11.0**		10.1
Raw materials and consumables		**13.4**		9.3
Repairs and maintenance		**10.1**		9.5
Shipping and treatment costs		**1.3**		1.2
Stock-based compensation expense (recovery)		**0.4**		(1.2)
Changes in inventories and other		**(15.8)**		(9.6)
	$	**36.8**	$	37.9

Administrative expenses include the following:

Canadian $ millions, for the three months ended March 31		**2019**		2018
Employee costs	**$**	**8.1**	$	8.1
Severance		**0.3**		-
Depreciation		**0.8**		0.2
Stock-based compensation expense (recovery)		**0.7**		(5.7)
Consulting services and audit fees		**1.4**		1.4
Other		**(0.5)**		1.1
	$	**10.8**	$	5.1

During the three months ended March 31, 2019, the Corporation revised the presentation of severance to separate amounts included in cost of sales and administrative expense. In the prior year, these amounts were presented entirely within administrative expenses. The Corporation revised its presentation to better allow the users of the financial statements to identify trends within the expenses note disclosure. For consistency with the current period presented, the comparative amounts have been reclassified. For the three months ended March 31, 2018, employee costs and severance included within cost of sales have decreased by $0.8 million and increased by $0.8 million, respectively. For the three months ended March 31, 2018, employee costs and severance included within administrative expenses have increased by $0.8 million and decreased by $0.8 million, respectively.

7. JOINT ARRANGEMENTS

Investment in a joint venture

During the three months ended March 31, 2019, the Moa Joint Venture paid distributions of $6.6 million, of which $3.3 million were paid to the Corporation representing its 50% ownership interest (for the three months ended March 31, 2018 - nil). All distributions were in the form of dividends.

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

Statements of financial position

Canadian $ millions, 100% basis, as at		2019 March 31		2018 December 31
Current assets[(1)]	**$**	**467.4**	$	499.5
Non-current assets		**1,234.4**		1,217.3
Current liabilities[(2)]		**95.8**		78.0
Non-current liabilities[(3)]		**680.8**		668.1
Net assets of Moa Joint Venture	**$**	**925.2**	$	970.7
Proportion of Sherritt's ownership interest		**50%**		50%
Total		**462.6**		485.4
Intercompany capitalized interest elimination		**(46.2)**		(47.4)
Carrying value of investment in a joint venture	**$**	**416.4**	$	438.0

(1) Included in current assets is $44.9 million of cash and cash equivalents (December 31, 2018 - $55.3 million).

(2) Included in current liabilities is $20.2 million of financial liabilities (December 31, 2018 - $8.2 million).

(3) Included in non-current liabilities is $567.1 million of financial liabilities (December 31, 2018 - $557.3 million).

Statements of comprehensive income

Canadian $ millions, 100% basis, for the three months ended March 31		2019		2018
(Loss) earnings from operations[(1)(2)]	**$**	**(17.8)**	$	38.3
Financing income		**0.2**		0.3
Financing expense		**(11.0)**		(6.9)
Net finance expense		**(10.8)**		(6.6)
(Loss) earnings before tax		**(28.6)**		31.7
Income tax recovery (expense)		**4.2**		(13.2)
Net (loss) income and comprehensive (loss) income of Moa Joint Venture	**$**	**(24.4)**	$	18.5
Proportion of Sherritt's ownership interest		**50%**		50%
Total		**(12.2)**		9.3
Intercompany elimination		**3.3**		2.6
Share of (loss) earnings of a joint venture, net of tax	**$**	**(8.9)**	$	11.9

(1) Included in (loss) earnings from operations for the three months ended March 31, 2019 is revenue of $185.5 million (for the three months ended March 31, 2018 - $179.5 million).

(2) Included in (loss) earnings from operations for the three months ended March 31, 2019 is depreciation and amortization within cost of sales of $23.2 million (for the three months ended March 31, 2018 - $19.1 million).

Joint operations

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

Canadian $ millions, 33⅓% basis, as at		2019 March 31		2018 December 31
Current assets	$	**93.7**	$	89.4
Non-current assets		**100.4**		108.0
Current liabilities		**17.3**		13.3
Non-current liabilities		**108.1**		108.4
Net assets	$	**68.7**	$	75.7

Canadian $ millions, 33⅓% basis, for the three months ended March 31		2019		2018
Revenue	**$**	**10.7**	$	11.9
Expense		**(13.7)**		(8.0)
Net (loss) earnings	**$**	**(3.0)**	$	3.9

8. INVESTMENT IN AN ASSOCIATE

Deferral of principal repayment on Ambatovy Joint Venture financing

No principal repayments are required to be made on the Ambatovy Joint Venture financing until June 2019 as a result of a deferral agreed to in August 2016. Discussions are ongoing between the Ambatovy Joint Venture and its financing lenders on the timing of future principal payments from June 2019. The Ambatovy Joint Venture continues to pay semi-annual interest payments in June and December.

Ambatovy Joint Venture funding

Ambatovy cash calls due during the three months ended March 31, 2019 amounted to US$45.0 million (100% basis), with funding of US$39.6 million provided by Ambatovy Joint Venture partners Sumitomo and Kores. Sherritt did not fund its 12% share of the US$45.0 million cash call. As a result of not funding the cash call, Sherritt became a defaulting shareholder and lost its Ambatovy Joint Venture voting rights.

Critical accounting judgments

It is the Corporation's judgment that the Ambatovy Joint Venture continues to be an associate given the Corporation's ability to cure its event of default and reinstate its Ambatovy Joint Venture voting rights and representation at any time.

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

Statements of financial position

Canadian $ millions, 100% basis, as at		2019 March 31		2018 December 31
Current assets[1]	$	554.1	$	624.9
Non-current assets		6,030.8		6,210.9
Current liabilities		728.6		743.6
Non-current liabilities[2]		4,158.0		4,395.1
Net assets of Ambatovy Joint Venture	**$**	**1,698.3**	$	1,697.1
Proportion of Sherritt's ownership interest		**12%**		12%
Total		**203.8**		203.7
Intercompany elimination[2]		**(87.3)**		(55.6)
Carrying value of investment in an associate	**$**	**116.5**	$	148.1

(1) Included in current assets is $68.0 million of cash and cash equivalents (December 31, 2018 - $56.8 million).

(2) During the three months ended March 31, 2019, US$199.8 million ($265.1 million) of the Ambatovy Joint Venture subordinated loans payable was converted to equity. The Corporation has recorded its share of the related subordinated loans receivable within advances, loans receivable and other financial assets (note 12). There was no change to the Corporation's ownership interest as a result of the conversion.

Statements of comprehensive income (loss)

Canadian $ millions, 100% basis, for the three months ended March 31		2019		2018
Loss from operations[1][2][3]	**$**	**(150.2)**	$	(75.5)
Financing income		**0.7**		2.4
Financing expense		**(79.0)**		(48.4)
Net financing expense		**(78.3)**		(46.0)
Loss before tax		**(228.5)**		(121.5)
Income tax expense		**(1.1)**		(0.8)
Net loss and comprehensive loss of Ambatovy Joint Venture	**$**	**(229.6)**	$	(122.3)
Proportion of Sherritt's ownership interest		**12%**		12%
Total		**(27.6)**		(14.7)
Intercompany elimination		**0.8**		0.8
Share of loss of an associate, net of tax	**$**	**(26.8)**	$	(13.9)

(1) Included in loss from operations for the three months ended March 31, 2019 is revenue of $173.9 million (for the three months ended March 31, 2018 - $148.1 million).

(2) Included in loss from operations for the three months ended March 31, 2019 is cost of sales of $313.9 million (for the three months ended March 31, 2018 - $229.4 million).

(3) Included in loss from operations for the three months ended March 31, 2019 is depreciation and amortization within cost of sales of $105.5 million (for the three months ended March 31, 2018 - $82.4 million).

9. NET FINANCE (EXPENSE) INCOME

Canadian $ millions, for the three months ended March 31	Note	2019	2018
Net unrealized gain (loss) on financial instruments			
Revaluation of cobalt-linked warrants	13	$ -	$ 4.1
Revaluation of financial assets measured at fair value through profit or loss		**0.2**	-
Revaluation of allowance for expected credit losses:			
Trade accounts receivable, net	11	**(0.3)**	(0.3)
Ambatovy Joint Venture subordinated loans receivable	11	**(1.0)**	(1.0)
Other		**0.1**	-
Interest income on cash, cash equivalents and short-term investments		**0.7**	1.0
Interest income on investments		**0.2**	0.2
Interest income on advances and loans receivable		**8.9**	8.7
Interest income on accretion of advances and loans receivable		**2.1**	1.9
Interest income on finance lease receivables		**0.1**	-
Gain on repurchase of debentures	13	**-**	2.3
Total financing income		**11.0**	16.9
Interest expense and accretion on loans and borrowings		**(14.5)**	(15.6)
Interest expense on lease liabilities		**(0.2)**	-
Unrealized foreign exchange (loss) gain		**(5.8)**	7.7
Realized foreign exchange gain	17	**-**	0.3
Other finance charges[(1)]		**(0.5)**	(2.7)
Accretion expense on environmental rehabilitation provisions	14, 17	**(0.1)**	(0.1)
Total financing expense		**(21.1)**	(10.4)
Net finance (expense) income		**$ (10.1)**	$ 6.5

(1) Other finance charges for the three months ended March 31, 2018 includes $1.3 million of transaction costs related to the debenture repurchase (note 13) and $1.0 million of transaction costs related to the issuance of cobalt-linked warrants.

10. LOSS PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars, for the three months ended March 31	2019	2018
Net loss from continuing operations	**$ (61.8)**	$ (0.6)
Earnings from discontinued operations, net of tax	**-**	-
Net loss - basic and diluted	**$ (61.8)**	$ (0.6)
Weighted-average number of common shares - basic and diluted[(1)]	**397.3**	371.7
Net loss from continuing operations per common share:		
Basic and diluted	**$ (0.16)**	$ 0.00
Earnings from discontinued operations per common share:		
Basic and diluted	**$ 0.00**	$ 0.00
Net loss per common share:		
Basic and diluted	**$ (0.16)**	$ 0.00

(1) The determination of the weighted-average number of common shares - diluted excludes 9.9 million shares related to stock options, 10.4 million shares related to the warrants from the 2016 debenture extension and 47.2 million shares related to the cobalt-linked warrants that were anti-dilutive for the three months ended March 31, 2019 (11.0 million, 10.6 million and 49.6 million, respectively, for the three months ended March 31, 2018).

11. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents consist of:

Canadian $ millions, as at		2019 March 31		2018 December 31
Cash equivalents	$	**15.5**	$	41.4
Cash held in banks		**144.8**		165.5
	$	**160.3**	$	206.9

The Corporation's cash balances are deposited with major financial institutions rated A- or higher by Standard and Poor's except for institutions located in Madagascar and Cuba that are not rated. The total cash held in Madagascan and Cuban bank deposit accounts was $0.3 million and $80.2 million, respectively, as at March 31, 2019 (December 31, 2018 - $0.3 million and $79.1 million, respectively).

As at March 31, 2019, $73.4 million of cash on the Corporation's condensed consolidated statements of financial position was held by Energas (December 31, 2018 - $68.2 million).

Fair value measurement

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

Canadian $ millions, as at	Note			2019 March 31			2018 December 31
		Hierarchy level	**Carrying value**	**Fair value**		Carrying value	Fair value
Liabilities:							
8.00% senior unsecured debentures due 2021(2)	13	1	**$ 162.6**	**$ 132.3**		$ 162.1	$ 127.2
7.50% senior unsecured debentures due 2023(2)	13	1	**186.3**	**134.4**		185.8	132.5
7.875% senior unsecured debentures due 2025(2)	13	1	**200.2**	**143.5**		199.6	136.8
Ambatovy Joint Venture partner loans(3)	13	3	**147.3**	**69.6**		150.2	65.4
Assets:							
Ambatovy Joint Venture subordinated loans receivable(4)	12	3	**158.6**	**138.2**		158.2	134.7
Ambatovy Joint Venture subordinated loans receivable - post-financial completion(4)	12	3	**69.7**	**70.7**		71.2	69.4

(1) The carrying values are net of financing costs and the fair values exclude financing costs.

(2) The fair values of the senior unsecured debentures are based on market closing prices.

(3) The fair value of the Ambatovy Joint Venture partner loans is calculated by discounting future cash flows using rates that are based on market rates adjusted for the borrowers' credit quality for instruments with similar maturity horizons.

(4) The fair values of the Ambatovy subordinated loans receivable and Ambatovy subordinated loans receivable - post-financial completion are calculated by discounting future cash flows using rates that are based on market rates adjusted for the borrowers' credit quality.

The following table presents financial instruments, measured at fair value through profit or loss and fair value through other comprehensive income (loss), on a recurring basis:

Canadian $ millions, as at	Hierarchy level		2019 March 31		2018 December 31
Fair value through profit or loss					
Assets:					
Ambatovy Joint Venture operator fee receivable	3	$	**9.0**	$	8.6
Liabilities:					
Cobalt-linked warrant liability(1)	1		**2.8**		2.8
Fair value through other comprehensive income (loss)					
Cash equivalents	1		**15.5**		41.4
Short-term investments	1		**17.0**		0.1

(1) The cobalt-linked warrants are measured at fair value using the closing market price as at each reporting date. As at March 31, 2019, the closing price of the cobalt-linked warrants was $0.06 per warrant (December 31, 2018 - $0.06 per warrant).

The following is a reconciliation of the beginning to ending balance for the Ambatovy Joint Venture operator fee receivable included in Level 3:

Canadian $ millions		For the three months ended March 31 2019		For the year ended December 31 2018
Balance, beginning of the period	$	**8.6**	$	9.7
Additions		**0.4**		2.0
Revaluation included in net unrealized gain (loss) on financial instruments(1)		**0.2**		(3.9)
Effect of movements in exchange rates		**(0.2)**		0.8
Balance, end of the period	$	**9.0**	$	8.6

(1) The fair value of the Ambatovy Joint Venture operator fee receivable is calculated by discounting future cash flows using a rate that is based on a market rate adjusted for the borrowers' credit quality.

Trade accounts receivable, net, and unbilled revenue

Trade accounts receivable, net, and unbilled revenue consist of:

Canadian $ millions, as at		2019 March 31		2018 December 31
Trade accounts receivable, net	$	**226.0**	$	226.9
Unbilled revenue(1)		**1.8**		0.6
	$	**227.8**	$	227.5

(1) Unbilled revenue represents amounts to which the Corporation expects to be entitled that have not yet been approved by an agency of the Government of Cuba. The Corporation is entitled to the recovery of certain costs incurred as a result of its production-sharing contracts in the Oil and Gas segment. Unbilled revenue increases when the Corporation incurs recoverable costs that have not yet been approved and decreases when the recoverable costs are approved and billed. Unbilled revenue is reclassified to trade accounts receivable, net, when the recoverable costs are approved and billed.

Aging of trade accounts receivable, net

Canadian $ millions, as at		2019 March 31		2018 December 31
Not past due	$	**169.3**	$	171.4
Past due no more than 30 days		**6.6**		9.0
Past due for more than 30 days but no more than 60 days		**2.6**		1.0
Past due for more than 60 days		**47.5**		45.5
	$	**226.0**	$	226.9

Trade accounts receivable, net

Canadian $ millions, as at		2019 March 31		2018 December 31
Trade accounts receivable	$	**190.1**	$	192.5
Allowance for expected credit losses		**(17.8)**		(17.9)
Accounts receivable from joint operations		**0.1**		0.1
Accounts receivable from joint venture		**15.1**		16.4
Accounts receivable from associate		**12.0**		10.2
Other		**26.5**		25.6
	$	**226.0**	$	226.9

Allowance for expected credit losses

Financial assets measured at amortized cost are presented net of allowances for expected credit losses within the condensed consolidated statements of financial position.

Canadian $ millions	As at 2018 December 31	For the three months ended March 31, 2019: Revaluation (note 9)	Debt-to-equity conversion (note 12)	Foreign exchange and other non-cash items	As at 2019 March 31
Lifetime expected credit losses					
Trade accounts receivable, net	$ (17.9)	**$ (0.3)**	**$ -**	**$ 0.4**	**$ (17.8)**
Ambatovy Joint Venture subordinated loans receivable	(44.9)	**(1.0)**	**31.8**	**1.2**	**(12.9)**

12. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	Note	2019 March 31	2018 December 31
Advances and loans receivable			
Ambatovy Joint Venture subordinated loans receivable[1]	11	**$ 158.6**	$ 158.2
Ambatovy Joint Venture subordinated loans receivable - post-financial completion	11	**69.7**	71.2
Ambatovy Joint Venture operator fee receivable	11	**9.0**	8.6
Energas conditional sales agreement		**224.7**	221.1
Moa Joint Venture expansion loans receivable		**263.6**	269.2
Other financial assets[2][3]		**7.6**	16.8
		733.2	745.1
Current portion of advances, loans receivable and other financial assets		**(13.3)**	(24.6)
		$ 719.9	$ 720.5

(1) During the three months ended March 31, 2019, the Ambatovy Joint Venture converted US$199.8 million ($265.1 million) of its subordinated loans payable to equity (note 8) which, at the Corporation's 12% share, resulted in a US$24.0 million ($31.8 million) decrease in the Corporation's subordinated loans receivable and corresponding decrease in the Corporation's allowance for expected credit losses, resulting in a net nil change. There was no change to the Corporation's ownership interest as a result of the conversion.

(2) During the three months ended March 31, 2019, the Corporation received a $16.0 million insurance claim reimbursement, which resulted in a decrease in other financial assets and is included in cash provided (used) by discontinued operations in the condensed consolidated statements of cash flow.

(3) Included in other financial assets as at March 31, 2019 are finance lease receivables of $5.6 million (December 31, 2018 - nil) recognized on adoption of IFRS 16.

13. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

Canadian $ millions	Note	As at 2018 December 31	For the three months ended March 31, 2019 — Cash flows: Repurchase	Non-cash changes: Effect of movement in exchange rates	Non-cash changes: Other	As at 2019 March 31
8.00% senior unsecured debentures due 2021[1]	11	$ 162.1	**$ -**	**$ -**	**$ 0.5**	**$ 162.6**
7.50% senior unsecured debentures due 2023[1]	11	185.8	**-**	**-**	**0.5**	**186.3**
7.875% senior unsecured debentures due 2025[1]	11	199.6	**-**	**-**	**0.6**	**200.2**
Ambatovy Joint Venture partner loans[2]	11	150.2	**-**	**(3.0)**	**0.1**	**147.3**
Syndicated revolving-term credit facility		8.0	**-**	**-**	**-**	**8.0**
		$ 705.7	**$ -**	**$ (3.0)**	**$ 1.7**	**$ 704.4**
Current portion of loans and borrowings		(8.0)				**(155.3)**
		$ 697.7	**$**			**$ 549.1**

(1) As at March 31, 2019, the outstanding principal amounts of the 8.00% senior unsecured debentures due 2021, 7.50% senior unsecured debentures due 2023 and 7.875% senior unsecured debentures due 2025 are $169.6 million, $197.8 million and $220.7 million, respectively. Other non-cash changes consists of accretion.

(2) Other non-cash changes on the Ambatovy Joint Venture partner loans consists of accretion and accrued interest. Accrued and unpaid interest on these loans is capitalized to the loan balance semi-annually in June and December.

Repurchase of senior unsecured debentures

During the three months ended March 31, 2018, the Corporation repurchased $121.2 million total principal amount of the senior unsecured debentures at a total cost of $110.3 million. A gain on repurchase of debentures of $2.3 million, net of $8.6 million related to deferred financing costs and the impact of the adoption of IFRS 9, was recognized during the three months ended March 31, 2018. The gain was recognized within net finance expense in the condensed consolidated statements of comprehensive income (loss) (note 9). The Corporation also paid accrued interest of $3.1 million on these repurchased debentures during the three months ended March 31, 2018.

Transaction costs for the repurchase of the senior unsecured debentures totalled $1.3 million for the three months ended March 31, 2018, of which $1.2 million were paid during the three months ended March 31, 2018.

Ambatovy Joint Venture partner loans

As at March 31, 2019, the Corporation is a defaulting shareholder of the Ambatovy Joint Venture (note 8), which resulted in the Ambatovy Joint Venture partner loans also being in default and being reclassified to current liabilities. Despite being in default on the Ambatovy Joint Venture partner loans, the Ambatovy Joint Venture partners' recourse against the Corporation is limited to the Corporation's ownership interest in, and future distributions to be paid by, the Ambatovy Joint Venture. Given the limited recourse nature of these loans, the Corporation will not make cash payments on these loans prior to their 2023 maturity date.

The default of the Ambatovy Joint Venture partner loans would have also resulted in an event of default on the syndicated revolving-term credit facility; however, this potential default was waived prior to its occurrence through to the maturity of this facility on April 30, 2020.

Covenants

As at March 31, 2019, there are no events of default on the Corporation's debentures. The Corporation did not meet the financial ratios required to remove limitations on the incurrence of debt or certain distributions under the senior unsecured debentures indenture agreement.

Other financial liabilities

Canadian $ millions, as at	**2019 March 31**	2018 December 31
Cobalt-linked warrant liability(1)	**$ 2.8**	$ 2.8
Stock-based compensation liability	**3.0**	5.7
Other financial liabilities(2)	**16.4**	4.6
	22.2	13.1
Current portion of other financial liabilities	**(5.5)**	(7.4)
	$ 16.7	$ 5.7

(1) As at March 31, 2019, 47.2 million cobalt-linked warrants related to the 2018 unit offering were outstanding (note 15) (December 31, 2018 - 47.2 million).

(2) Included in other financial liabilities as at March 31, 2019 are lease liabilities of $16.0 million (December 31, 2018 - $0.8 million).

14. PROVISIONS AND CONTINGENCIES

Provisions

Canadian $ millions, as at	**2019 March 31**	2018 December 31
Environmental rehabilitation provisions	**$ 113.0**	$ 107.7
Other provisions(1)	**8.3**	9.5
	121.3	117.2
Current portion of provisions	**(7.4)**	(8.6)
	$ 113.9	$ 108.6

(1) Other provisions relates to obligations retained by the Corporation after the disposition of the Coal operations in 2014.

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian $ millions	Note		For the three months ended 2019 March 31		For the year ended 2018 December 31
Balance, beginning of the period		**$**	**107.7**	$	95.3
Change in estimates			**7.8**		9.1
Accretion	9		**0.1**		0.7
Effect of movement in exchange rates			**(2.6)**		2.6
Balance, end of the period		**$**	**113.0**	$	107.7

Contingencies

A number of the Corporation's subsidiaries have operations located in Cuba. The Corporation will continue to be affected by the difficult political relationship between the United States and Cuba. The incumbent U.S. administration has announced that it will no longer suspend the right of claimants to bring lawsuits under Title III of the Helms-Burton Act, effective May 2, 2019. The Corporation has received letters in the past from U.S. nationals claiming ownership of certain Cuban properties or rights in which the Corporation has an indirect interest, and explicitly or implicitly threatening litigation. However, Sherritt does not believe that its operations would be materially affected by any Helms-Burton Act lawsuits, because Sherritt's minimal contacts with the United States would likely deprive any U.S. court of personal jurisdiction over Sherritt. Furthermore, even if personal jurisdiction were exercised, any successful U.S. claimant would have to seek enforcement of the U.S. court judgment outside the U.S. in order to reach material Sherritt assets. The Corporation believes it unlikely that a court in any country in which Sherritt has material assets would enforce a Helms-Burton Act judgment.

15. SHAREHOLDERS' EQUITY

Capital stock

In January 2018, the Corporation completed a unit offering and issued units consisting of 94.5 million common shares and 47.2 million cobalt-linked warrants (note 13) at $1.40 per unit for gross proceeds of $132.3 million. The value of the common shares was determined to be $1.23 per common share which totaled $116.2 million after measuring the fair value of the cobalt-linked warrants. Transaction costs of $7.2 million were allocated to the common shares based on the relative fair values of the common shares and cobalt-linked warrants and were deducted from equity, resulting in a net increase to equity of $109.0 million.

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

Canadian $ millions, except share amounts	For the three months ended 2019 March 31			For the year ended 2018 December 31		
	Number		**Capital stock**	Number		Capital stock
Balance, beginning of the period	**397,281,686**	**$**	**2,894.9**	301,758,665	$	2,784.6
Stock options exercised	**-**		**-**	193,800		0.2
Equity issuance, net of transaction costs - 2018 unit offering	**-**		**-**	94,464,400		109.0
Warrants exercised - 2016 debenture extension(1)	**-**		**-**	864,821		1.1
Balance, end of the period	**397,281,686**	**$**	**2,894.9**	397,281,686	$	2,894.9

(1) During the year ended December 31, 2016, 19.1 million warrants were granted to holders of the senior unsecured debentures that elected to extend the maturity dates with a fair value of $0.43 per warrant which totaled $8.2 million. As at March 31, 2019, 10.4 million warrants related to the 2016 debenture extension were outstanding (December 31, 2018 - 10.4 million).

Reserves

Canadian $ millions	For the three months ended 2019 March 31	For the year ended 2018 December 31
Stated capital reserve		
Balance, beginning of the period	**$ 222.2**	$ 222.6
Warrants exercised - 2016 debenture extension	**-**	(0.4)
Balance, end of the period	**$ 222.2**	$ 222.2
Stock-based compensation reserve		
Balance, beginning of the period	**$ 11.2**	$ 10.3
Stock options exercised	**-**	(0.1)
Stock option plan expense	**0.1**	1.0
Balance, end of the period	**11.3**	11.2
Total reserves, end of the period	**$ 233.5**	$ 233.4

Accumulated other comprehensive income

Canadian $ millions	For the three months ended 2019 March 31	For the year ended 2018 December 31
Foreign currency translation reserve		
Balance, beginning of the period	**$ 541.8**	$ 470.9
Foreign currency translation differences on foreign operations	**(18.9)**	70.9
Balance, end of the period	**522.9**	541.8
Actuarial losses on pension plans		
Balance, beginning of the period	**$ (4.6)**	$ (4.4)
Actuarial gains (losses) on pension plans, net of tax	**0.5**	(0.2)
Balance, end of the period	**(4.1)**	(4.6)
Total accumulated other comprehensive income	**$ 518.8**	$ 537.2

16. STOCK-BASED COMPENSATION PLANS

Other stock-based compensation

Performance Share Units (PSUs)

In February 2019, the Corporation's Board of Directors approved the grant of PSUs to certain employees, the vesting of which will be subject to the achievement of two equally-weighted performance conditions measured over the 3-year graded vesting period: (i) the Corporation's total shareholder return relative to benchmark indices comprised of mining and oil and gas companies (a market condition); and (ii) unit cost of production compared to budget (a non-market condition). The value of PSUs that vest will vary from 0% to 200% based on the achievement of the market and non-market performance conditions. The number of PSUs subject to these performance conditions granted during the three months ended March 31, 2019 was 7,920,328 (March 31, 2018 - 3,125,900).

Restricted Share Units (RSUs)

In February 2019, the Corporation's Board of Directors approved the grant of RSUs to certain employees with a 3-year graded vesting period with no performance conditions. The number of these RSUs granted during the three months ended March 31, 2019 was 7,920,328 (March 31, 2018 - 2,254,300).

17. SUPPLEMENTAL CASH FLOW INFORMATION

Other operating items

Canadian $ millions, for the three months ended March 31	Note		2019		2018
Add (deduct) non-cash items:					
Accretion expense on environmental rehabilitation provisions	9, 14	**$**	**0.1**	$	0.1
Stock-based compensation expense (recovery), net	6		**1.1**		(6.9)
Other items			**(0.1)**		-
Cash flow arising from changes in:					
Other finance charges			**(0.5)**		(0.5)
Realized foreign exchange gain	9		**-**		0.3
		$	**0.6**	$	(7.0)

Net change in non-cash working capital

Canadian $ millions, for the three months ended March 31		2019		2018
Trade accounts receivable, net, and unbilled revenue	**$**	**(3.1)**	$	39.8
Inventories		**(6.0)**		(5.8)
Prepaid expenses		**0.1**		(0.3)
Trade accounts payable and accrued liabilities		**(28.3)**		(20.9)
Deferred revenue		**10.5**		20.3
	$	**(26.8)**	$	33.1

18. RELATED PARTY TRANSACTIONS

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

19. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at March 31		2019
Property, plant and equipment commitments	**$**	**21.3**
Joint venture:		
Property, plant and equipment commitments		**11.2**

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