sherritt

Q1

2021 FIRST QUARTER REPORT

Sherritt International Corporation

For the three months ended March 31, 2021

For immediate release

Sherritt Reports Strong First Quarter Nickel and Cobalt Production

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE U.S.

Toronto – April 28, 2021 – Sherritt International Corporation ("Sherritt", the "Corporation", the "Company") (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-month period ended March 31, 2021. All amounts are in Canadian currency unless otherwise noted.

CEO COMMENTARY

"Sherritt sustained the momentum we established following the successful close of our balance sheet initiative last year into 2021 as evidenced by our strong performance in Q1," said David Pathe, President and CEO of Sherritt International. "Even while managing against the continuing global pandemic, we ended the quarter with improved finished nickel and cobalt production results at the Moa Joint Venture, a $5 million reduction in our long-term debt, our highest adjusted EBITDA in almost three years, and improved nickel and cobalt market conditions."

Mr Pathe added, "In addition to continuing to work with our Cuban partners on overdue receivables, we will focus during 2021 on further developing and commercializing the know-how within our Technologies business. We have continued to make improvements to our patented process for upgrading bitumen, which produces lower emissions and virtually eliminates coke waste compared to current upgrading methods. It also eliminates the need for diluent when transporting bitumen by pipeline, thereby reducing costs and increasing pipeline capacity with no need for new investment in pipelines. We are also progressing with the patenting of a hydrometallurgical process for the treatment of high arsenic copper concentrates, which offers superior environmental benefits by rendering the arsenic inert and reducing emissions relative to current methodologies. We also continue to engage our Technologies team in the development of next generation battery-grade nickel and cobalt production from lateritic ores to lower capital intensity, reduce emissions, and eliminate waste. Over the longer term, Sherritt is well positioned to create significant value – both economic and environmental – as it capitalizes on the growing demand for high-purity nickel as the market adoption of electric vehicles accelerates."

SELECTED Q1 2021 HIGHLIGHTS

- Adjusted EBITDA(1) was $30.2 million, up 602% from last year, and reflective of strong production totals at the Moa Joint Venture (Moa JV), improved nickel and cobalt prices, and reduced administrative costs. Q1's Adjusted EBITDA total represents Sherritt's highest since Q3 2018.
- Sherritt's share of finished nickel production at the Moa JV was 4,188 tonnes, up 9% from last year while Sherritt's share of finished cobalt production was 477 tonnes, up 19%. The growth was largely attributable to high inventories of mixed sulphides at the refinery in Fort Saskatchewan, Alberta and improved refinery reliability. Production totals for Q1 2020 were adversely impacted by the disruption of mixed sulphides deliveries to the refinery caused by rail blockades in Canada and by extended transit times for shipping vessels from Cuba.
- NDCC(1) at the Moa JV was US$3.83/lb, the lowest total since Q4 2019.
- Received US$5 million in distributions from the Moa JV, indicative of improved nickel and cobalt market conditions.
- Received US$5.7 million in Cuban energy payments. Sherritt anticipates continued variability in the timing of collections through the remainder of 2021, and is working with its Cuban partners to ensure timely receipts.
- Received a $20.3 million prepayment against nickel deliveries in 2021. The prepayment is consistent with Sherritt's efforts to enhance its liquidity.
- Purchased an aggregate total of $5 million principal amount of second lien notes at an aggregate cost of $3.3 million. The $5 million debt reduction will also result in cash interest savings of $2.4 million through to the maturity of the 8.5% second lien notes in November 2026.
- Excluding depreciation and share-based compensation, administrative expenses declined by $1.5 million from Q1 2020.

- Sherritt's emerging Technologies business continued to make progress on several of its research projects, including enhancing a proprietary process to fully upgrade bitumen. The enhanced process, which builds on previous research efforts, eliminates the need for diluent, increases the economic value of oil transported to downstream markets and provides a number of environmental benefits, including reduced carbon emissions and reduced coke waste.
- Launched an initiative at its Moa operations to electrify light vehicles in support of carbon reduction targets.
- Sherritt's refinery in Fort Saskatchewan had its operating license renewed for 10 years by Alberta's Ministry of Environment and Parks.
- Sherritt's Board continued its search for a successor to CEO David Pathe who has agreed to stay on with the Company until a replacement is in place and an orderly transition has been effected.

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

Q1 2020 FINANCIAL HIGHLIGHTS

$ millions, except as otherwise noted, for the three months ended March 31		**2021**		2020	Change
Revenue	**$**	**21.9**	$	26.3	(17%)
Combined revenue[(1)]		**141.7**		112.3	26%
Net earnings (loss) from continuing operations for the period		**(1.9)**		(34.5)	94%
Net earnings (loss) for the period		**(5.6)**		(42.2)	87%
Adjusted EBITDA[(1)]		**30.2**		4.3	602%
Cash (used) provided by continuing operating activities		**(3.0)**		22.6	(113%)
Combined free cash flow[(1)]		**19.0**		3.0	533%
Average exchange rate (CAD/US$)		**1.266**		1.345	N/A
Net earnings (loss) from continuing operations per share	**$**	**0.00**	$	(0.09)	100%

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

$ millions, as at		**2021 March 31**		2020 December 31	Change
Cash, cash equivalents and short term investments	**$**	**158.3**	$	167.4	(5%)
Loans and borrowings		**440.9**		441.4	-

Cash, cash equivalents, and short-term investments at March 31, 2021 were $158.3 million, down from $167.4 million at December 31, 2020. The decrease was due to a number of factors, including consolidated cash used by continuing operating activities, use of $3.3 million towards the repurchase of 8.5% second lien notes with a principal value of $5 million, and $1.3 million in capital expenditures. The decrease was partially offset by a $20.3 million prepayment against nickel deliveries in 2021, receipt of US$5 million in distributions from the Moa JV, and the receipt of US$5.7 million in Cuban energy payments.

The US$5 million of distributions received from the Moa JV in Q1 2021 was indicative of improved nickel and cobalt realized prices. In Q1 2020, Sherritt received US$10 million in distributions from the Moa JV despite softening nickel prices in the quarter last year. Distributions in Q1 2020 were primarily due to the Moa JV ending 2019 with a higher available cash balance. Sherritt anticipates receipt of distributions from the Moa JV through 2021 based on prevailing nickel and cobalt prices, planned capital spend, and liquidity requirements for the Moa JV. Sherritt also anticipates the receipt of re-directed distributions from its Moa JV partner, and is currently in discussions with its Cuban partners to determine amounts and timing of these distributions.

Collections against overdue amounts owed to Sherritt by its Cuban energy partners in Q1 were adversely impacted by a combination of factors, including the ongoing effects of U.S. sanctions against Cuba, Cuba's reduced access to foreign currency on account of the global pandemic, and the country's launch of a currency unification process. Total overdue scheduled receivables at March 31, 2021 were US$154.2 million, up from US$145.9 million at December 31, 2020. Subsequent to quarter end, Sherritt received US$4.5 million in Cuban energy payments. Sherritt anticipates variability in the timing and the amount of energy payments through the remainder of 2021, and continues to work with its Cuban partners to ensure timely receipt of energy payments.

As at March 31, 2021, $74.4 million of Sherritt's cash and cash equivalents was held by Energas in Cuba, down from $75.0 million at December 31, 2020. Excluding the cash held by Energas in Cuba, Sherritt's cash was $83.9 million at March 31, 2021.

Adjusted net loss(1)

For the three months ended March 31	**2021** $ millions	$/share	2020 $ millions	$/share
Net earnings (loss) from continuing operations	**(1.9)**	**-**	(34.5)	(0.09)
Adjusting items:				
Unrealized foreign exchange (gain) loss	**(2.6)**	**(0.01)**	(12.5)	(0.03)
Moa JV expansion loans receivable ACL revaluation	**-**	**-**	17.2	0.04
Other	**2.2**	**-**	0.9	0.01
Adjusted net loss from continuing operations	**(2.3)**	**(0.01)**	(28.9)	(0.07)

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

Net loss from continuing operations for Q1 2021 was $1.9 million, or nil per share, compared to a net loss of $34.5 million, or $0.09 per share, for the same period last year. The improvement was driven largely by strong contributions from the Moa JV as a result of higher sales volumes and stronger realized prices.

Net loss for Q1 2021 includes a loss from discontinued operations net of tax of $3.7 million relating to a provision retained by Sherritt following the sale of its Coal operations in 2014 and a loss on the disposal of its Ambatovy Joint Venture Interests.

Adjusted net loss from continuing operations was $2.3 million, or $0.01 per share, for the three months ended March 31, 2021 compared to an adjusted net loss from continuing operations of $28.9 million, or $0.07 per share, for Q1 2019.

METALS MARKET

Nickel

After a strong start to 2021 marked by nickel prices climbing to a high of US$8.93/lb on February 21, the highest price since September 2014, nickel market conditions softened considerably through to the end of Q1. By March 31, nickel prices had dropped to US7.30/lb, down 18% from Q1's peak.

The pullback was principally driven by the announcement in early March made by Tsingshan, a stainless steel producer based in China, that it plans to supply 100,000 tonnes of a nickel intermediate product amenable for use in electric vehicle batteries starting in October 2021. The news initially caused the markets to roil as some industry observers and media coverage suggested that the development would address the shortfall in nickel supply needed for the surge in demand for electric vehicles expected in the coming years.

Since the market's initial reaction to the announcement, many industry experts have since raised questions about Tsingshan's process, including the increased amount of carbon emissions its pyro-metallurgical process will produce, the capital spend required to refine nickel matte to a purer form, and the reduced recoverability of by-product metals, which increase production costs and lower by-product credits.

Nickel prices since Tsinghan's announcement have improved modestly and currently trade at US7.80/lb. Over the near term, nickel prices are expected to fluctuate in concert with the world's economy as it reacts to the impact of the global pandemic.

The economic impact of COVID-19 on nickel market fundamentals in Q1 was evident by the increase in nickel inventory levels on the London Metal Exchange (LME), which rose by 7% to 260,244 tonnes by March 31. In contrast, inventory levels on the Shanghai Future Exchange (SHFE) shrank nearly in half to 8,972 tonnes.

As mining operations resume production activities, nickel inventory levels may rise given that supply could exceed demand as a number of industries that are large consumers of stainless steel, such as the food and hospitality sector, will experience a delayed or slower economic recovery, particularly if the third wave of the pandemic is prolonged.

The long-term outlook for nickel remains bullish, however, due to the strong demand expected from the electric vehicle battery market. Over the past six months, in particular, multiple automakers and governments have announced plans for significant investments to expand electric vehicle production capacity to meet growing demand. In 2020, more than 3.2 million electric vehicles were sold despite the global pandemic. Industry observers estimate that the number of electric vehicles sold in 2021 will grow by approximately 70%. As a result of Class 1 nickel's unique properties, it remains as the dominant metal in cathode chemistries being adopted by automakers. Sherritt is particularly well positioned given our Class 1 production capabilities and the fact that Cuba possesses the world's fourth largest nickel reserves.

Cobalt

Cobalt prices experienced a significant surge in Q1 2021, rising 46% according to data collected by Fastmarkets MB. Standard grade cobalt prices on March 31 closed at US$22.75/lb, up from US$15.60/lb at the start of the quarter.

Cobalt prices since the start of 2021 largely rose on news reports that consumers in China have started to stockpile inventory to take advantage of weak prices in anticipation of stronger demand expected with accelerated growth of electric vehicle demand in the coming years. Cobalt is a key component of rechargeable batteries providing energy density and stability.

The rise of cobalt prices in Q1 also reflected improved market conditions as demand grew from sectors particularly impacted at the start of the pandemic, such as the aerospace sector and consumer electronics. During the first wave of the pandemic, cobalt prices declined to US$13.90/lb from U$15.53/lb at the start of 2020. Industry observers expect cobalt prices to continue to rise in the near term with prices forecasted to peak at US$32/lb in 2023.

The outlook for cobalt over the long term remains bullish as demand from the EV sector in China alone is expected to grow annually by 26% through 2025.

REVIEW OF OPERATIONS

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

$ millions, except as otherwise noted, for the three months ended March 31		**2021**		2020	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**126.3**	$	93.5	35%
Earnings (loss) from operations		**27.8**		(4.7)	691%
Adjusted EBITDA(1)		**41.7**		10.1	313%
CASH FLOW					
Cash provided by operations	**$**	**23.5**	$	4.5	422%
Free cash flow(1)		**18.9**		(2.1)	1000%
PRODUCTION VOLUMES (tonnes)					
Mixed Sulphides		**3,931**		4,014	(2%)
Finished Nickel		**4,188**		3,836	9%
Finished Cobalt		**477**		400	19%
Fertilizer		**63,792**		56,089	14%
NICKEL RECOVERY (%)		**82%**		83%	(1%)
SALES VOLUMES (tonnes)					
Finished Nickel		**4,177**		3,773	11%
Finished Cobalt		**477**		381	25%
Fertilizer		**27,111**		31,140	(13%)
AVERAGE-REFERENCE PRICES (US$ per pound)					
Nickel	**$**	**7.97**	$	5.77	38%
Cobalt(2)		**21.71**		16.77	29%
AVERAGE REALIZED PRICE(1)					
Nickel ($ per pound)		**9.97**		7.60	31%
Cobalt ($ per pound)		**21.91**		19.16	14%
Fertilizer ($ per tonne)		**312**		350	(11%)
UNIT OPERATING COSTS(1) (US$ per pound)					
Nickel - net direct cash cost		**3.83**		4.33	(12%)
SPENDING ON CAPITAL					
Sustaining		**4.7**		6.6	(29%)
		4.7		6.6	(29%)

(1) For additional information see the Non-GAAP measures section.
(2) Average standard grade cobalt published price per Fastmarkets MB.

Mixed sulphides production at the Moa JV in Q1 2021 was 3,931 tonnes, down 2% from 4,014 tonnes produced in Q1 2020. The decline was primarily due to the negative impact of heavy rainfall on mining operations and variations in ore quality. Lower mixed sulphides production was offset by high feed inventory levels at the refinery in Fort Saskatchewan, Alberta. Weather conditions at Moa have since improved and mixed sulphides inventory continues to be replenished.

Finished nickel production in Q1 2021 totaled 4,188 tonnes, up 9% from the 3,836 tonnes produced in Q1 2020 while finished cobalt production for Q1 2021 was 477 tonnes, up 19% from the 400 tonnes produced in Q1 2020. The growth was largely attributable to high inventories of mixed sulphides at the refinery and improved refinery reliability. Finished nickel and cobalt production totals in Q1 2020 were impacted by the reduced availability of mixed sulphides due to the disruption of deliveries to the refinery caused by rail blockades in Canada and by extended transit time for shipping vessels from Cuba.

Consistent since the start of the global pandemic in February 2020, production of mixed sulphides and finished nickel and cobalt were not affected by the spread of COVID-19 in Q1 2021 largely because of additional health and safety measures implemented to protect employees, suppliers and various stakeholders at operations at Moa and at the refinery in Fort Saskatchewan.

Second quarter finished nickel and cobalt production will be impacted, however, by the annual maintenance shutdown of the refinery in Fort Saskatchewan. This year's shutdown will be a full-facility shutdown, including all of the refinery and utility plants, that occurs once every six years. The extended interval between full-facility shutdowns reflects ongoing commitments to asset management and operational excellence measures implemented over the past several years. This year's shutdown is expected to last approximately 11 days compared to the typical five-day annual shutdowns. Sherritt's guidance for 2021 production, unit cost and capital spend at the Moa JV was based on a full-facility shutdown.

Sales volume for finished nickel and cobalt in Q1 2021 were up 11% and 25%, respectively, from last year. The year-over-year increase was largely due to higher production and improved market conditions as a result of economic recovery since the onset of the global pandemic.

Total Moa JV revenue in Q1 2021 was $126.3 million, up 35% from $93.5 million last year. The revenue increase was attributable to a number of factors, including higher realized nickel and cobalt prices as well as higher nickel and sales volumes, but partially offset by lower fertilizer prices and reduced fertilizer sales volumes. In Q1 2021, realized nickel and cobalt prices were up 31% and 14%, respectively, from last year. Realized prices may be impacted by the timing of deliveries and settlement against contract terms.

Mining, processing and refining (MPR) costs per pound of nickel sold for Q1 2021 were down 5% to US$5.09/lb largely due to the effect of Cuba's unification of its currencies in lowering labour and other service costs. Lower labor costs were offset by higher sulphur costs and fuel prices, which rose 24% and 32%, respectively, from Q1 2020. MPR costs in Q1 2021 were also impacted by the purchase of sulphuric acid in anticipation of the planned sulphuric acid plant shutdown at Moa in Q2 2021 for maintenance repairs.

Net direct cash cost (NDCC) per pound of nickel sold in Q1 2021 was US$3.83/lb, down 12% from last year. The improvement was largely due to higher cobalt by-product credits and lower MPR costs than Q1 2020.

Sustaining capital spending in Q1 2021 was $4.7 million, down from $6.6 million in Q1 2020. The year-over-year decrease was due primarily to the timing of planned capital expenditures. Sherritt's share of planned spending at the Moa JV and Fort Site in 2021 is forecasted at US$44 million, primarily earmarked for the continued replacement of mine and plant equipment.

Oil and Gas

$ millions, except as otherwise noted, for the three months ended March 31		2021		2020	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**7.5**	$	7.1	6%
Loss from operations		**(3.9)**		(5.6)	30%
Adjusted EBITDA[1]		**(1.3)**		(3.6)	64%
CASH FLOW					
Cash used by operations		**(4.7)**		(7.4)	36%
Free cash flow[1]		**(5.1)**		(9.1)	44%
PRODUCTION AND SALES (boepd)					
Gross working-interest (GWI) - Cuba		**2,202**		3,277	(33%)
Total net working-interest (NWI)		**1,035**		1,751	(41%)
AVERAGE-REFERENCE PRICE (US$ per barrel)					
U.S. Gulf Coast High Sulphur Fuel Oil (USGC HSFO)		**52.77**		37.22	42%
AVERAGE-REALIZED PRICE[1] (NWI)					
Cuba ($ per barrel)		**46.73**	$	35.26	33%
UNIT OPERATING COSTS[1] (GWI)					
Cuba ($ per barrel)		**20.64**	$	27.28	(24%)
SPENDING ON CAPITAL					
Development, facilities and other	**$**	**0.2**	$	0.1	100%
Exploration		**0.2**		1.6	(88%)
	$	**0.4**	$	1.7	(76%)

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

Gross working-interest oil production in Cuba in Q1 2021 was 2,202 barrels of oil per day (BOPD), down 33% from 3,277 BOPD produced in Q1 2020. Lower production was primarily due to natural reservoir declines at Puerto Escondido/Yumuri, the absence of new development drilling, and expiration of the Puerto Escondido/Yumuri production sharing contract (PSC) on March 19, 2021.

Revenue in Q1 2021 was relatively unchanged at $7.5 million when compared to $7.1 million for Q1 2020 as a higher reference oil price offset the reduction in production.

Unit operating costs in Cuba in Q1 2021 were $20.64 per barrel, down 24% from Q1 2020 due to higher recoveries and lower labour and third-party service costs resulting from the effect of Cuba’s currency unification and the expiration of the PSC.

With the expiration of its sole production sharing contract and the absence of new development drilling, Sherritt has not provided any production, unit costs or capital spend guidance for its Oil and Gas business unit for the balance of the year due to limited near-term visibility. Sherritt continues its efforts to secure an earn-in partner for drilling and exploration activities for its concessions on Block 10 and Block 6A. Sherritt is not contemplating any further investments in drilling or exploration activities without first securing an earn-in partner.

Power

$ millions (33⅓% basis), except as otherwise noted, for the three months ended March 31		2021		2020	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**5.9**	$	9.4	(37%)
(Loss) earnings from operations		**(1.1)**		1.3	(185%)
Adjusted EBITDA(1)		**2.8**		6.5	(57%)
FINANCIAL HIGHLIGHTS					
Cash provided by operations		**2.8**		18.4	(85%)
Free cash flow(1)		**2.8**		18.4	(85%)
PRODUCTION AND SALES					
Electricity (GWh(2))		**95**		153	(38%)
AVERAGE-REALIZED PRICE(1)					
Electricity ($/MWh(2))	**$**	**54.81**	$	56.97	(4%)
UNIT OPERATING COSTS(1)					
Electricity ($/MWh)		**25.89**		14.57	78%
NET CAPACITY FACTOR (%)		**30**		48	(38%)
SPENDING ON CAPITAL					
Sustaining	**$**	**-**	$	- -	
	$	**-**	$	- -	

(1) For additional information see the Non-GAAP measures section.
(2) Gigawatt hours (GWh), Megawatt hours (MWh).

Power production in Q1 2021 was 95 gigawatt hours (GWh) of electricity, down 38% from 153 GWh for the comparable period of 2020. The decline was due to the completion of previously deferred maintenance activities on a turbine at the Boca de Jaruco power production facility. The facility has returned to production following the maintenance shutdown.

The average-realized price in Q1 2021 was $54.81 largely unchanged from Q1 2020. The modest variance was primarily due to fluctuations of the Canadian currency relative to the U.S. dollar.

Revenue in Q1 2021 totaled $5.9 million, down 37% from $9.4 million for last year primarily due to lower power production as a result of scheduled maintenance activities.

Unit operating costs in Q1 2021 were $25.89/MWh, up 78% from $14.57/MWh for last year. The year-over-year increase was attributable to lower sales volume. The increase was partially offset, however, by impact of a strengthening Canadian dollar as costs are denominated in U.S. currency, and by the effect of Cuban’s unification of its currencies in lowering labour and third-party service costs.

The Power business unit had negligible capital spend for the three-month period ended March 31, 2021.

OUTLOOK

2021 Production, unit operating costs and capital spending guidance

Sherritt's targets for production, unit costs and capital spending in 2021 remain consistent with guidance announced on January 25, 2021 based on operational results achieved in Q1 2021, prevailing commodity prices and input costs, and planned capital spend for the year.

Production volumes, unit operating costs and spending on capital	Guidance for 2021 - Total	Year-to-date actuals - Total	Updated 2021 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	32,000 - 34,000	8,376	No change
Cobalt, finished	3,300 - 3,600	954	No change
Electricity (GWh, 33⅓% basis)	450 - 500	95	No change
Unit operating costs			
Moa Joint Venture - NDCC (US$ per pound)	$4.25 - $4.75	$3.83	No change
Electricity (unit operating cost, $ per MWh)	$30.50 - $32.00	$25.89	No change
Spending on capital			
Moa Joint Venture (50% basis), Fort Site (100% basis)(1)	US$44 (CDN$57)	US$4 (CDN$5)	No change
Power (33⅓% basis)	US$1 (CDN$1.3)	US$0 (CDN$0)	No change
Spending on capital (excluding Corporate)	US$45 (CDN$58)	US$4 (CDN$5)	No change

(1) 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/NDCC, adjusted earnings/loss 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, 2021 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 29, 2021 at 10:00 a.m. Eastern Time to review its Q1 2021 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. Alternatively, listeners can access the conference call and presentation via the webcast available on 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, 2021 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 and Cuba. The Corporation is the largest independent energy producer in Cuba, with 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; the impact of COVID-19; continued qualification for the Canada Emergency Wage Subsidy (CEWS); the potential impact of Cuba's currency unification; anticipated payments of outstanding receivables, including re-directed distributions from the Corporation's Moa Joint Venture partner; the impact of U.S. sanctions on Cuban; 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; environmental rehabilitation provisions; availability of regulatory and creditor approvals and waivers; compliance with applicable environmental laws and regulations; debt repayments redemptions and deferrals; 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, the impact of the COVID-19 pandemic, 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; the risk to Sherritt's entitlements to future distributions from the Moa Joint Venture; risk of future non-compliance with debt restrictions and covenants and mandatory repayments; Sherritt's ability to replace depleted mineral reserves; risks associated with the Corporation's joint venture partner; variability in production at Sherritt's operations in Cuba; 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, including diesel; supplies quality issues; 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 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 2021; and the Corporation's ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents. Additional risks, uncertainties and other factors include, but are not limited to, the ability of the Corporation to achieve its financial goals; the ability of the Corporation to continue to realize its assets and discharge its liabilities and commitments; the Corporation's future liquidity position, and access to capital, to fund ongoing operations and obligations (including debt obligations); the ability of the Corporation to stabilize its business and financial condition; the ability of the Corporation to implement and successfully achieve its business priorities; and the ability of the Corporation to comply with its contractual obligations, including, without limitation, its obligations under debt arrangements. 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 Management's Discussion and Analysis for the three months ended March 31, 2021 and the Annual Information Form of the Corporation dated March 17, 2021 for the period ending December 31, 2020, 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
Telephone: (416) 935-2457
Toll-free: 1 (800) 704-6698
E-mail: investor@sherritt.com

Sherritt International Corporation
Bay Adelaide Centre, East Tower
22 Adelaide St. West, Suite 4220
Toronto, ON M5H 4E3
www.sherritt.com

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2021

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 28, 2021, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three months ended March 31, 2021 and the MD&A for the year ended December 31, 2020. 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	12
Highlights	13
Financial results	15
Liquidity and capital resources	18
Outlook	21
Significant factors influencing operations	22
Review of operations	23
Moa Joint Venture and Fort Site	23
Oil and Gas	26
Power	28
Technologies	29
Corporate	29
Managing risk	30
Basis of presentation and critical accounting judgments	30
Summary of quarterly results	31
Off-balance sheet arrangements	32
Transactions with related parties	32
Controls and procedures	32
Supplementary information	33
Sensitivity analysis	33
Non-GAAP measures	34
Forward-looking statements	40

The business we manage

Sherritt manages its mining, oil and gas, power and technologies operations through different legal structures including 100%-owned subsidiaries, joint arrangements and production-sharing contracts. 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
Metals Other	Subsidiaries	100%	Consolidation
Oil and Gas	Subsidiary	100%	Consolidation
Power	Joint operation	33⅓%	Share of assets, liabilities revenues and expenses
Ambatovy Joint Venture(1)	Associate	0%	Discontinued operations

(1) On August 31, 2020, the Corporation's economic interest in the Ambatovy Joint Venture was reduced from 12% to nil as a result of the implementation of a transaction.

The Fort Site, Technologies and Corporate operations are a part of Sherritt International Corporation, the parent company, and are not separate legal entities.

For financial statement purposes, the Moa Joint Venture is accounted for using the equity method of accounting which recognizes the Corporation's share of earnings (loss) from Moa Joint Venture and its net assets as the Corporation's investment in Moa Joint Venture. The financial results and review of operations sections in this MD&A presents amounts by reportable segment, based on the Corporation's economic interest. The Corporation's reportable segments are as follows:

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

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

Oil and Gas: 100% interest in its Oil and Gas business.

Power: 33⅓% interest in its Power business.

Technologies: 100% interest in its Technologies business.

Corporate: head office activities.

Operating and financial results presented in this MD&A for reportable segments can be reconciled to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2021.

NON-GAAP MEASURES

Management uses the following non-GAAP financial performance measures in this MD&A: combined revenue, adjusted EBITDA, average-realized price, unit operating cost/NDCC, adjusted earnings/loss from continuing operations and combined 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 35.

Highlights

MOA JOINT VENTURE

Sherritt's share of finished nickel production for the three months ended March 31, 2021 was 4,188 tonnes, 9% higher compared to the prior year period, and finished cobalt production of 477 tonnes was 19% higher compared to the prior year period. Finished nickel and cobalt production was higher due to high inventories of mixed sulphides at the refinery in Fort Saskatchewan, Alberta and improved refinery reliability. Mixed sulphides availability in the prior year was impacted by transportation delays in shipping mixed sulphides from Moa to the refinery caused by poor weather and congestion at the port of Moa, as well as Canadian rail transportation issues. The Moa Joint Venture has not been significantly impacted by COVID-19 since the start of the pandemic.

Net direct cash cost (NDCC) for the three months ended March 31, 2021 was US$3.83 per pound, 12% lower compared to the same period in the prior year, primarily as a result of higher cobalt by-product credits and lower labour and other service costs at Moa, partially offset by higher purchased sulphuric acid consumption and higher sulphur and fuel oil prices. Sulphuric acid was purchased during the quarter to offset lower sulphuric acid production at Moa ahead of the planned sulphuric acid plant shutdown in the second quarter of 2021.

An initiative was launched at the Moa operations to electrify light vehicles in support of carbon reduction targets.

During the three months ended March 31, 2021, Sherritt's refinery in Fort Saskatchewan had its operating license renewed for 10 years by Alberta's Ministry of Environment and Parks.

NICKEL AND COBALT PRICE

Nickel price on the London Metal Exchange (LME) closed on March 31, 2021 at US$7.30/lb., down 18% from its peak of $8.93/lb. during the first quarter of 2021. The dramatic pullback was principally driven by the announcement in early March made by Tsingshan, a stainless steel producer based in China, that it plans to supply 100,000 tonnes of a nickel intermediate product amenable for use in electric vehicle batteries starting in October 2021. The average nickel reference price during the first quarter of 2021 was $7.97/lb.

Cobalt price closed on March 31, 2021 at US$22.75/lb. according to data collected by Fastmarkets MB, up 46% from the end of the fourth quarter of 2020. Cobalt prices have benefited from news reports that consumers in China have started to stockpile inventory to take advantage of weak prices in anticipation of stronger demand expected with accelerated growth of electric vehicle demand expected in the coming years. The average cobalt reference price during the first quarter of 2021 was $21.71/lb.

Refer to the Significant factors influencing operations section in this MD&A for further updates on nickel and cobalt.

WORKING CAPITAL

Cash, cash equivalents and short-term investments as at March 31, 2021 were $158.3 million, a decrease from $167.4 million at December 31, 2020. As at March 31, 2021, $74.4 million of Sherritt's cash was held by Energas in Cuba, down from $75.0 million at December 31, 2020. Excluding the cash held by Energas in Cuba, Sherritt's cash was $83.9 million and $92.4 million as at March 31, 2021 and December 31, 2020, respectively.

During the three months ended March 31, 2021, cash decreased primarily due to $11.3 million of consolidated cash used by continuing operating activities, $3.3 million on repurchase of the 8.50% second lien secured notes due 2026 and $1.3 million of capital expenditures. Cash used by continuing operating activities is primarily due to the timing of working capital receipts and payments at Fort Site, including increased inventory in advance of the spring fertilizer season, and the timing of working capital receipts and lower electricity production at Power, partially offset by a $20.3 million prepayment against nickel deliveries in 2021. During the three months ended March 31, 2021, $6.3 million of distributions were received from the Moa Joint Venture and $2.2 million of interest was received primarily on the Energas conditional sales agreement (CSA).

The repurchase of $5.0 million of principal of the 8.50% second lien secured notes due 2026 will result in cash interest savings of $2.4 million over the period to maturity of the notes.

DISTRIBUTIONS FROM THE MOA JOINT VENTURE

During the three months ended March 31, 2021, the Moa Joint Venture paid US$10.0 million of distribution to its shareholders, respectively. Sherritt received its 50% share of these distributions, or US$5.0 million, directly. Higher distributions in the prior year period were primarily due to the Moa Joint Venture ending 2019 with a higher available cash balance. Sherritt anticipates receipt of distributions from the Moa Joint Venture through 2021 based on prevailing nickel and cobalt prices, planned capital spend and liquidity requirements for the Moa Joint Venture. Sherritt also anticipates the receipt of re-directed distributions from its Moa Joint Venture partner and is in discussions with its Cuban partners to determine amounts and timing of these distributions.

CUBAN OVERDUE RECEIVABLES AGREEMENTS

Cuban energy payments received under the overdue receivables agreements are shown below:

US$ millions (100% basis)		Overdue December 31, 2020	Expected/Due		Received		Received on overdue receivables agreements		**Overdue March 31, 2021**
Oil and Gas receivables	$	25.1	3.0	$	(0.6)	$	-	$	**27.5**
Power receivables:									
Trade receivables		2.6	2.9		(2.8)		-		**2.7**
Energas CSA		118.2	8.1		-		(2.3)		**124.0**
	$	**145.9**	**14.0**	**$**	**(3.4)**	**$**	**(2.3)**	**$**	**154.2**

During the quarter, US$5.7 million of Cuban energy payments were received compared to US$30.1 million in the fourth quarter of 2020. Cuban energy payments were lower than the agreed-upon payments as COVID-19 and ongoing impact of U.S. sanctions limited Cuba's access to foreign currency, in addition to the impact of currency unification. Further information on Cuban currency unification is included in note 10 of the Corporation's condensed consolidated financial statements for the three months ended March 31, 2021. Sherritt anticipates variability in the timing and the amount of energy payments through the remainder of 2021 and continues to work with its Cuban partners to ensure timely receipt of energy payments.

Subsequent to March 31, 2021, the Corporation received US$4.8 million in Canada as part of the Cuban overdue receivables agreements.

PRESERVING LIQUIDITY AND MANAGING COSTS

The Corporation continues to implement a number of cost control measures for capital spend projects and administrative and operating expenses while sustaining safe operations. These measures include optimizing capital spending, eliminating discretionary spending not affecting safe operations, applying for government grants, deferring external hiring, maximizing sales terms to improve collections and negotiating with vendors for improved payment terms.

Excluding the non-cash impacts of share-based compensation and depreciation, administrative expenses for the three months ended March 31, 2021 decreased by $1.5 million compared to the same period in the prior year.

As part of efforts to enhance the Corporation's liquidity, the Corporation received a $20.3 million prepayment during the three months ended March 31, 2021 against nickel deliveries in 2021. As noted above, the Corporation is also working with its Cuban partners to ensure timely receipt of energy payments.

OIL AND GAS

The Puerto Escondido/Yumuri production-sharing contract with an agency of the Government of Cuba expired in March 2021, resulting in the relinquishment of the Corporation's producing oil wells in Puerto Escondido/Yumuri.

Sherritt continues efforts to secure an earn-in partner for drilling and exploration activities on Block 10 and 6A. Sherritt is not contemplating any further investments in drilling or exploration activities without first securing an earn-in partner.

TECHNOLOGIES

Sherritt's emerging Technologies business continued to make progress on several of its research projects, including enhancing a proprietary process to fully upgrade bitumen. The enhanced process, which builds on previous research efforts, eliminates the need for diluent, increases pipeline capacity and increases the economic value of oil transported to downstream markets. The enhanced process also provides a number of environmental benefits, including reduced carbon emissions and reduced coke waste.

Financial results

$ millions, except as otherwise noted, for the three months ended March 31		**2021**		2020	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**21.9**	$	26.3	(17%)
Combined revenue[(1)]		**141.7**		112.3	26%
Earnings (loss) from operations and joint venture		**6.1**		(18.8)	132%
Loss from discontinued operations, net of tax		**(3.7)**		(7.7)	52%
Net loss for the period		**(5.6)**		(42.2)	87%
Adjusted net loss[(1)]		**(2.3)**		(28.9)	92%
Adjusted EBITDA[(1)]		**30.2**		4.3	602%
Net loss per share (basic and diluted) ($ per share)					
Net loss from continuing operations	**$**	**0.00**	$	(0.09)	100%
Net loss for the period		**(0.01)**		(0.11)	91%
CASH					
Cash, cash equivalents and short-term investments (prior period, December 31, 2020)	**$**	**158.3**	$	167.4	(5%)
Cash (used) provided by continuing operating activities		**(3.0)**		22.6	(113%)
Combined free cash flow[(1)]		**19.0**		3.0	533%
OPERATIONAL DATA					
SPENDING ON CAPITAL AND INTANGIBLE ASSETS	**$**	**5.1**	$	8.3	(39%)
PRODUCTION VOLUMES					
Finished nickel (50% basis, tonnes)		**4,188**		3,836	9%
Finished cobalt (50% basis, tonnes)		**477**		400	19%
Oil (boepd, net working-interest production)[(2)]		**1,035**		1,751	(41%)
Electricity (gigawatt hours) (33⅓% basis)		**95**		153	(38%)
AVERAGE EXCHANGE RATE (CAD/US$)		**1.266**		1.345	(6%)
AVERAGE-REALIZED PRICES[(1)]					
Nickel ($ per pound)	**$**	**9.97**	$	7.60	31%
Cobalt ($ per pound)		**21.91**		19.16	14%
Oil - Cuba ($ per boe, NWI)[(2)]		**46.73**		35.26	33%
Electricity ($ per megawatt hour)		**54.81**		56.97	(4%)
UNIT OPERATING COSTS[(1)]					
Nickel (US$ per pound) (NDCC)	**$**	**3.83**	$	4.33	(12%)
Oil - Cuba ($ per boe, GWI)[(2)]		**20.64**		27.28	(24%)
Electricity ($ per megawatt hour)		**25.89**		14.57	78%

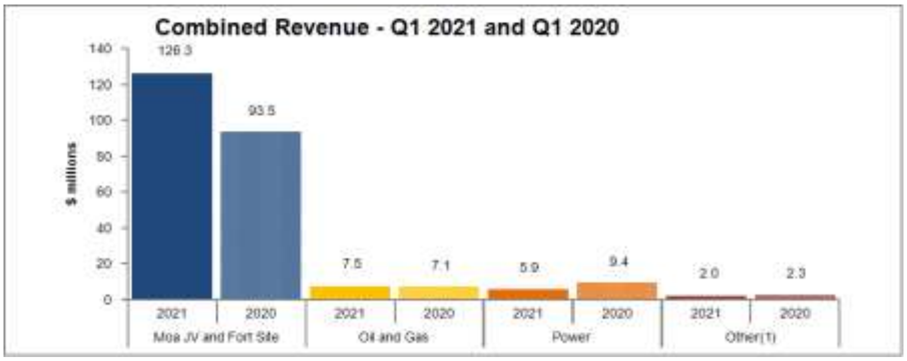
(1) For additional information see the Non-GAAP measures section.

(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).

Revenue for accounting purposes, which excludes revenue from the Moa Joint Venture as it is accounted for under the equity method, was lower for the three months ended March 31, 2021 compared to the same period in the prior year primarily due to lower electricity generation, lower fertilizer prices and lower fertilizer sales volume.

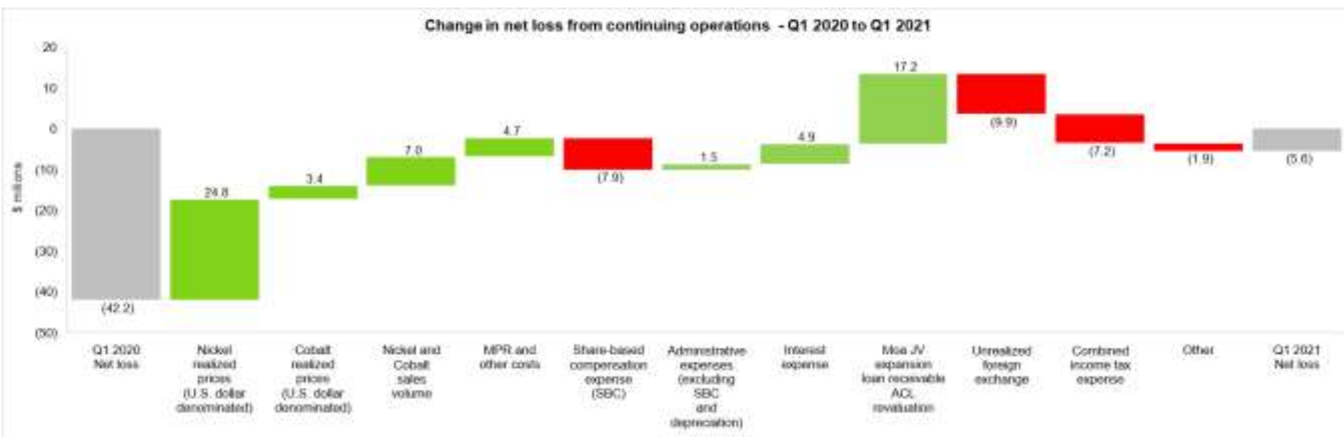
The Corporation uses combined revenue(1) as a measure to help management assess the Corporation's financial performance, including the Corporation's consolidated financial results and the results of its 50% share of the Moa Joint Venture.

Combined revenue is composed of the following:



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

The change in net loss from continuing operations between Q1 2020 and Q1 2021 is detailed below:



At the Moa Joint Venture and Fort Site, revenue for the three months ended March 31, 2021 was 35% higher than the same period in the prior year primarily due to higher nickel and cobalt average-realized prices and sales volume. Operating costs for the three months ended March 31, 2021 were 13% lower than the same period in the prior year primarily due to lower labour and other service costs at Moa, partially offset by higher sulphuric acid consumption, higher sulphur and fuel oil prices and higher third-party feed costs.

Fertilizer's earnings from operations for the three months ended March 31, 2021 decreased compared to the same period in the prior year, primarily due to lower average-realized fertilizer prices and sales volume.

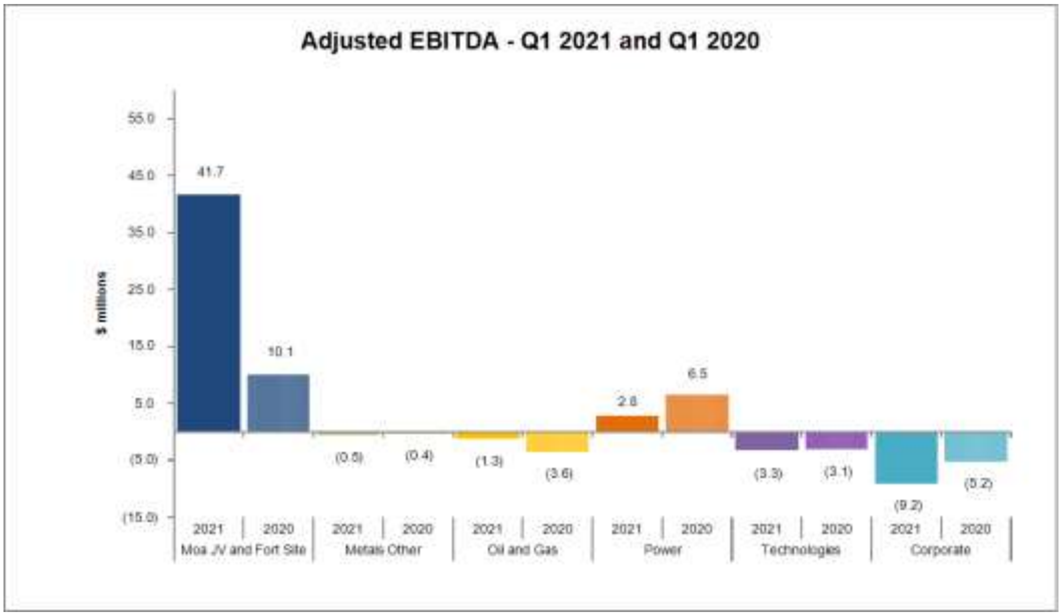
Share-based compensation expense for the three months ended March 31, 2021 increased by $7.9 million compared to the same period in the prior year primarily due to an increase in the Corporation's share price. Administrative expenses, excluding non-cash share-based compensation expense and depreciation expense, decreased by $1.5 million primarily due to lower legal fees incurred and cost control measures.

Interest expense decreased by $4.9 million due to the reduction in loans and borrowings. In the prior year period, the Corporation recognized a $17.2 million loss on revaluation of the Moa Joint Venture expansion loans receivable allowance for expected credit losses. The Corporation recognized an unrealized foreign exchange gain of $2.6 million in the three months ended March 31, 2021, compared to a gain of $12.5 million in the prior year period. 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.

Combined income tax expense increased by $7.2 million primarily due to an increase in taxable earnings of the operating companies in the Moa Joint Venture.

ADJUSTED EBITDA

Adjusted EBITDA[(1)] for the three months ended March 31, 2021 was $30.2 million, compared to $4.3 million in the same period in the prior year. Q1 2021 Adjusted EBITDA was the highest since Q3 2018. Adjusted EBITDA by reportable segment is as follows:



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

CONSOLIDATED FINANCIAL POSITION

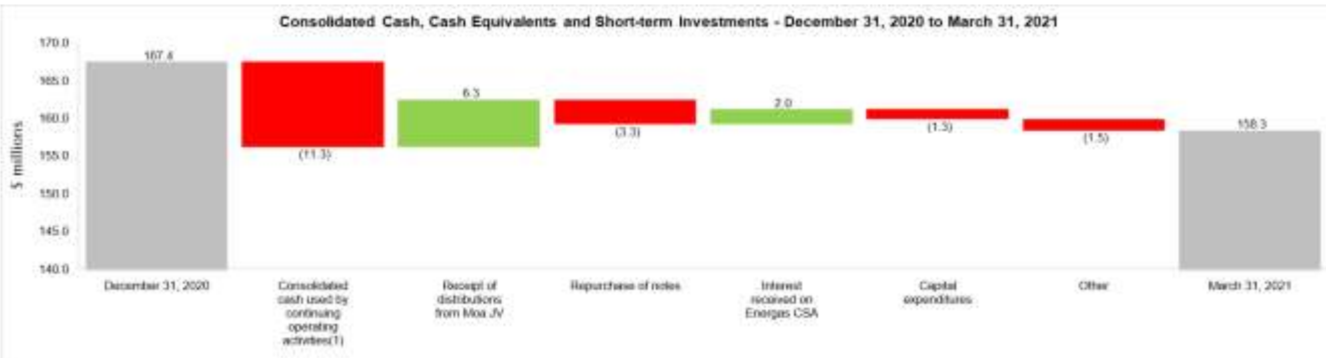
The following table summarizes the significant items as derived from the condensed consolidated statements of financial position:

$ millions, except as noted, as at		2021 March 31		2020 December 31	Change
Financial condition					
Cash, cash equivalents and short-term investments	**$**	**158.3**	$	167.4	(5%)
Working capital		**168.7**		211.8	(20%)
Current ratio		**1.79:1**		2.25:1	(26%)
Total assets	**$**	**1,372.7**	$	1,352.2	2%
Loans and borrowings		**440.9**		441.4	-
Total liabilities		**780.2**		745.4	5%
Shareholders' equity		**592.5**		606.8	(2%)

Liquidity and capital resources

As at March 31, 2021, total available liquidity was $219.8 million, which is composed of cash, cash equivalents, short-term investments and $61.5 million of available credit facilities. Effective June 30, 2020, the Corporation did not renew a $47.0 million letter of credit issued to support its share of the environmental rehabilitation obligations held by its Spanish Oil and Gas operations. The Corporation continues to be in discussions with its partners to replace the letter of credit with a potential alternative arrangement. Total available liquidity excludes restricted cash of $5.3 million.

Cash, cash equivalents and short-term investments at March 31, 2021 decreased by $9.1 million from December 31, 2020. The components of this change are shown below:



(1) Excludes receipt of distributions from the Moa Joint Venture and interest received on the Energas conditional sales agreement presented separately above.

The Corporation's cash, cash equivalent and short-term investments are deposited in the following countries:

$ millions, as at March 31, 2021	Cash	Cash equivalents and short-term investments	Total
Canada	$ 49.6	$ 26.0	$ 75.6
Cuba	78.6	-	78.6
Other	4.1	-	4.1
	$ 132.3	$ 26.0	$ 158.3
Sherritt's share of cash in the Moa Joint Venture, not included in the above balances:			$ 29.5

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		2021		2020	Change
Operating activities					
Fort Site operating cash flow	**$**	**(9.9)**	$	2.4	(513%)
Metals Other operating cash flow		**15.6**		11.8	32%
Oil and Gas operating cash flow		**(4.7)**		(7.4)	36%
Power operating cash flow(1)		**0.8**		11.2	(93%)
Technologies operating cash flow		**(3.2)**		(2.7)	(19%)
Corporate operating cash flow(1)		**(9.7)**		(13.3)	27%
Distributions received from the Moa Joint Venture		**6.3**		13.3	(53%)
Interest received on Energas CSA		**2.0**		7.2	(72%)
Interest paid on notes		**(0.2)**		-	-
Other operating cash flow		**-**		0.1	(100%)
Cash (used) provided by continuing operations		**(3.0)**		22.6	(113%)
Cash used by discontinued operations		**(0.1)**		(0.4)	75%
Cash (used) provided by operating activities	**$**	**(3.1)**	$	22.2	(114%)
Investing and financing activities					
Property, plant, equipment and intangible expenditures	**$**	**(1.3)**	$	(2.6)	50%
Receipts of advances, loans receivable and other financial assets		**0.2**		0.2	-
Repayment of other financial liabilities		**(0.2)**		(0.7)	71%
Repurchase of notes		**(3.3)**		-	-
Fees paid on debenture exchange		**(0.2)**		-	-
Effect of exchange rate changes on cash and cash equivalents		**(1.2)**		8.2	(115%)
Cash (used) provided by investing and financing activities	**$**	**(6.0)**	$	5.1	(218%)
(Decrease) increase in cash and cash equivalents		**(9.1)**		27.3	(133%)
Cash, cash equivalents and short-term investments:					
Beginning of the period		**167.4**		166.1	1%
End of the period(2)	**$**	**158.3**	$	193.4	(18%)

(1) Excluding distributions received from the Moa Joint Venture, interest received on Energas CSA and interest paid on notes, which have been presented separately.

(2) As at March 31, 2021, $74.4 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2020 - $75.0 million).

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

Cash provided by operating activities was lower for the three months ended March 31, 2021 compared to the same period in the prior year, primarily as a result of the following:

- lower distributions received from the Moa Joint Venture. Higher distributions in the prior year period were primarily due to the Moa Joint Venture ending 2019 with a higher cash balance;
- lower interest received on the Energas conditional sales agreement due to Cuba's limited access to foreign currency and Cuban currency unification;
- higher cash used by operating activities at Fort Site primarily due to timing of working capital receipts and payments, including increased inventory in advance of the spring fertilizer season; and
- lower cash provided by operating activities at Power primarily due to timing of working capital receipts and lower electricity production; partially offset by
- lower cash used by operating activities at Corporate primarily due to timing of working capital payments, including lower legal fees paid;
- lower cash used by operating activities at Oil and Gas primarily due to lower spending as a result of the expiration of the Puerto Escondido/Yumuri production sharing contract during the period; and
- higher cash provided by operating activities at Metals Other primarily due to a $20.3 million prepayment received for deliveries of nickel in 2021, compared to a prepayment of $16.0 million received in the prior year period.

Included in investing and financing activities are expenditures on property, plant and equipment and intangible assets, which decreased due to the timing of planned capital expenditures and cost control measures, and $3.3 million of repurchases of the 8.50% second lien secured notes due 2026.

The Corporation's decrease in cash, cash equivalents and short-term investments reconciles to Adjusted EBITDA as follows for the three months ended March 31, 2021:

$ millions, for the three months ended March 31		2021
Adjusted EBITDA[1]	$	30.2
Add (deduct):		
Moa Joint Venture Adjusted EBITDA		(42.6)
Distributions from the Moa Joint Venture		6.3
Interest received on Energas conditional sales agreement		2.0
Interest paid on notes		(0.2)
Net change in non-cash working capital		(5.4)
Share-based compensation expense		7.1
Other		(0.4)
Cash used by continuing operations per financial statements		(3.0)
Add (deduct):		
Cash used by discontinued operations		(0.1)
Repurchase of notes		(3.3)
Property, plant, equipment and intangible asset expenditures		(1.3)
Fees paid on debenture exchange		(0.2)
Effect of exchange rate changes on cash and cash equivalents		(1.2)
Change in cash, cash equivalents and short-term investments	$	(9.1)

(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, 2021	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	$ 153.0	$ 153.0	$ -	$ -	$ -	$ -	$ -
Income taxes payable	12.2	12.2	-	-	-	-	-
8.50% second lien secured notes due 2026	553.9	30.1	30.0	30.0	42.5	56.7	364.6
10.75% unsecured PIK option notes due 2029	192.6	-	-	-	-	-	192.6
Syndicated revolving-term credit facility	8.4	-	8.4	-	-	-	-
Provisions	132.4	3.0	2.5	5.1	0.5	0.5	120.8
Lease liabilities	20.0	2.5	2.6	2.4	2.4	5.3	4.8
Capital commitments	6.4	6.4	-	-	-	-	-
Other	0.3	-	0.3	-	-	-	-
Total	$ 1,079.2	$ 207.2	$ 43.8	$ 37.5	$ 45.4	$ 62.5	$ 682.8

SYNDICATED REVOLVING-TERM CREDIT FACILITY

As at March 31, 2021, the Corporation was in compliance with all syndicated revolving-term credit facility covenants.

MOA JOINT VENTURE COMMITMENTS

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, which are not reflected in the table above:

- Environmental rehabilitation commitments of $100.1 million, with no significant payments due in the next five years;
- Accounts payable and accrued liabilities of $30.0 million;
- Income taxes payable of $6.3 million;
- Lease commitments of $2.6 million; and

- Loans and borrowings of $16.2 million.

COMMON SHARES

As at April 28, 2021, the Corporation had 397,285,750 common shares outstanding. An additional 8,611,366 common shares are issuable upon exercise of outstanding stock options granted to employees and directors pursuant to the Corporation's stock option plan and a maximum of 10,375,290 common shares are issuable upon the exercise of other common share warrants.

Outlook

2021 PRODUCTION, UNIT OPERATING COST AND CAPITAL SPENDING GUIDANCE

Sherritt's targets for production, unit costs and capital spending in 2021 remain consistent with guidance announced on January 25, 2021 based on operational results achieved in Q1 2021, prevailing commodity prices and input costs and planned capital spend for the year.

Production volumes, unit operating costs and spending on capital	Guidance for 2021 - Total	Year-to-date actuals - Total	Updated 2021 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	32,000 - 34,000	8,376	No change
Cobalt, finished	3,300 - 3,600	954	No change
Electricity (GWh, 33⅓% basis)	450 - 500	95	No change
Unit operating costs			
Moa Joint Venture - NDCC (US$ per pound)	$4.25 - $4.75	$3.83	No change
Electricity (unit operating cost, $ per MWh)	$30.50 - $32.00	$25.89	No change
Spending on capital			
Moa Joint Venture (50% basis), Fort Site (100% basis)(1)	US$44 (CDN$57)	US$4 (CDN$5)	No change
Power (33⅓% basis)	US$1 (CDN$1.3)	US$0 (CDN$0)	No change
Spending on capital (excluding Corporate)	US$45 (CDN$58)	US$4 (CDN$5)	No change

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

Significant factors influencing operations

As a commodity-based business, Sherritt's operating results are primarily influenced by the prices of nickel and cobalt.

Nickel

After a strong start to 2021 marked by nickel prices climbing to a high of US$8.93/lb on February 21, the highest price since September 2014, nickel market conditions softened considerably through to the end of Q1. By March 31, nickel prices had dropped to US7.30/lb, down 18% from Q1's peak.

The pullback was principally driven by the announcement in early March made by Tsingshan, a stainless steel producer based in China, that it plans to supply 100,000 tonnes of a nickel intermediate product amenable for use in electric vehicle batteries starting in October 2021. The news initially caused the markets to roil as some industry observers and media coverage suggested that the development would address the shortfall in nickel supply needed for the surge in demand for electric vehicles expected in the coming years.

Since the market's initial reaction to the announcement, many industry experts have since raised questions about Tsingshan's process, including the increased amount of carbon emissions its pyro-metallurgical process will produce, the capital spend required to refine nickel matte to a purer form, and the reduced recoverability of by-product metals, which increase production costs and lower by-product credits.

Nickel prices since Tsinghan's announcement have improved modestly and currently trade at US7.80/lb. Over the near term, nickel prices are expected to fluctuate in concert with the world's economy as it reacts to the impact of the global pandemic.

The economic impact of COVID-19 on nickel market fundamentals in Q1 was evident by the increase in nickel inventory levels on the London Metal Exchange (LME), which rose by 7% to 260,244 tonnes by March 31. In contrast, inventory levels on the Shanghai Future Exchange (SHFE) shrank nearly in half to 8,972 tonnes.

As mining operations resume production activities, nickel inventory levels may rise given that supply could exceed demand as a number of industries that are large consumers of stainless steel, such as the food and hospitality sector, will experience a delayed or slower economic recovery, particularly if the third wave of the pandemic is prolonged.

The long-term outlook for nickel remains bullish, however, due to the strong demand expected from the electric vehicle battery market. Over the past six months, in particular, multiple automakers and governments have announced plans for significant investments to expand electric vehicle production capacity to meet growing demand. In 2020, more than 3.2 million electric vehicles were sold despite the global pandemic. Industry observers estimate that the number of electric vehicles sold in 2021 will grow by approximately 70%. As a result of Class 1 nickel's unique properties, it remains as the dominant metal in cathode chemistries being adopted by automakers. Sherritt is particularly well positioned given our Class 1 production capabilities and the fact that Cuba possesses the world's fourth largest nickel reserves.

Cobalt

Cobalt prices experienced a significant surge in Q1 2021, rising 46% according to data collected by Fastmarkets MB. Standard grade cobalt prices on March 31 closed at US$22.75/lb, up from US$15.60/lb at the start of the quarter.

Cobalt prices since the start of 2021 largely rose on news reports that consumers in China have started to stockpile inventory to take advantage of weak prices in anticipation of stronger demand expected with accelerated growth of electric vehicle demand in the coming years. Cobalt is a key component of rechargeable batteries providing energy density and stability.

The rise of cobalt prices in Q1 also reflected improved market conditions as demand grew from sectors particularly impacted at the start of the pandemic, such as the aerospace sector and consumer electronics. During the first wave of the pandemic, cobalt prices declined to US$13.90/lb from U$15.53/lb at the start of 2020. Industry observers expect cobalt prices to continue to rise in the near term with prices forecasted to peak at US$32/lb in 2023.

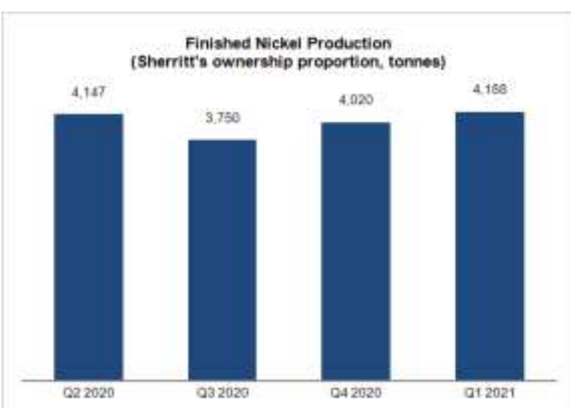
The outlook for cobalt over the long term remains bullish as demand from the EV sector in China alone is expected to grow annually by 26% through 2025.

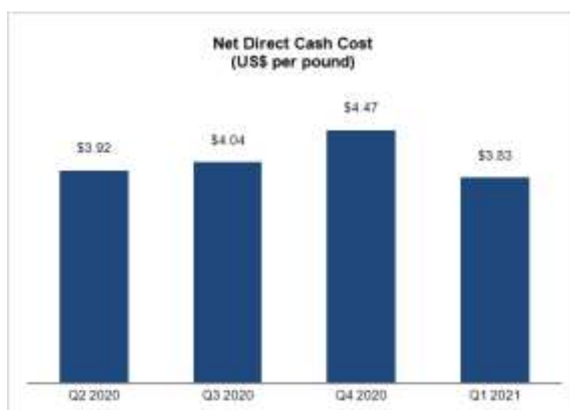
Review of operations

MOA JOINT VENTURE AND FORT SITE

$ millions, except as otherwise noted, for the three months ended March 31	2021	2020	Change
FINANCIAL HIGHLIGHTS			
Revenue	**$ 126.3**	$ 93.5	35%
Earnings (loss) from operations	**27.8**	(4.7)	691%
Adjusted EBITDA[1]	**41.7**	10.1	313%
CASH FLOW			
Cash provided by operations	**$ 23.5**	$ 4.5	422%
Free cash flow[1]	**18.9**	(2.1)	1000%
PRODUCTION VOLUMES (tonnes)			
Mixed Sulphides	**3,931**	4,014	(2%)
Finished Nickel	**4,188**	3,836	9%
Finished Cobalt	**477**	400	19%
Fertilizer	**63,792**	56,089	14%
NICKEL RECOVERY (%)	**82%**	83%	(1%)
SALES VOLUMES (tonnes)			
Finished Nickel	**4,177**	3,773	11%
Finished Cobalt	**477**	381	25%
Fertilizer	**27,111**	31,140	(13%)
AVERAGE REFERENCE PRICES (US$ per pound)			
Nickel	**$ 7.97**	$ 5.77	38%
Cobalt[2]	**21.71**	16.77	29%
AVERAGE-REALIZED PRICES[1]			
Nickel ($ per pound)	**$ 9.97**	$ 7.60	31%
Cobalt ($ per pound)	**21.91**	19.16	14%
Fertilizer ($ per tonne)	**312**	350	(11%)
UNIT OPERATING COST[1] (US$ per pound)			
Nickel - net direct cash cost	**$ 3.83**	$ 4.33	(12%)
SPENDING ON CAPITAL			
Sustaining	**$ 4.6**	$ 6.6	(30%)
	$ 4.6	$ 6.6	(30%)

(1) For additional information see the Non-GAAP measures section.
(2) Average standard-grade cobalt published price per Fastmarkets MB.



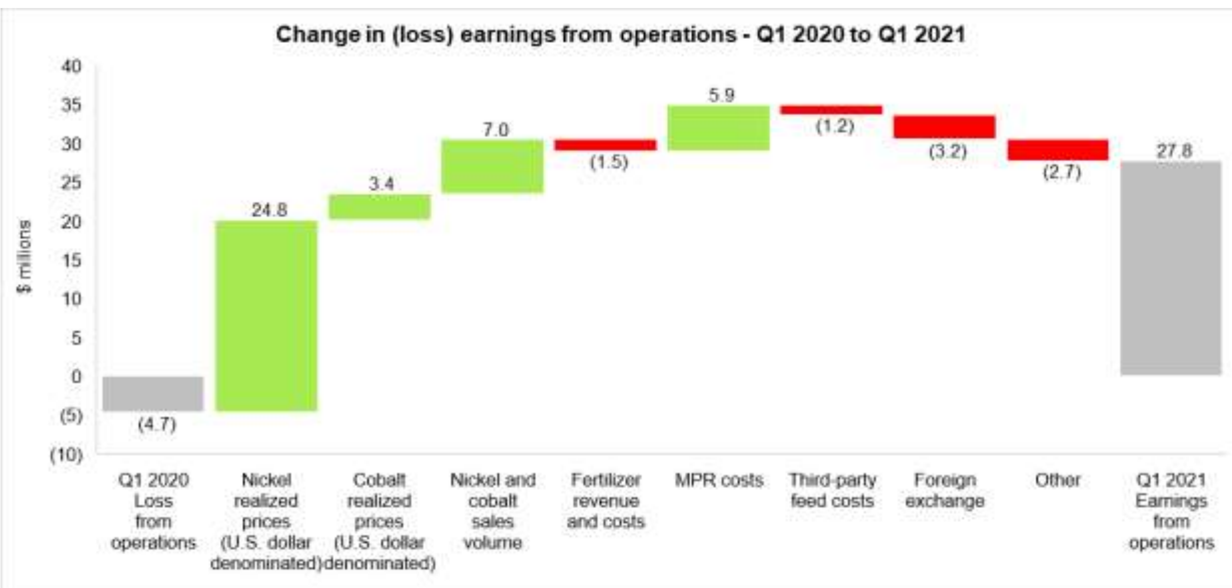


Revenue, cost of sales and NDCC are composed of the following:

$ millions, except as otherwise noted, for the three months ended March 31		2021		2020	Change
REVENUE					
Nickel	**$**	**91.8**	$	63.2	45%
Cobalt		**23.0**		16.1	43%
Fertilizers		**8.5**		10.9	(22%)
Other		**3.0**		3.3	(9%)
	$	**126.3**	$	93.5	35%
COST OF SALES(1)					
Mining, processing and refining (MPR)	**$**	**59.1**	$	61.0	(3%)
Third-party feed costs		**5.7**		4.2	36%
Fertilizers		**8.0**		8.9	(10%)
Selling costs		**3.8**		3.8	-
Other		**5.9**		3.2	84%
	$	**82.5**	$	81.1	2%
NET DIRECT CASH COST(2) (US$ per pound of nickel)					
Mining, processing and refining costs	**$**	**5.09**	$	5.34	(5%)
Third-party feed costs		**0.49**		0.38	29%
Cobalt by-product credits		**(1.98)**		(1.44)	(38%)
Other(3)		**0.23**		0.05	360%
	$	**3.83**	$	4.33	(12%)

(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 2020 and Q1 2021 is detailed below:



Average U.S. dollar reference prices for nickel and cobalt were 38% and 29% higher, respectively, for the three months ended March 31, 2021 compared to the same period in the prior year. Average-realized prices for nickel and cobalt were 31% and 14% higher, respectively, for the three months ended March 31, 2021 compared to the same period in the prior year. Average-realized prices may be impacted by the timing of deliveries and settlement against contract terms. Average-realized prices for the three months ended March 31, 2021 were also negatively impacted by a weaker U.S. dollar relative to the Canadian dollar compared to the same period in the prior year.

Mixed sulphides production was 2% lower for the three months ended March 31, 2021 compared to the same period in the prior year primarily due to lower ore quality caused by the impact of heavy rainfall on mining operations. Lower mixed sulphides production was offset by high feed inventory levels at the refinery in Fort Saskatchewan, Alberta. Weather conditions at Moa have since improved and mixed sulphides inventory continues to be replenished. Procurement of third-party acid has been secured to limit the impact of the planned sulphuric acid plant shutdown at Moa on mixed sulphides production during the second quarter of 2021.

The nickel recovery rate for the three months ended March 31, 2021 was comparable to the same period in the prior year.

For the three months ended March 31, 2021, finished nickel and cobalt production was higher than the same period in the prior year due to high inventories of mixed sulphides at the refinery in Fort Saskatchewan, Alberta and improved refinery reliability. Mixed sulphides availability in the prior year was impacted by transportation delays in shipping mixed sulphides from Moa to the refinery caused by poor weather and congestion at the port of Moa, as well as Canadian rail transportation issues. For the three months ended March 31, 2021, finished production has not been significantly affected by COVID-19 as result of ongoing safety protocols.

The ratio of finished nickel to cobalt production for the three months ended March 31, 2021 was lower than the same period in the prior year.

Finished nickel and cobalt production in the second quarter of 2021 will be impacted by the annual maintenance shutdown of the refinery in Fort Saskatchewan. This year's shutdown will be a full-facility shutdown, including all of the refinery and utility plants, that occurs once every six years. The extended interval between full-facility shutdowns reflects ongoing commitments to asset management and operational excellence measures implemented over the past several years. This year's shutdown is expected to last approximately 11 days compared to the typical five-day annual shutdowns. Sherritt's guidance for 2021 production, unit cost and capital spend at the Moa Joint Venture was based on a full-facility shutdown.

Fertilizer production was 14% higher for the three months ended March 31, 2021 compared to the same period in the prior year primarily due to lower opening 2021 inventory resulting in increased production in preparation for spring season shipments. Poor weather in Q4 2019 resulted in lower than anticipated sales and higher opening 2020 inventory.

Mining, processing and refining (MPR) unit costs for the three months ended March 31, 2021 were 5% lower compared to the same period in the prior year primarily due to lower labour and other service costs at Moa, partially offset by higher purchased sulphuric acid consumption and higher sulphur and fuel oil prices. Higher purchased sulphuric acid consumption was required to offset lower sulphuric acid production at Moa ahead of the planned sulphuric acid plant shutdown in the second quarter of 2021. The Moa Joint Venture incurred lower labour and other service costs as a result of Cuban currency unification. The Corporation continues to monitor the impact of currency unification on labour and other service costs, which may change if further legislation and regulation is issued in 2021 as the Cuban government evaluates the impact of the currency unification process.

Net direct cash cost (NDCC) for the three months ended March 31, 2021 was US$3.83 per pound, 12% lower compared to the same period in the prior year primarily as a result of higher cobalt by-product credits due to higher average-realized cobalt prices and a lower nickel to cobalt ratio. NDCC for the three months ended March 31, 2021 was also positively impacted by lower MPR costs, as discussed above.

Sustaining capital spending for the three months ended March 31, 2021 was lower compared to the same period in the prior year primarily due to the timing of planned capital expenditures. Sustaining capital spending for the three months ended March 31, 2020 was impacted by the cost control measures implemented during Q1 2020 in response to volatile commodity prices and uncertainties related to the impact of COVID-19.

During the three months ended March 31, 2021, the Moa Joint Venture paid distributions of US$10.0 million to its shareholders, of which US$5.0 million was paid to Sherritt directly, representing its 50% share. Sherritt anticipates receipt of distributions from the Moa Joint Venture through 2021 based on prevailing nickel and cobalt prices, planned capital spend and liquidity requirements for the Moa Joint Venture. Sherritt also anticipates the receipt of re-directed distributions from its Moa Joint Venture partner and is in discussions with its Cuban partners to determine amounts and timing of these distributions.

An initiative was launched at the Moa operations to electrify light vehicles in support of carbon reduction targets.

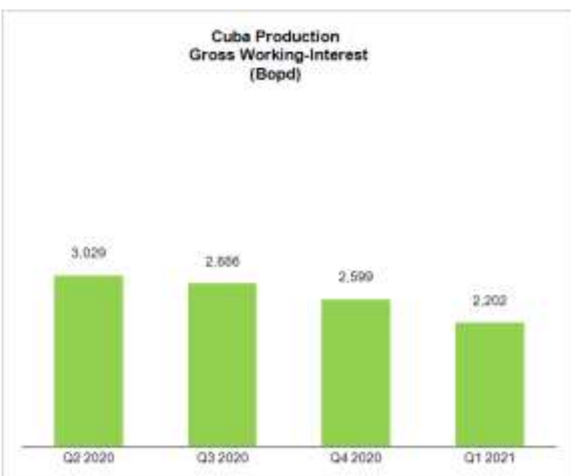
During the three months ended March 31, 2021, Sherritt's refinery in Fort Saskatchewan had its operating license renewed for 10 years by Alberta's Ministry of Environment and Parks.

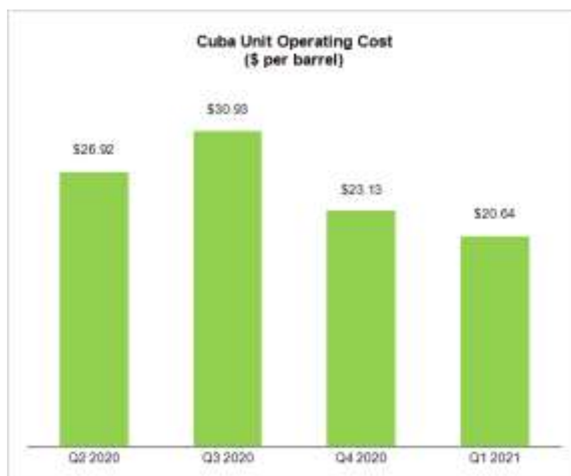
OIL AND GAS

$ millions, except as otherwise noted, for the three months ended March 31		**2021**		2020	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**7.5**	$	7.1	6%
Loss from operations		**(3.9)**		(5.6)	30%
Adjusted EBITDA[1]		**(1.3)**		(3.6)	64%
CASH FLOW					
Cash used by operations	**$**	**(4.7)**	$	(7.4)	36%
Free cash flow[1]		**(5.1)**		(9.1)	44%
PRODUCTION AND SALES[2]					
Gross working-interest (GWI) - Cuba		**2,202**		3,277	(33%)
Total net working-interest (NWI)		**1,035**		1,751	(41%)
AVERAGE REFERENCE PRICES (US$ per barrel)					
U.S. Gulf Coast High Sulphur Fuel Oil (USGC HSFO)		**52.77**		37.22	42%
AVERAGE-REALIZED PRICES[1] (per NWI)					
Cuba ($ per barrel)	**$**	**46.73**	$	35.26	33%
UNIT OPERATING COSTS[1][2] (per GWI)					
Cuba ($ per barrel)	**$**	**20.64**	$	27.28	(24%)
SPENDING ON CAPITAL					
Development, facilities and other	**$**	**0.2**	$	0.1	100%
Exploration		**0.2**		1.6	(88%)
	$	**0.4**	$	1.7	(76%)

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

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





$ million, except as otherwise noted, for the three months ended March 31	2021	2020	Change
REVENUE			
Cuba	**$ 4.1**	$ 4.9	(16%)
Other	**2.7**	1.2	125%
Processing	**0.7**	1.0	(30%)
	$ 7.5	$ 7.1	6%
DAILY PRODUCTION AND SALES VOLUMES (boepd)(1)(2)			
Gross working-interest (GWI) oil production in Cuba	**2,202**	3,277	(33%)
Net working-interest (NWI) oil production			
Cuba (heavy oil)			
Cost recovery	**893**	1,397	(36%)
Profit oil	**95**	136	(30%)
Total	**988**	1,533	(36%)
Other	**47**	218	(78%)
	1,035	1,751	(41%)

(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, 2020.

Realized prices in Cuba for the three months ended March 31, 2021 were higher than the same period in the prior year reflecting higher USGC HSFO reference prices, partially offset by the impact of foreign exchange. For the three months ended March 31, 2021, realized prices in Cuba were negatively impacted by a weaker U.S. dollar relative to the Canadian dollar compared to the same period in the prior year.

GWI production in Cuba for the three months ended March 31, 2021 was lower primarily due to natural reservoir declines at Puerto Escondido/Yumuri, the absence of new development drilling and expiration of the Puerto Escondido/Yumuri production sharing contract (PSC) on March 19, 2021. Cuba cost recovery oil production for the three months ended March 31, 2021 was lower than the same periods in the prior year primarily as a result of lower GWI production, partially offset by higher oil prices. Profit oil production, which represents Sherritt's share of production after cost recovery volume is deducted from GWI volume, was lower than the same period in the prior year primarily as a result of lower GWI production as discussed above.

Unit operating costs in Cuba were lower for the three months ended March 31, 2021 compared to the same period in the prior year primarily as a result of higher recoveries and lower labour and third-party service costs resulting from the effect of Cuba's currency unification and the expiration of the PSC. Total operating costs for the three months ended March 31, 2021 were positively impacted by a weaker U.S. dollar relative to the Canadian dollar compared to the same period in the prior year.

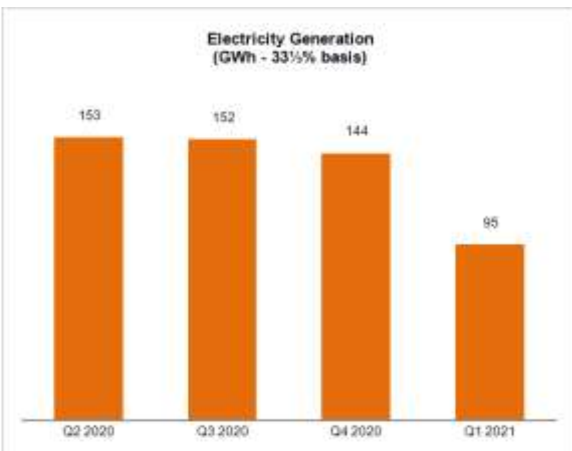
Exploration spending was lower for the three months ended March 31, 2021 due to nil spending on drilling activities on Block 10 compared to the same period in the prior year.

Sherritt continues its efforts to secure an earn-in partner for drilling and exploration activities for its concessions on Block 10 and Block 6A. Sherritt is not contemplating any further investments in drilling or exploration activities without first securing an earn-in partner.

POWER

$ millions (33⅓% basis), except as otherwise noted, for the three months ended March 31		2021		2020	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**5.9**	$	9.4	(37%)
(Loss) earnings from operations		**(1.1)**		1.3	(185%)
Adjusted EBITDA(1)		**2.8**		6.5	(57%)
CASH FLOW					
Cash provided by operations	**$**	**2.8**	$	18.4	(85%)
Free cash flow(1)		**2.8**		18.4	(85%)
PRODUCTION AND SALES					
Electricity (GWh(2))		**95**		153	(38%)
AVERAGE-REALIZED PRICES(1)					
Electricity (per MWh(2))	**$**	**54.81**	$	56.97	(4%)
UNIT OPERATING COSTS(1)(per MWh)					
Electricity (per MWh(1)(2))	**$**	**25.89**		14.57	78%
SPENDING ON CAPITAL					
Sustaining	**$**	**-**	$	-	-
	$	**-**	$	-	-

(1) For additional information see the Non-GAAP measures section.
(2) Gigawatt hours (GWh), Megawatt hours (MWh).



Power revenue is composed of the following:

$ millions (33⅓% basis), for the three months ended March 31		2021		2020	Change
Electricity sales	**$**	**5.2**	$	8.7	(40%)
By-products and other		**0.7**		0.7	-
	$	**5.9**	$	9.4	(37%)

Deferred maintenance from 2020 performed on the steam turbine at Boca de Jaruco contributed to lower electricity production and sales volume for the three months ended March 31, 2021 compared to the same period in the prior year. Operational spending on maintenance activities during the first quarter of 2021 was limited to the amount of Cuban energy receipts allocated for that purpose. The decrease in the average-realized price of electricity compared to the same period in the prior year was due to the weaker U.S. dollar relative to the Canadian dollar.

Unit operating costs were higher for the three months ended March 31, 2021 compared to the same period in the prior year primarily as a result of lower sales volume. This increase was partially offset by the positive impact of a weaker U.S. dollar relative to the Canadian dollar, as costs are primarily denominated in U.S. dollars.

TECHNOLOGIES

$ millions, for the three months ended March 31		**2021**		2020	Change
EXPENSES					
Cost of sales	**$**	**3.4**	$	3.2	6%
		3.4		3.2	6%

Technologies' cost of sales relates to the ongoing support of the Moa Joint Venture and Fort Site operations and the research and development projects detailed below.

The Corporation's emerging Technologies business is committed to identifying commercial applications for research and development projects that are focused on improving current operations and product quality, as well as making next generation nickel lateritic ore mining more economically viable and more sustainable. Project drivers include improving the purity of nickel, reducing greenhouse emissions, extending the life of mines, reducing tailings waste, increasing the recovery of high-value metals and reducing operating costs. Technologies' efforts take advantage of the considerable depth of experience and expertise developed over the years in hydrometallurgy and lateritic ore processing representing a key point of differentiation for Sherritt.

Technologies is currently focused on the commercialization of an enhanced process to fully upgrade Alberta bitumen, which eliminates the need for diluent, increases pipeline capacity and increases the economic value of oil transported to downstream markets, as well as providing a number of environmental benefits; and a novel process for the natural resources industry that allows for the treatment of higher-arsenic copper concentrates, stabilizing the arsenic in an environmentally friendly manner. Lastly, Technologies continues to be engaged in the development of next generation battery-grade nickel and cobalt production from lateritic ores to lower capital intensity, reduce emissions and eliminate waste.

CORPORATE

$ millions, for the three months ended March 31		**2021**		2020	Change
EXPENSES					
Administrative expenses	**$**	**9.8**	$	5.7	72%
		9.8		5.7	72%

Corporate's administrative expenses are primarily composed of employee costs, share-based compensation expense, legal fees and fees for other third-party services. The increase in administrative expenses during the three months ended March 31, 2021 is primarily due to a $5.4 million increase in non-cash share-based compensation expense as a result of a $0.13 increase in the Corporation's share price since December 31, 2020.

Excluding the non-cash impacts of share-based compensation and depreciation, administrative expenses at Corporate for the three months ended March 31, 2021 decreased by $1.2 million compared to the same period in the prior year primarily due to a reduction in legal fees incurred.

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.

Basis of presentation and critical accounting judgments

The condensed consolidated financial statements referenced in this MD&A have been 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.

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. The going concern basis assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The 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, 2020.

The critical accounting estimates and judgments used in the preparation of the condensed consolidated financial statements are consistent with those used in the Corporation's annual consolidated financial statements as at and for the year ended December 31, 2020. The annual consolidated financial statements included a critical accounting judgment related to impairment of non-financial assets, in part due to uncertainty as a result of COVID-19 and its potential impact on commodity prices and collection of Cuban receivables.

Summary of quarterly results

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

$ millions, except per share amounts, for the three months ended		**2021 Mar 31**		2020 Dec 31		2020 Sep 30		2020 June 30		2020 Mar 31		2019 Dec 31		2019 Sep 30		2019 Jun 30
Revenue per financial statements	**$**	**21.9**	$	28.2	$	24.9	$	40.4	$	26.3	$	31.0	$	27.5	$	46.2
Share of earnings (loss) of Moa Joint Venture, net of tax		**28.1**		11.4		4.2		(3.2)		(3.9)		3.5		7.0		(1.3)
Net (loss) earnings from continuing operations		**(1.9)**		(49.3)		11.4		(13.3)		(34.5)		(65.6)		(15.5)		(26.2)
(Loss) earnings from discontinued operations, net of tax(1)		**(3.7)**		(0.3)		217.1		(101.2)		(7.7)		(119.9)		(14.5)		(64.2)
Net (loss) earnings for the period	**$**	**(5.6)**	$	(49.6)	$	228.5	$	(114.5)	$	(42.2)	$	(185.5)	$	(30.0)	$	(90.4)
Net earnings (loss) per share, basic ($ per share)																
Net (loss) earnings from continuing operations	**$**	**0.00**	**$**	(0.12)	$	0.03	$	(0.03)	$	(0.09)	$	(0.17)	$	(0.04)	$	(0.07)
Net (loss) earnings for the period		**(0.01)**		(0.12)		0.58		(0.29)		(0.11)		(0.47)		(0.08)		(0.23)

(1) (Loss) earnings from discontinued operations, net of tax, relates to the Ambatovy Joint Venture, as well as expenses and insurance recoveries 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.

In general, net loss or earnings for the Corporation are primarily affected by production and sales volumes, 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 $1.27 (Q1 2021) to $1.39 (Q2 2020) and period-end rates ranged between $1.26 (Q1 2021) to $1.42 (Q1 2020).

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

- Q1 2021: $2.6 million of unrealized foreign exchange gains in continuing operations and a $1.3 million gain on repurchase of notes;
- Q4 2020: $4.3 million of unrealized foreign exchange losses in continuing operations and a $9.4 million impairment of Power assets;
- Q3 2020: $3.6 million of unrealized foreign exchange gains in continuing operations, a $115.6 million impairment of Oil assets, a $143.4 gain on debenture exchange within net finance income (expense) and $217.2 million of earnings from discontinued operations related to the Ambatovy Joint Venture;
- Q2 2020: $13.1 million of unrealized foreign exchange losses, a $23.6 million of gains on the revaluation of the allowance for expected credit losses on the Moa Joint Venture expansion loans receivable, and, included in discontinued operations, $74.4 million of losses on the revaluation of the allowances for expected credit losses on the Ambatovy Joint Venture subordinated loans receivable and post-financial completion loans receivable;
- Q1 2020: $23.5 million of unrealized foreign exchange gains and $17.2 million of losses on the revaluation of the allowance for expected credit losses on the Moa Joint Venture expansion loans receivable;
- Q4 2019: $6.8 million loss on the revaluation of the allowance for expected credit losses on the Moa Joint Venture expansion loans receivable, an impairment loss of $20.3 million on intangible assets, the recognition of $8.4 million of unrealized foreign exchange losses, and, included in discontinued operations, a $31.0 million impairment of the investment an associate and $81.5 million of losses on the revaluation of the allowances for expected credit losses on the Ambatovy Joint Venture subordinated and post-financial completion loans receivable;
- Q3 2019: $7.7 million of unrealized foreign exchange gains;
- Q2 2019: $8.0 million of unrealized foreign exchange losses and, included in discontinued operations, a $9.6 million gain recognized on the revaluation of financial assets measured at fair value through profit or loss and a $53.6 million loss on the revaluation of the allowances for expected credit losses on the Ambatovy Joint Venture subordinated loans receivable;

Off-balance sheet arrangements

As at March 31, 2021, the Corporation had no foreign exchange options, futures or forward contracts and no commodity futures or forward contracts.

During the year ended December 31, 2020, the Corporation purchased put options on nickel. For further details, refer to note 15 of the Corporation's consolidated financial statements for the year ended December 31, 2020.

Transactions with related parties

The Corporation enters into transactions related to its joint arrangements. For further detail, refer to notes 6 and 19 of the Corporation's condensed consolidated financial statements for the three months ended March 31, 2021.

All amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received on the outstanding amounts. No expense has been recognized in the current or prior periods for bad debts in respect of amounts owed by related parties.

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

As at March 31, 2021, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the quarter ended March 31, 2021, 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, 2021 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 (CAD$ millions) Increase/ (decrease)	Approximate change in quarterly basic EPS Increase/ (decrease)
Prices				
Nickel - LME price per pound(1)	US$	1.00	$ 9	$ 0.02
Cobalt - Fastmarkets MB price per pound(1)	US$	5.00	6	0.01
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	(4)	(0.01)
Operating costs(1)				
Natural gas - per gigajoule (Moa Joint Venture and Fort Site)	$	1.00	(1)	-
Fuel oil - cost per tonne (Moa Joint Venture and Fort Site)	US$	50.00	(1)	-
Sulphur - per tonne (Moa Joint Venture and Fort Site)	US$	25.00	(1)	-

(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.

NON-GAAP MEASURES

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

- combined revenue,
- adjusted EBITDA,
- average-realized price,
- unit operating cost/NDCC,
- adjusted earnings/loss from continuing operations, and
- combined 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 sections below.

Combined revenue

The Corporation uses combined revenue as a measure to help management assess the Corporation's financial performance across its operations. Combined revenue includes the Corporation's consolidated revenue and revenue of the Moa Joint Venture on a 50% basis, which is accounted for using the equity method for accounting purposes. Management uses this measure to reflect the Corporation's economic interest in its operations 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 revenue per the financial statements:

$ millions, for the three months ended March 31		**2021**		2020	Change
Revenue by reportable segment					
Moa Joint Venture and Fort Site	**$**	**126.3**	$	93.5	35%
Metals Other		**1.6**		2.1	(24%)
Oil and Gas		**7.5**		7.1	6%
Power		**5.9**		9.4	(37%)
Technologies		**0.1**		0.1	-
Corporate		**0.3**		0.1	200%
Combined revenue	**$**	**141.7**	$	112.3	26%
Adjustment for Moa Joint Venture		**(119.8)**		(86.0)	
Revenue per financial statements	**$**	**21.9**	$	26.3	(17%)

Adjusted EBITDA

The Corporation defines Adjusted EBITDA as earnings (loss) from operations and joint venture, which excludes net finance expense, as reported in the financial statements for the period, adjusted for: depletion, depreciation and amortization; impairment losses for long-lived assets, intangible assets, goodwill and investments; gains or losses on disposal of property, plant and equipment of the Corporation or the Moa Joint Venture; and gains or losses on disposition of an interest in the investment in Moa Joint Venture of the Corporation. The exclusion of impairment losses eliminates the non-cash impact of the losses. 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 the Corporation's operating results in the same manner as management and the Board of Directors.

The tables below reconcile earnings (loss) from operations and joint venture to adjusted EBITDA:

$ millions, for the three months ended March 31	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	**2021** Total
Earnings (loss) from operations and joint venture per financial statements	**$ 27.8**	**$ (0.6)**	**$ (3.9)**	**$ (1.1)**	**$ (3.3)**	**$ (9.5)**	**$ (3.3)**	**$ 6.1**
Add (deduct):								
Depletion, depreciation and amortization	**2.6**	**0.1**	**2.6**	**3.9**	**-**	**0.3**	**-**	**9.5**
Adjustments for share of joint venture:								
Depletion, depreciation and amortization	**11.3**	**-**	**-**	**-**	**-**	**-**	**-**	**11.3**
Net finance income	**-**	**-**	**-**	**-**	**-**	**-**	**(2.4)**	**(2.4)**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**5.7**	**5.7**
Adjusted EBITDA	**$ 41.7**	**$ (0.5)**	**$ (1.3)**	**$ 2.8**	**$ (3.3)**	**$ (9.2)**	**$ -**	**$ 30.2**
Earnings from operations and joint venture								**$ 6.1**
Net finance expense								**(7.8)**
Income tax expense								**(0.2)**
Net loss from continuing operations								**$ (1.9)**

$ millions, for the three months ended March 31	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	2020 Total
(Loss) earnings from operations and joint venture per financial statements	$ (4.7)	$ (0.4)	$ (5.6)	$ 1.3	$ (3.1)	$ (5.6)	$ (0.7)	$ (18.8)
Add (deduct):								
Depletion, depreciation and amortization	2.3	-	2.0	5.2	-	0.4	-	9.9
Adjustments for share of joint venture:								
Depletion, depreciation and amortization	12.5	-	-	-	-	-	-	12.5
Net finance expense	-	-	-	-	-	-	2.7	2.7
Income tax recovery	-	-	-	-	-	-	(2.0)	(2.0)
Adjusted EBITDA	$ 10.1	$ (0.4)	$ (3.6)	$ 6.5	$ (3.1)	$ (5.2)	$ -	$ 4.3
Loss from operations and joint venture								$ (18.8)
Net finance expense								(15.9)
Income tax recovery								0.2
Net loss from continuing operations								$ (34.5)

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 a Moa Joint Venture marketing company, included in other revenue, are excluded. The average-realized price for oil and gas is based on net working-interest oil production in Cuba 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 revenue per the financial statements to average-realized price:

$ millions, except average-realized price and sales volume, for the three months ended March 31							**2021**
	Moa Joint Venture and Fort Site						
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements	$ **91.8**	$ **23.0**	$ **8.5**	$ **3.0**	$ **126.3**	$ **7.5**	$ **5.9**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**			**-**	**(0.7)**
Processing and Spain revenue	**-**	**-**	**-**			**(3.3)**	**-**
Revenue for purposes of average-realized price calculation	**91.8**	**23.0**	**8.5**			**4.2**	**5.2**
Sales volume for the period	**9.2**	**1.1**	**27.1**			**0.09**	**95**
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels(1)	Gigawatt hours
Average-realized price(2)(3)	$ **9.97**	$ **21.91**	$ **312**			$ **46.73**	$ **54.81**

$ millions, except average-realized price and sales volume, for the three months ended March 31							2020
	Moa Joint Venture and Fort Site						
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements	$ 63.2	$ 16.1	$ 10.9	$ 3.3	$ 93.5	$ 7.1	$ 9.4
Adjustments to revenue:							
By-product revenue	-	-	-			-	(0.7)
Processing and Spain revenue	-	-	-			(2.2)	-
Revenue for purposes of average-realized price calculation	63.2	16.1	10.9			4.9	8.7
Sales volume for the period	8.3	0.8	31.1			0.14	153
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels(1)	Gigawatt hours
Average-realized price(2)(3)	$ 7.60	$ 19.16	$ 350			$ 35.26	$ 56.97

(1) Net working-interest oil production in Cuba.
(2) Average-realized price may not calculate exactly 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 Joint Venture, which uses 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 losses, 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 NDCC is calculated by dividing cost of sales, as reported in the financial statements, adjusted for the following: depreciation, depletion, amortization and impairment losses 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, expressed in U.S. dollars.

Average unit operating costs for oil and gas are based on gross working-interest oil production in Cuba.

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 mine, oil wells and power facilities are performing and to assess overall production efficiency and effectiveness internally across periods and compared to its competitors.

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

$ millions, except unit cost and sales volume, for the three months ended March 31			2021			2020
	Moa JV and Fort Site	Oil and Gas	Power	Moa JV and Fort Site	Oil and Gas	Power
Cost of sales per financial statements	**$ 96.4**	**$ 9.2**	**$ 6.4**	$ 95.9	$ 11.4	$ 7.4
Less:						
Depletion, depreciation and amortization in cost of sales	**(13.9)**	**(2.5)**	**(3.9)**	(14.8)	(1.6)	(5.2)
	82.5	**6.7**	**2.5**	81.1	9.8	2.2
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	**(34.5)**	**-**	**-**	(30.3)	-	-
Impact of opening/closing inventory and other	**(3.4)**	**-**	**-**	(2.4)	-	-
Other	**-**	**(2.5)**	**-**	-	(1.7)	-
Cost of sales for purposes of unit cost calculation	**44.6**	**4.2**	**2.5**	48.4	8.1	2.2
Sales volume for the period	**9.2**	**0.20**	**95**	8.3	0.30	153
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]	**$ 4.84**	**$ 20.64**	**$ 25.89**	$ 5.82	$ 27.28	$ 14.57
Unit operating cost (U.S. dollars) (NDCC)	**$ 3.83**			$ 4.33		

(1) Gross working-interest oil production in Cuba.

(2) Unit operating cost/NDCC may not calculate exactly 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 financial assets and liabilities and other one-time adjustments. While some adjustments are recurring (such as unrealized foreign exchange (gain) loss and revaluations of allowances for expected credit losses (ACL)), 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 net loss from continuing operations per the financial statements to adjusted net loss from continuing operations:

$ millions, for the three months ended March 31		**2021**		2020
Net loss from continuing operations	**$**	**(1.9)**	$	(34.5)
Adjusting items:				
Sherritt - Unrealized foreign exchange (gain) loss - continuing operations		**(2.6)**		(12.5)
Corporate - Moa JV expansion loans receivable ACL revaluation		**-**		17.2
Corporate - Unrealized losses on commodity put options		**0.6**		-
Corporate - Gain on repurchase of notes		**(1.3)**		-
Fort Site - Inventory obsolescence		**0.3**		-
Oil and Gas and Power - ACL revaluation		**1.6**		1.4
Other		**1.5**		(0.5)
Total adjustments	**$**	**0.1**	$	5.6
Tax adjustments		**(0.5)**		-
Adjusted net loss from continuing operations	**$**	**(2.3)**	$	(28.9)
Adjusted net loss per share (basic) ($ per share)	**$**	**(0.01)**	$	(0.07)

Combined free cash flow

The Corporation defines combined free cash flow as cash flow (used) provided by continuing operations adjusted for distributions received from joint venture, 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 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 needs and service debt.

The tables below reconcile cash (used) provided by continuing operations per the financial statements to combined free cash flow:

$ millions, for the three months ended March 31	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2021									
Cash (used) provided by continuing operations[1]	**$ 23.5**	**$ 15.6**	**$ (4.7)**	**$ 2.8**	**$ (3.2)**	**$ (9.9)**	**$ 24.1**	**$ (27.1)**	**$ (3.0)**
Less:									
Property, plant and equipment expenditures	**(4.6)**	**-**	**(0.2)**	**-**	**-**	**(0.1)**	**(4.9)**	**3.8**	**(1.1)**
Intangible expenditures	**-**	**-**	**(0.2)**	**-**	**-**	**-**	**(0.2)**	**-**	**(0.2)**
Free cash flow	**$ 18.9**	**$ 15.6**	**$ (5.1)**	**$ 2.8**	**$ (3.2)**	**$ (10.0)**	**$ 19.0**	**$ (23.3)**	**$ (4.3)**

$ millions, for the three months ended March 31	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2020									
Cash provided (used) by continuing operations[1]	$ 4.5	$ 11.8	$ (7.4)	$ 18.4	$ (2.7)	$ (13.3)	$ 11.3	$ 11.3	$ 22.6
Less:									
Property, plant and equipment expenditures	(6.6)	-	(1.3)	-	-	-	(7.9)	5.7	(2.2)
Intangible expenditures	-	-	(0.4)	-	-	-	(0.4)	-	(0.4)
Free cash flow	$ (2.1)	$ 11.8	$ (9.1)	$ 18.4	$ (2.7)	$ (13.3)	$ 3.0	$ 17.0	$ 20.0

(1) Cash (used) provided by continuing operations for the Moa Joint Venture and Fort Site was $33.4 million and $(9.9) million, respectively, for the three months ended March 31, 2021. (March 31, 2020 - $2.1 million and $2.4 million, respectively).

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; the impact of COVID-19; continued qualification for the Canada Emergency Wage Subsidy (CEWS); the potential impact of Cuba's currency unification; anticipated payments of outstanding receivables, including re-directed distributions from the Corporation's Moa Joint Venture partner; the impact of U.S. sanctions on Cuban 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; environmental rehabilitation provisions; availability of regulatory and creditor approvals and waivers; compliance with applicable environmental laws and regulations; debt repayments; redemptions and interest deferrals; 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, the impact of the COVID-19 pandemic, 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; the risk to Sherritt's entitlements to future distributions from the Moa Joint Venture; risk of future non-compliance with debt restrictions and covenants and mandatory repayments; Sherritt's ability to replace depleted mineral reserves; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba; 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, including diesel; supplies quality issues; 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 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 2021; and the Corporation's ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents. Additional risks, uncertainties and other factors include, but are not limited to, the ability of the Corporation to achieve its financial goals; the ability of the Corporation to continue to realize its assets and discharge its liabilities and commitments; the Corporation's future liquidity position, and access to capital, to fund ongoing operations and obligations (including debt obligations); the ability of the Corporation to stabilize its business and financial condition; the ability of the Corporation to implement and successfully achieve its business priorities; and the ability of the Corporation to comply with its contractual obligations, including without limitation, its obligations under debt arrangements. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in the Corporation's other documents filed with the Canadian securities authorities, including without limitation the Annual Information Form of the Corporation dated March 17, 2021 for the period ending December 31, 2020, 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, 2021 and 2020

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statements of comprehensive income (loss)	42
Condensed consolidated statements of financial position	43
Condensed consolidated statements of cash flow	44
Condensed consolidated statements of changes in shareholders' equity	45

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Nature of operations and corporate information	46
Note 2 – Basis of presentation	46
Note 3 – Summary of significant accounting policies, judgments and estimates	46
Note 4 – Segmented information	47
Note 5 – Expenses	49
Note 6 – Joint arrangements	49
Note 7 – Net finance expense	51
Note 8 – Discontinued operations	51
Note 9 – Loss per share	52
Note 10 – Financial instruments	53
Note 11 – Advances, loans receivable and other financial assets	54
Note 12 – Non-financial assets	54
Note 13 – Loans, borrowings and other financial liabilities	55
Note 14 – Provisions	56
Note 15 – Shareholders' equity	56
Note 16 – Share-based compensation plans	57
Note 17 – Supplemental cash flow information	57
Note 18 – Financial risk management	57
Note 19 – Related party transactions	58
Note 20 – Commitments for expenditures	58

Condensed consolidated statements of comprehensive income (loss)

Unaudited, Canadian $ millions, except per share amounts, for the three months ended March 31	Note		**2021**		2020
Revenue	4	**$**	**21.9**	$	26.3
Cost of sales	5		**(30.4)**		(32.5)
Administrative expenses	5		**(13.5)**		(8.7)
Share of earnings (loss) of Moa Joint Venture, net of tax	6		**28.1**		(3.9)
Earnings (loss) from operations and joint venture			**6.1**		(18.8)
Interest income on financial assets measured at amortized cost	7		**3.7**		6.0
Revaluation of allowances for expected credit losses	7		**(1.6)**		(18.6)
Other financing items	7		**(0.8)**		0.8
Financing expense	7		**(9.1)**		(4.1)
Net finance expense			**(7.8)**		(15.9)
Loss before income tax			**(1.7)**		(34.7)
Income tax (expense) recovery			**(0.2)**		0.2
Net loss from continuing operations			**(1.9)**		(34.5)
Loss from discontinued operations, net of tax	8		**(3.7)**		(7.7)
Net loss for the period		**$**	**(5.6)**	$	(42.2)
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations, net of tax			**(8.5)**		66.9
Items that will not be subsequently reclassified to profit or loss:					
Actuarial losses on pension plans, net of tax			**(0.3)**		(0.8)
Other comprehensive (loss) income			**(8.8)**		66.1
Total comprehensive (loss) income		**$**	**(14.4)**	$	23.9
Net loss from continuing operations per common share:					
Basic and diluted	9	**$**	**0.00**	$	(0.09)
Net loss per common share:					
Basic and diluted	9	**$**	**(0.01)**	$	(0.11)

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	2021 March 31	2020 December 31
ASSETS			
Current assets			
Cash and cash equivalents	10	**$ 158.3**	$ 167.4
Restricted cash		**5.3**	5.3
Advances, loans receivable and other financial assets	11	**11.1**	37.6
Trade accounts receivable, net, and unbilled revenue	10	**173.5**	140.3
Inventories		**31.8**	27.0
Prepaid expenses		**2.4**	3.7
		382.4	381.3
Non-current assets			
Advances, loans receivable and other financial assets	11	**195.0**	169.6
Property, plant and equipment	12	**149.4**	166.4
Investment in Moa Joint Venture	6	**612.1**	597.4
Intangible assets		**33.8**	37.5
		990.3	970.9
Total assets		**$ 1,372.7**	$ 1,352.2
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Loans and borrowings	13	**$ 8.0**	$ 8.0
Trade accounts payable and accrued liabilities		**153.0**	135.0
Income taxes payable		**12.2**	12.3
Other financial liabilities	13	**9.2**	4.8
Deferred revenue		**29.7**	7.5
Provisions	14	**1.6**	1.9
		213.7	169.5
Non-current liabilities			
Loans and borrowings	13	**432.9**	433.4
Other financial liabilities	13	**24.0**	24.7
Other non-financial liabilities		**9.5**	6.2
Provisions	14	**98.8**	110.2
Deferred income taxes		**1.3**	1.4
		566.5	575.9
Total liabilities		**780.2**	745.4
Shareholders' equity			
Capital stock	15	**2,894.9**	2,894.9
Deficit		**(2,885.7)**	(2,880.1)
Reserves		**233.4**	233.3
Accumulated other comprehensive income		**349.9**	358.7
		592.5	606.8
Total liabilities and shareholders' equity		**$ 1,372.7**	$ 1,352.2

Commitments for expenditures (note 20)

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	2021	2020
Operating activities			
Net loss from continuing operations		**$ (1.9)**	$ (34.5)
Add (deduct):			
Depletion, depreciation and amortization	4, 5	**9.5**	9.9
Share-based compensation expense (recovery)	5	**7.1**	(0.8)
Share of (earnings) loss of Moa Joint Venture, net of tax	6	**(28.1)**	3.9
Net finance expense	7	**7.8**	15.9
Income tax expense (recovery)		**0.2**	(0.2)
Net change in non-cash working capital	17	**(5.4)**	8.9
Interest received		**2.2**	7.6
Interest paid		**(0.9)**	(0.7)
Income tax paid		**(0.2)**	(0.5)
Distributions received from Moa Joint Venture	6	**6.3**	13.3
Other operating items		**0.4**	(0.2)
Cash (used) provided by continuing operations		**(3.0)**	22.6
Cash used by discontinued operations	8	**(0.1)**	(0.4)
Cash (used) provided by operating activities		**(3.1)**	22.2
Investing activities			
Property, plant and equipment expenditures	4	**(1.1)**	(2.2)
Intangible asset expenditures	4	**(0.2)**	(0.4)
Receipts of advances, loans receivable and other financial assets		**0.2**	0.2
Cash used by continuing operations		**(1.1)**	(2.4)
Cash used by investing activities		**(1.1)**	(2.4)
Financing activities			
Repurchase of notes	13	**(3.3)**	-
Repayment of other financial liabilities		**(0.2)**	(0.7)
Fees paid on debenture exchange		**(0.2)**	-
Cash used by continuing operations		**(3.7)**	(0.7)
Cash used by financing activities		**(3.7)**	(0.7)
Effect of exchange rate changes on cash and cash equivalents		**(1.2)**	8.2
(Decrease) increase in cash and cash equivalents		**(9.1)**	27.3
Cash and cash equivalents at beginning of the period		**167.4**	166.1
Cash and cash equivalents at end of the period	10	**$ 158.3**	$ 193.4

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

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian $ millions

	Capital stock	Deficit	Reserves	Accumulated other comprehensive income (loss)	Total
Balance as at December 31, 2019	**$ 2,894.9**	**$ (2,902.3)**	**$ 233.7**	**$ 495.8**	**$ 722.1**
Total comprehensive income:					
Net loss for the period	-	(42.2)	-	-	(42.2)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	66.9	66.9
Actuarial losses on pension plans, net of tax	-	-	-	(0.8)	(0.8)
	-	(42.2)	-	66.1	23.9
Balance as at March 31, 2020	**$ 2,894.9**	**$ (2,944.5)**	**$ 233.7**	**$ 561.9**	**$ 746.0**
Total comprehensive loss:					
Net earnings for the period	-	64.4	-	-	64.4
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(73.4)	(73.4)
Actuarial losses on pension plans, net of tax	-	-	-	(0.1)	(0.1)
	-	64.4	-	(73.5)	(9.1)
Reclassification of accumulated other comprehensive income on disposal of foreign operation				(129.7)	(129.7)
Stock option plan recovery	-	-	(0.4)	-	(0.4)
Balance as at December 31, 2020	**$ 2,894.9**	**$ (2,880.1)**	**$ 233.3**	**$ 358.7**	**$ 606.8**
Total comprehensive loss:					
Net loss for the period	-	(5.6)	-	-	(5.6)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(8.5)	(8.5)
Actuarial losses on pension plans, net of tax	-	-	-	(0.3)	(0.3)
	-	(5.6)	-	(8.8)	(14.4)
Stock option plan expense	-	-	0.1	-	0.1
Balance as at March 31, 2021	**$ 2,894.9**	**$ (2,885.7)**	**$ 233.4**	**$ 349.9**	**$ 592.5**

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 and cobalt from lateritic ores with projects and operations in Canada and Cuba. The Corporation is the largest independent energy producer in Cuba with 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 28, 2021. 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 and joint arrangements. All financial information is presented in Canadian dollars rounded to the nearest hundred thousand, except as otherwise noted.

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. The going concern basis assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

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, 2020.

These condensed consolidated financial statements have been prepared using the same critical accounting estimates and judgments as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2020. The annual consolidated financial statements included a critical accounting judgment related to impairment of non-financial assets, in part due to uncertainty as a result of COVID-19 and its potential impact on commodity prices and collection of Cuban receivables.

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020.

4. SEGMENTED INFORMATION

The Corporation revised the presentation of its segmented information during the three months ended March 31, 2021 as a result of Technologies being identified as a reportable segment in the current period in accordance with quantitative thresholds and as information for the Technologies operating segment is separately reviewed by the chief operating decision maker. Segmented information for the prior period has been restated for comparative purposes to reflect the newly reportable Technologies segment, previously included within Technologies and Corporate segment, as a separate segment in the current period.

Canadian $ millions, for the three months ended March 31	Moa JV and Fort Site[1]	Metals Other[2]	Oil and Gas	Power	Tech-nologies	Corporate[2]	Adjustments for Moa Joint Venture	2021 Total
Revenue[3]	$ 126.3	$ 1.6	$ 7.5	$ 5.9	$ 0.1	$ 0.3	$ (119.8)	$ 21.9
Cost of sales	(96.4)	(2.2)	(9.2)	(6.4)	(3.4)	-	87.2	(30.4)
Administrative expenses	(2.1)	-	(2.2)	(0.6)	-	(9.8)	1.2	(13.5)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	-	-	28.1	28.1
Earnings (loss) from operations and joint venture	27.8	(0.6)	(3.9)	(1.1)	(3.3)	(9.5)	(3.3)	6.1
Interest income on financial assets measured at amortized cost								3.7
Revaluation of allowances for expected credit losses								(1.6)
Other financing items								(0.8)
Financing expense								(9.1)
Net finance expense								(7.8)
Loss before income tax								(1.7)
Income tax expense								(0.2)
Net loss from continuing operations								(1.9)
Loss from discontinued operations, net of tax								(3.7)
Net loss for the period								$ (5.6)
Supplementary information								
Depletion, depreciation and amortization	$ 13.9	$ 0.1	$ 2.6	$ 3.9	$ -	$ 0.3	$ (11.3)	$ 9.5
Property, plant and equipment expenditures	4.6	-	0.2	-	-	0.1	(3.8)	1.1
Intangible asset expenditures	-	-	0.2	-	-	-	-	0.2

Canadian $ millions, as at March 31	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Technologies	Corporate	Adjustments for Moa Joint Venture	2021
Non-current assets[4]	$ 620.4	$ 0.5	$ 15.8	$ 31.0	$ 1.0	$ 6.9	$ (492.4)	$ 183.2
Total assets	905.7	107.9	69.3	323.6	1.2	77.8	(112.8)	1,372.7

Canadian $ millions, for the three months ended March 31	Moa JV and Fort Site[(1)]	Metals Other[(2)]	Oil and Gas	Power	Tech-nologies	Corporate[(2)]	Adjustments for Moa Joint Venture	2020 (Restated) Total
Revenue[(3)]	$ 93.5	$ 2.1	$ 7.1	$ 9.4	$ 0.1	$ 0.1	$ (86.0)	$ 26.3
Cost of sales	(95.9)	(2.6)	(11.4)	(7.4)	(3.2)	-	88.0	(32.5)
Administrative expenses	(2.3)	0.1	(1.3)	(0.7)	-	(5.7)	1.2	(8.7)
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	-	-	(3.9)	(3.9)
(Loss) earnings from operations and joint venture	(4.7)	(0.4)	(5.6)	1.3	(3.1)	(5.6)	(0.7)	(18.8)
Interest income on financial assets measured at amortized cost								6.0
Revaluation of allowances for expected credit losses								(18.6)
Other financing items								0.8
Financing expense								(4.1)
Net finance expense								(15.9)
Loss before income tax								(34.7)
Income tax recovery								0.2
Net loss from continuing operations								(34.5)
Loss from discontinued operations, net of tax								(7.7)
Net loss for the period								$ (42.2)
Supplementary information								
Depletion, depreciation and amortization	$ 14.8	$ -	$ 2.0	$ 5.2	$ -	$ 0.4	$ (12.5)	$ 9.9
Property, plant and equipment expenditures	6.6	-	1.3	-	-	-	(5.7)	2.2
Intangible asset expenditures	-	-	0.4	-	-	-	-	0.4

Canadian $ millions, as at December 31								2020 (Restated)
Non-current assets[(4)]	$ 652.6	$ 0.6	$ 18.5	$ 35.4	$ 1.0	$ 7.2	$ (511.4)	$ 203.9
Total assets	897.8	71.3	71.9	327.4	1.3	100.8	(118.3)	1,352.2

(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) During three months ended March 31, 2021, eliminations were included in determining reported segment earnings (loss) from operations and joint venture given a change to the measure of the segment earnings (loss) that is used by the chief operating decision maker. The prior period has been restated for this change.

(3) Revenue in the Metals Other segment includes $0.7 million of intersegment revenue, net of elimination, with the Moa JV and Fort Site segment related to marketing of nickel and cobalt for the three months ended March 31, 2021 ($0.8 million for the three months ended March 31, 2020).

(4) 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 the equity-accounted investment in the Moa Joint Venture:

Canadian $ millions, for the three months ended March 31	**2021 Total revenue**	2020 Total revenue
Fertilizer[(1)]	**$ 7.0**	$ 8.3
Oil and gas	**6.8**	6.1
Power generation[(2)]	**5.2**	8.7
Other	**2.9**	3.2
	$ 21.9	$ 26.3

(1) Due to the seasonal nature of the fertilizer operations in Fort Saskatchewan, higher fertilizer revenue is expected in the second and fourth quarters of the year. For the year ended December 31, 2020, 45% of fertilizer revenue was recognized in the second quarter, 23% was recognized in the fourth quarter and the remaining 32% was recognized in the first and third quarters combined. Revenues for other product types are recognized more evenly throughout the year.

(2) Included in power generation revenue for the three months ended March 31, 2021 is $4.3 million of revenue from service concession arrangements ($6.2 million for the three months ended March 31, 2020).

5. EXPENSES

Cost of sales includes the following:

Canadian $ millions, for the three months ended March 31		**2021**		2020
Employee costs[1]	**$**	**14.1**	$	14.7
Severance		**0.3**		0.6
Depletion, depreciation and amortization of property, plant and equipment and intangible assets		**9.1**		9.2
Raw materials and consumables		**14.1**		9.4
Repairs and maintenance		**10.5**		9.3
Shipping and treatment costs		**0.4**		0.6
Share-based compensation expense (recovery)		**1.2**		(0.1)
Changes in inventories and other		**(19.3)**		(11.2)
	$	**30.4**	$	32.5

Administrative expenses include the following:

Canadian $ millions, for the three months ended March 31		**2021**		2020
Employee costs[1]	**$**	**6.0**	$	6.2
Severance		**0.1**		0.3
Depreciation		**0.4**		0.7
Share-based compensation expense (recovery)		**5.9**		(0.7)
Consulting services and audit fees		**0.7**		0.9
Other		**0.4**		1.3
	$	**13.5**	$	8.7

(1) Included in employee costs for the three months ended March 31, 2021 is the Canada Emergency Wage Subsidy within cost of sales of $0.2 million and within administrative expenses of $0.1 million (nil for the three months ended March 31, 2020).

6. JOINT ARRANGEMENTS

Investment in Moa Joint Venture

During the three months ended March 31, 2021, the Moa Joint Venture paid dividend distributions of $12.5 million, of which $6.3 million was paid to the Corporation representing its 50% ownership interest ($26.6 million and $13.3 million, respectively, for the three months ended March 31, 2020, respectively).

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

Statements of financial position

Canadian $ millions, 100% basis, as at		**2021 March 31**		2020 December 31
Current assets[1]	**$**	**454.4**	$	401.2
Non-current assets		**1,080.1**		1,116.4
Current liabilities[2]		**92.4**		85.8
Non-current liabilities[3]		**133.7**		151.5
Net assets of Moa Joint Venture	**$**	**1,308.4**	$	1,280.3
Proportion of Sherritt's ownership interest		**50%**		50%
Total		**654.2**		640.2
Intercompany capitalized interest elimination		**(42.1)**		(42.8)
Investment in Moa Joint Venture	**$**	**612.1**	$	597.4

(1) Included in current assets is $59.0 million of cash and cash equivalents (December 31, 2020 - $26.2 million).
(2) Included in current liabilities is $19.7 million of financial liabilities (December 31, 2020 - $22.4 million).
(3) Included in non-current liabilities is $16.8 million of financial liabilities (December 31, 2020 - $20.9 million).

Statements of comprehensive income (loss)

Canadian $ millions, 100% basis, for the three months ended March 31		2021		2020
Revenue	**$**	**239.5**	$	172.0
Cost of sales[(1)(2)]		**(174.3)**		(176.0)
Administrative expenses[(2)]		**(2.3)**		(2.5)
Earnings (loss) from operations		**62.9**		(6.5)
Financing income		**0.1**		0.4
Financing expense		**2.7**		(12.0)
Net finance income (expense)		**2.8**		(11.6)
Earnings (loss) before income tax		**65.7**		(18.1)
Income tax (expense) recovery[(3)]		**(11.3)**		3.9
Net income (loss) and comprehensive income (loss) of Moa Joint Venture	**$**	**54.4**	$	(14.2)
Proportion of Sherritt's ownership interest		**50%**		50%
Total		**27.2**		(7.1)
Intercompany elimination		**0.9**		3.2
Share of earnings (loss) of Moa Joint Venture, net of tax	**$**	**28.1**	$	(3.9)

(1) Included in cost of sales for the three months ended March 31, 2021 is depreciation and amortization of $22.5 million (for the three months ended March 31, 2020 - $25.0 million).

(2) For the three months ended March 31, 2021, recoveries for the Canada Emergency Wage Subsidy within cost of sales of $1.9 million and within administrative expenses of $0.1 million were recognized (for the three months ended March 31, 2020 - nil).

(3) Income tax expense for the three months ended March 31, 2021 increased since the comparative period primarily due to an increase in taxable earnings of the operating companies in the Moa Joint Venture.

Joint operations

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

		2021		2020
Canadian $ millions, 33⅓% basis, as at		March 31		December 31
Current assets[(1)]	**$**	**90.8**	$	89.2
Non-current assets		**26.9**		30.6
Current liabilities		**6.4**		15.9
Non-current liabilities		**96.3**		85.8
Net assets	**$**	**15.0**	$	18.1

(1) Included in current assets is $74.4 million of cash and cash equivalents (December 31, 2020 - $75.0 million).

Canadian $ millions, 33⅓% basis, for the three months ended March 31		2021		2020
Revenue	**$**	**5.9**	$	9.4
Expenses[(1)]		**(8.8)**		1.3
Net (loss) earnings	**$**	**(2.9)**	$	10.7

(1) Included in expenses for the three months ended March 31, 2021 is an unrealized foreign exchange loss of $1.1 million (for the three months ended March 31, 2020 - $10.1 million gain).

7. NET FINANCE EXPENSE

Canadian $ millions, for the three months ended March 31	Note		2021		2020
Interest income on trade accounts receivable, net		$	**0.1**	$	0.2
Interest income on advances and loans receivable			**3.6**		4.3
Interest income on accretion of advances and loans receivable			**-**		1.5
Interest income on financial assets measured at amortized cost			**3.7**		6.0
Revaluation of allowances for expected credit losses:					
Trade accounts receivable, net			**(1.6)**		(1.4)
Moa Joint Venture expansion loans receivable			**-**		(17.2)
Revaluation of allowances for expected credit losses			**(1.6)**		(18.6)
Revaluation of cobalt-linked warrants			**0.2**		0.5
Unrealized losses on commodity put options			**(0.6)**		-
Gain on repurchase of notes	13		**1.3**		-
Other interest income and unrealized losses on financial instruments			**(1.7)**		0.3
Other financing items			**(0.8)**		0.8
Interest expense and accretion on loans and borrowings			**(10.4)**		(15.3)
Unrealized foreign exchange gain			**2.6**		12.5
Realized foreign exchange loss			**(0.6)**		(0.4)
Other interest expense and finance charges			**(0.6)**		(0.8)
Accretion expense on environmental rehabilitation provisions	14		**(0.1)**		(0.1)
Financing expense			**(9.1)**		(4.1)
Net finance expense		**$**	**(7.8)**	$	(15.9)

8. DISCONTINUED OPERATIONS

The loss from discontinued operations, net of tax, is presented net in the condensed consolidated statements of comprehensive income (loss) and is composed of the following discontinued operations components:

Canadian $ millions, for the three months ended March 31	Note		2021		2020
Loss from discontinued operations, net of tax - Ambatovy Joint Venture		**$**	**(0.3)**	$	(7.7)
Loss from discontinued operations, net of tax - Other discontinued operations	14		**(3.4)**		-
Loss from discontinued operations, net of tax		**$**	**(3.7)**	$	(7.7)

Ambatovy Joint Venture

On August 31, 2020, the Corporation completed a transaction resulting in the extinguishment of all of Sherritt's obligations under the Corporation's Ambatovy Joint Venture partner loans, plus all accrued and unpaid interest in respect thereof, in exchange for the Corporation's remaining 12% interest in the Ambatovy Joint Venture and its loans and operator fee receivable from the Ambatovy Joint Venture (collectively, the "Ambatovy Joint Venture Interests").

Subject to execution of certain documentation with the Ambatovy Joint Venture, Sherritt will cease being the operator of the Ambatovy Joint Venture.

The loss from discontinued operations, net of tax related to the Ambatovy Joint Venture is composed of the following (loss) earnings components reclassified from continuing operations:

Canadian $ millions, for the three months ended March 31		2021		2020
Share of loss of an associate, net of tax	**$**	**-**	$	(23.6)
Interest income on Ambatovy Joint Venture subordinated loans receivable		**-**		2.4
Interest income on Ambatovy Joint Venture subordinated loans receivable - post-financial completion		**-**		1.6
Revenue on Ambatovy Joint Venture operator fee receivable		**-**		0.4
Revaluation of Ambatovy Joint Venture operator fee receivable		**-**		0.5
Realized foreign exchange gain on monetary assets		**-**		11.0
Loss from discontinued operations, net of tax	**$**	**-**	$	(7.7)

The loss on disposal of the Ambatovy Joint Venture Interests, net of tax, which pertains to transaction costs, and loss from discontinued operations, net of tax are presented net in the condensed consolidated statements of comprehensive income (loss) within loss from discontinued operations, net of tax as follows:

Canadian $ millions, for the three months ended March 31		2021		2020
Loss on disposal of the Ambatovy Joint Venture Interests, net of tax	**$**	**(0.3)**	$	-
Loss from discontinued operations, net of tax		**-**		(7.7)
Loss from discontinued operations, net of tax – Ambatovy Joint Venture	**$**	**(0.3)**	$	(7.7)

Other discontinued operations

For the three months ended March 31, 2021, the Corporation recognized a $3.4 million loss from discontinued operations, net of tax, in respect of a provision retained by the Corporation following the sale of its Coal operations in 2014 (nil for the three months ended March 31, 2020). Also included in cash used by discontinued operations are negligible payments made in respect of this provision (note 14) ($0.4 million in cash used by discontinued operations for the three months ended March 31, 2020).

9. LOSS PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars, for the three months ended March 31		2021		2020
Net loss from continuing operations	**$**	**(1.9)**	$	(34.5)
Loss from discontinued operations, net of tax		**(3.7)**		(7.7)
Net loss for the period - basic and diluted	**$**	**(5.6)**	$	(42.2)
Weighted-average number of common shares - basic and diluted(1)		**397.3**		397.3
Net loss from continuing operations per common share:				
Basic and diluted	**$**	**0.00**	$	(0.09)
Loss from discontinued operations, net of tax, per common share:				
Basic and diluted	**$**	**(0.01)**	$	(0.02)
Net loss per common share:				
Basic and diluted	**$**	**(0.01)**	$	(0.11)

(1) The determination of the weighted-average number of common shares - diluted excludes 8.6 million shares related to stock options, 10.4 million shares related to the warrants from the 2016 debenture extension and nil shares related to the cobalt-linked warrants that were anti-dilutive for the three months ended March 31, 2021 (9.0 million, 10.4 million and 47.2 million, respectively, for the three months ended March 31, 2020).

10. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents consist of:

Canadian $ millions, as at	2021 March 31	2020 December 31
Cash equivalents	**$ 26.0**	$ 41.0
Cash held in banks	**132.3**	126.4
	$ 158.3	$ 167.4

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 Cuba that are not rated. The total cash held in Cuban bank deposit accounts was $78.6 million as at March 31, 2021 (December 31, 2020 - $80.0 million).

As at March 31, 2021, $74.4 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2020 - $75.0 million). These funds are for use locally by the joint operation and will be transferred to the Corporation upon foreign exchange approval.

Cuban currency unification

On January 1, 2021, the Cuban government unified its two currencies and discontinued use of the Cuban convertible peso (CUC), with a six-month transition period for the CUC to be phased out of the economy. The Cuban peso (CUP) remains as the sole Cuban currency at a current exchange rate of 24 CUP:US$1. Further legislation and regulation may be enacted in 2021 as the Cuban government evaluates the impact of the currency unification process.

There was no impact to the functional currencies of the Corporation's Cuban entities as a result of currency unification and the U.S. dollar remains the functional currency of these Cuban entities. While receipts of overdue amounts owed to the Corporation during the three months ended March 31, 2021 were lower than the agreed-upon payments, in part due to currency unification, the Corporation expects this delay in repayment to be temporary while the Cuban government transitions to a single currency. During the three months ended March 31, 2021, the Corporation also incurred lower labour and other service costs at its Cuban entities as a result of Cuban currency unification. The Corporation continues to monitor the impact of currency unification on its Cuban operations. All Cuban receivables remain owing to the Corporation and are denominated in U.S. dollars.

Fair value measurement

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

Canadian $ millions, as at	Note			2021 March 31		2020 December 31
		Hierarchy level	**Carrying value**	**Fair value**	Carrying value	Fair value
Liabilities:						
8.50% second lien secured notes due 2026(1)	13	1	**$ 354.6**	**$ 227.4**	$ 358.4	$ 185.9
10.75% unsecured PIK option notes due 2029(1)	13	1	**78.3**	**29.8**	75.0	16.9

(1) The fair values of the 8.50% second lien secured notes due 2026 and 10.75% unsecured PIK option notes due 2029 are based on market closing prices.

Trade accounts receivable, net, and unbilled revenue

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

Canadian $ millions, as at	2021 March 31	2020 December 31
Trade accounts receivable, net	**$ 170.4**	$ 139.8
Unbilled revenue	**3.1**	0.5
	$ 173.5	$ 140.3

Trade accounts receivable, net

Canadian $ millions, as at	2021 March 31	2020 December 31
Trade accounts receivable	**$ 157.8**	$ 128.7
Allowance for expected credit losses	**(22.9)**	(21.4)
Accounts receivable from joint operations	**0.3**	0.3
Accounts receivable from Moa Joint Venture	**17.5**	13.8
Other	**17.7**	18.4
	$ 170.4	$ 139.8

Aging of trade accounts receivable, net

Canadian $ millions, as at	2021 March 31	2020 December 31
Not past due	**$ 135.8**	$ 108.5
Past due no more than 30 days	**6.1**	2.6
Past due for more than 30 days but no more than 60 days	**1.3**	2.2
Past due for more than 60 days	**27.2**	26.5
	$ 170.4	$ 139.8

11. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	2021 March 31	2020 December 31
Advances and loans receivable		
Energas conditional sales agreement	**$ 196.8**	$ 197.0
Other financial assets		
Commodity put options	**5.1**	5.7
Other	**4.2**	4.5
	206.1	207.2
Current portion of advances, loans receivable and other financial assets(1)	**(11.1)**	(37.6)
Non-current portion of advances, loans receivable and other financial assets	**$ 195.0**	$ 169.6

(1) Included in the current portion of advances, loans receivable and other financial assets is the Energas conditional sales agreement of $5.2 million (December 31, 2020 - $31.1 million).

12. NON-FINANCIAL ASSETS

Expiry of the Puerto Escondido/Yumuri production-sharing contract

The Puerto Escondido/Yumuri production-sharing contract with an agency of the Government of Cuba expired in March 2021, resulting in the derecognition of $185.7 million of cost and accumulated depreciation of property, plant and equipment. The net book value of the property, plant and equipment was nil upon expiry.

13. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

			For the three months ended March 31, 2021		
			Cash flows	Non-cash changes	
Canadian $ millions	Note	As at 2020 December 31	Repurchase of notes	Other	As at 2021 March 31
8.50% second lien secured notes due 2026	10	$ 358.4	**$ (3.3)**	**$ (0.5)**	**$ 354.6**
10.75% unsecured PIK option notes due 2029	10	75.0	**-**	**3.3**	**78.3**
Syndicated revolving-term credit facility		8.0	**-**	**-**	**8.0**
		$ 441.4	**$ (3.3)**	**$ 2.8**	**$ 440.9**
Current portion of loans and borrowings		(8.0)			**(8.0)**
Non-current portion of loans and borrowings		$ 433.4			**$ 432.9**

8.50% second lien secured notes due 2026

During the three months ended March 31, 2021, the Corporation repurchased $5.0 million of principal of the 8.50% second lien secured notes due 2026 on the open market at a cost of $3.3 million, plus $0.2 million of accrued interest, resulting in a gain on repurchase of notes of $1.3 million (note 7).

As at March 31, 2021, the outstanding principal amount of the 8.50% second lien secured notes due 2026 is $352.5 million.

Other non-cash changes on the 8.50% second lien secured notes due 2026 consists of the gain on repurchase of notes, net of accretion of a 7% premium. This premium is due upon the earlier of optional redemption and maturity of the 8.50% second lien secured notes due 2026 and is accreted over the life of the instrument.

10.75% unsecured PIK option notes due 2029

During the three months ended March 31, 2021, the Corporation elected not to pay cash interest of $3.4 million on the 10.75% unsecured PIK option notes due 2029 and added the payment-in-kind interest to the principal amount owed to noteholders.

As at March 31, 2021, the outstanding principal amount of the 10.75% unsecured PIK option notes due 2029 is $78.4 million.

Other non-cash changes on the 10.75% unsecured PIK option notes due 2029 consists of accretion and capitalized interest. Accrued and unpaid interest on these loans is capitalized to the principal balance semi-annually in January and July at the election of the Corporation.

Syndicated revolving-term credit facility

Effective June 30, 2020, the Corporation did not renew a $47.0 million letter of credit issued to support its share of the environmental rehabilitation obligations held by its Spanish Oil and Gas operations.

Other financial liabilities

Canadian $ millions, as at	2021 March 31	2020 December 31
Lease liabilities	**$ 15.4**	$ 15.7
Share-based compensation liability	**16.1**	10.5
Other financial liabilities	**1.7**	3.3
	33.2	29.5
Current portion of other financial liabilities	**(9.2)**	(4.8)
Non-current portion of other financial liabilities	**$ 24.0**	$ 24.7

14. PROVISIONS

Canadian $ millions, as at	Note		2021 March 31		2020 December 31
Environmental rehabilitation provisions		**$**	**94.8**	$	109.9
Other provisions	8		**5.6**		2.2
			100.4		112.1
Current portion of provisions			**(1.6)**		(1.9)
Non-current portion of provisions		**$**	**98.8**	$	110.2

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian $ millions	Note		For the three months ended 2021 March 31		For the year ended 2020 December 31
Balance, beginning of the period		**$**	**109.9**	$	97.9
Change in estimates			**(11.1)**		8.6
Gain on settlement of environmental rehabilitation provisions			**(1.2)**		(0.3)
Accretion	7		**0.1**		0.3
Effect of movement in exchange rates			**(2.9)**		3.4
Balance, end of the period		**$**	**94.8**	$	109.9

The following is a reconciliation of other provisions:

Canadian $ millions	Note		For the three months ended 2021 March 31		For the year ended 2020 December 31
Balance, beginning of the period		**$**	**2.2**	$	6.5
Change in estimates	8		**3.4**		-
Utilized during the period			**-**		(4.3)
Balance, end of the period		**$**	**5.6**	$	2.2

15. SHAREHOLDERS' EQUITY

Capital stock

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

Canadian $ millions, except share amounts	For the three months ended 2021 March 31			For the year ended 2020 December 31		
	Number		**Capital stock**	Number		Capital stock
Balance, beginning of the period	**397,284,652**	**$**	**2,894.9**	397,282,785	$	2,894.9
Warrants exercised - 2016 debenture extension	**1,098**		**-**	1,867		-
Balance, end of the period	**397,285,750**	**$**	**2,894.9**	397,284,652	$	2,894.9

16. SHARE-BASED COMPENSATION PLANS

Cash-settled share-based compensation plans

Performance Share Units (PSUs)

In February 2021, 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 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 (Moa JV and Fort Site, Oil and Gas and Power) compared to budget and performance against specific Technologies' goals (non-market conditions). 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, 2021 was 5,077,431 (March 31, 2020 - 22,372,397), and is lower than the three months ended March 31, 2020 as a result of the increase in the Corporation's share price on the grant date.

Restricted Share Units (RSUs)

In February 2021, the Corporation's Board of Directors approved the grant of RSUs to certain employees with a 3-year vesting period with no performance conditions. The number of these RSUs subject to no performance conditions granted during the three months ended March 31, 2021 was 5,077,431 (March 31, 2020 - 22,372,397), and is lower than the three months ended March 31, 2020 as a result of the increase in the Corporation's share price on the grant date.

17. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital

Canadian $ millions, for the three months ended March 31	**2021**	2020
Trade accounts receivable, net, and unbilled revenue	**$ (36.2)**	$ 13.6
Inventories	**(6.1)**	(5.4)
Prepaid expenses	**1.5**	0.6
Trade accounts payable and accrued liabilities	**9.7**	(25.3)
Deferred revenue	**25.7**	25.4
	$ (5.4)	$ 8.9

During the three months ended March 31, 2021, the Corporation received a $20.3 million prepayment against nickel deliveries in 2021, which was recognized as deferred revenue within the condensed consolidated statements of financial position ($16.0 million for the three months ended March 31, 2020).

18. FINANCIAL RISK MANAGEMENT

COVID-19 and other pandemic risk

The Corporation's operations are subject to the risk of emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases, including the novel COVID-19 pandemic. The global response to the COVID-19 pandemic has resulted in, among other things, border closures, severe travel restrictions, as well as quarantine, self-isolation and other emergency measures imposed by various governments. Additional government or regulatory actions or inactions around the world in jurisdictions where the Corporation operates may also have potentially significant economic and social impacts. If the business operations of the Corporation are disrupted or suspended as a result of these or other measures, it may have a material adverse effect on the Corporation's business, results of operations and financial performance. There are potentially significant adverse impacts of COVID-19 which may include decreased demand or the inability to sell nickel or cobalt or declines in the price of nickel and cobalt or other unknown but potentially significant impacts. COVID-19 and efforts to contain it may have a significant effect on commodity prices, and the possibility of a prolonged global economic downturn may further impact commodity demand and prices.

Finished nickel and cobalt production at the Moa Joint Venture and Fort Site during the three months ended March 31, 2021 was not materially impacted by COVID-19. While cobalt market conditions have improved since the start of 2021, some near-term volatility is expected as a result of the continued negative impact of COVID-19 on the global economy.

Receipts of Cuban energy payments from the Oil and Gas and Power segments were limited as COVID-19 and ongoing impact of U.S. sanctions limited Cuba's access to foreign currency during the three months ended March 31, 2021, in addition to the impact of Cuban currency unification. The timing and amount of receipts of Cuban energy payments is dependent upon Cuba's economy and access to foreign currency.

As a result of the COVID-19 pandemic, the Corporation's financial position, performance and cash flows could be impacted by COVID-19, the full extent of the impact cannot be reasonably estimated at this time. For the three months ended March 31, 2021, there have been no significant impacts from COVID-19 on the Corporation, other than the items described above.

19. RELATED PARTY TRANSACTIONS

The Corporation enters into transactions related to its joint arrangements (note 6). Transactions between related parties are generally based on standard commercial terms. All amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received on the outstanding amounts. No expense has been recognized in the current or prior periods for bad debts in respect of amounts owed by related parties.

20. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at March 31		**2021**
Property, plant and equipment commitments	**$**	**6.4**
Joint venture:		
Property, plant and equipment commitments		**20.0**

Sherritt International Corporation
22 Adelaide Street West, Suite 4220
Toronto, ON M5H 4E3

For further investor information contact:
Telephone: 416.935.2451
Toll-free 1.800.704.6698
www.sherritt.com