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2022 FIRST QUARTER REPORT

Sherritt International Corporation

For the three months ended March 31, 2022

For immediate release

Higher nickel and cobalt prices drive Sherritt's strong first quarter results

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Toronto – May 11, 2022 – 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 months ended March 31, 2022. All amounts are in Canadian currency unless otherwise noted.

"The combination of high realized prices for each of the commodities we produce, strong production at the Moa JV, and the recovery of the Power business in the first quarter generated some of Sherritt's best financial metrics since 2014," said Leon Binedell, President and CEO of Sherritt International Corporation. "Most notably, we grew Adjusted EBITDA by 94% to $58.5 million, lowered NDCC at the Moa JV by 11% to US$3.42 per pound, and received $24.2 million in distributions from the Moa JV."

Mr. Binedell added, "We expect to sustain this momentum through the second quarter and beyond given prevailing nickel, cobalt and fertilizer prices. Anticipated cash flow from operations and distributions from the Moa JV in 2022 underpin the balanced approach we are taking to fund growth opportunities while exploring ways to de-leverage our balance sheet. This direction provides us with a clear path to building shareholder value. Already, we have made considerable progress towards our goals based on the amount of work on our expansion and debottlenecking projects completed in the first quarter at Moa and the Fort Site."

SELECTED Q1 2022 DEVELOPMENTS

- Advanced with project scoping, development of timelines and capital cost requirements for Sherritt's growth strategy aimed at increasing finished nickel and cobalt production by 15 to 20% over production in 2021, which should result in an increase in annual nickel production of approximately 4,700 to 6,200 tonnes (100% basis) once all projects are completed in 2024. Progress in Q1 2022 included continued construction of the slurry preparation plant, near completion of a feasibility study for a leach plant sixth train at Moa, and the start of basic engineering on de-bottlenecking projects at the Fort Site and the basic engineering on upgrading of the acid plant at Moa.
- Net earnings from continuing operations were $16.4 million, or $0.04 per share, compared to a net loss of $1.9 million, or $nil per share, in Q1 2021.
- Adjusted EBITDA(1) was $58.5 million, Sherritt's highest since Q3 2014. The improved Adjusted EBITDA was driven by higher nickel, cobalt, and fertilizer market prices, improved operating performance, and ongoing efforts to reduce costs, partly offset by $26.6 million of share-based compensation expense due to the impact of Sherritt's 103% rise in the value of its shares.
- Sherritt's share of finished nickel and cobalt production at the Moa Joint Venture (Moa JV) were 3,875 tonnes and 446 tonnes, respectively. Despite a 5% increase in mixed sulphides production at Moa compared to the same period last year, finished production was impacted by delays and disruptions in railway transportation services from Halifax to the refinery in Fort Saskatchewan, Alberta.
- Benefitting from increased by-product credits from higher cobalt and fertilizer prices, net direct cash cost (NDCC)(1) at the Moa JV was US$3.42/lb, the lowest since Q4 2018. In spite of significantly higher input costs, including a 181% increase in sulphur prices, 47% increase in natural gas prices and 35% increase in fuel oil prices, Sherritt's Q1 2022 NDCC ranked it in the lowest cost quartile of all nickel producers according to annualized information tracked by Wood Mackenzie.
- Received $24.2 million of its share of Moa JV distributions in Q1, including $8.1 million deferred from Q4 2021. Given prevailing nickel and cobalt prices, planned spending on capital, including growth capital, working capital needs, and other expected liquidity requirements, Sherritt anticipates distributions for FY2022 to be greater than the $35.9 million (excluding re-directions from its Cuban partner, General Nickel Company S.A.) received in FY2021, and higher distributions in the second half of 2022 compared to the first half of the year.
- The Power business produced 137 GWh of electricity, up 44% from the same period last year, and generated $8.2 million in free cash flow(1), up 193%. The improved performance was driven by the completion of maintenance activities in 2021.

- Consistent with its commitment to environmental, social and governance (ESG) matters and to ongoing Board renewal named Maryse Bélanger as Deputy Chair and appointed Chih-Ting Lo, a decarbonization expert with extensive mining experience, as a Director.

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

DEVELOPMENTS SUBSEQUENT TO QUARTER END

- An assessment of the expansion capital costs indicated that costs are estimated to be at the upper end of the US$20,000 to US$25,000 per tonne range of new nickel capacity disclosed previously. In light of a number of uncertainties relating to geopolitical developments, supply chain disruptions, the spread of COVID-19, and inflationary price pressures on construction materials, equipment, and labour costs, Sherritt will further evaluate its growth capital spend estimates once greater certainty on global supply chains and consequential pricing is available and additional engineering and design work is completed. In tandem with this review, Sherritt and its Cuban partner will continue to advance construction of the US$27 million (100% basis) slurry preparation plant, proceed with US$6 million (100% basis) of engineering work and plant capacity testing needed to finalize the cost of the expansion project, and develop a new life of mine plan for Moa. Sherritt expects to provide an update on the rollout and spending on capital related to the expansion strategy with each of its quarterly results with full project approval expected in the second half of 2022.
- On May 2, Sherritt paid interest of $14.9 million on the 8.50% second lien secured notes and did not make any mandatory redemptions as conditions pursuant to the provisions of the indenture agreement were not met.

Q1 2022 FINANCIAL HIGHLIGHTS

$ millions, except as otherwise noted, for the three months ended March 31		**2022**		2021	Change
Revenue	**$**	**34.1**	$	21.9	56%
Combined revenue(1)		**202.2**		141.7	43%
Earnings from operations and joint venture		**23.5**		6.1	285%
Net earnings (loss) from continuing operations		**16.4**		(1.9)	963%
Net earnings (loss)		**15.7**		(5.6)	380%
Adjusted EBITDA(1)		**58.5**		30.2	94%
Net earnings (loss) from continuing operations ($ per share) (basic and diluted)		**0.04**		0.00	-
Cash provided (used) by continuing operations for operating activities		**5.6**		(3.0)	287%
Combined free cash flow(1)		**(1.7)**		19.0	(109%)
Average exchange rate (CAD/US$)		**1.266**		1.266	N/A

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

$ millions, as at		**2022 March 31**		2021 December 31	Change
Cash and cash equivalents	**$**	**145.5**	$	145.6	-
Loans and borrowings		**449.9**		444.5	1%

Cash and cash equivalents at March 31, 2022 were $145.5 million, unchanged from December 31, 2021.

During the quarter, Sherritt received $24.2 million in distributions from the Moa JV, including $8.1 million that was deferred from Q4 2021. Distributions from the Moa JV are determined based on available cash in excess of liquidity requirements, including anticipated nickel and cobalt prices, planned capital spend, working capital needs, and other expected liquidity requirements.

Sherritt also received US$4.2 million ($5.3 million) in Cuban energy payments in Q1 2022. Total cash receipts were offset by $18.6 million of cash used by continuing operations for operating activities, which included $5.7 million of share-based compensation payments, and by capital expenditures totaling $4.9 million.

Total overdue scheduled receivables at March 31, 2022 were US$153.5 million, down from US$156 million as at December 31, 2021. Collections on overdue amounts from Sherritt's Cuban energy partners continue to be adversely impacted by Cuba's reduced access to foreign currency as a result of ongoing U.S. sanctions and the global pandemic's impact on tourism. While Sherritt anticipates economic conditions in Cuba to improve in the remainder of 2022, it continues to anticipate variability in the timing and the amount of energy payments in the near term, and continues to work with its Cuban partners to ensure timely receipt of energy payments.

Of the $145.5 million of cash and cash equivalents, $50.4 million was held in Canada, down from $64.2 million as at December 31, 2021, and $81 million was held at Energas, up from $78.9 million as at December 31, 2021. The remaining amounts were held in Cuba and other countries.

Adjusted net earnings (loss) from continuing operations(1)

For the three months ended March 31		**2022** $ millions	**2022** $/share	2021 $ millions	2021 $/share
Net earnings (loss) from continuing operations	$	**16.4** $	**0.04** $	(1.9) $	(0.01)
Adjusting items:					
Sherritt - Unrealized foreign exchange gain - continuing operations		**(1.1)**	**-**	(2.6)	(0.01)
Corporate - Gain on repurchase of notes		**-**	**-**	(1.3)	-
Corporate - Unrealized (gain) loss on commodity put options		**(0.9)**	**-**	0.6	-
Corporate - Realized loss on commodity put options		**0.9**	**-**	-	-
Oil and Gas - Gain on disposal of property, plant and equipment		**(1.3)**	**-**	-	-
Oil and Gas and Power - ACL revaluation		**0.3**	**-**	1.6	-
Other(1)		**0.5**	**-**	1.8	0.01
Total adjustments, before tax	**$**	**(1.6) $**	**-** $	0.1 $	-
Tax adjustments		**(0.1)**	**-**	(0.5)	-
Adjusted net earnings (loss) from continuing operations	**$**	**14.7 $**	**0.04** $	(2.3) $	(0.01)

(1) A non-GAAP financial measure. For additional information see the Non-GAAP and other financial measures section of this press release.

(2) Other items primarily relate to losses (gains) in net finance expense.

METALS MARKET

Nickel

Nickel prices experienced extreme volatility in the first quarter of 2022, culminating in the unprecedented one-day price spike by more than 250% to almost US$46/lb on March 8 that resulted in the suspension of trading on the London Metal Exchange (LME), cancellation of all trades that day, and the deferral of all settled contracts. The price climb and trading suspension were triggered by concerns over the disruption of nickel supply in the wake of Russia's invasion of Ukraine and speculation of a short squeeze against a major market participant.

When trading resumed on March 16, the LME imposed new trading limits but was unable to curb trading volatility. Through March 25, trading was suspended regularly as price limits were breached. By March 31, trading had stabilized, and nickel prices closed at US$15.15/lb, up 60% from the start of the quarter.

Since the start of Q2 2022, trading on the LME has been consistent and prices have averaged at US$14.70/lb through May 10. It is anticipated that nickel prices will maintain their robustness through the end of 2022 based on forecasts provided by industry analysts. The favourable price outlook is due to expected demand from European consumers seeking non-Russian nickel supply because of its invasion of Ukraine.

Strong prices in Q1 were driven by strong consumer demand as reflected by the continued decrease in inventory levels. In Q1, nickel inventory levels on the LME fell by 29% from 101,886 tonnes at the start of the period to 72,570 tonnes on March 31. Although inventory levels on the Shanghai Futures Exchange rose to 6,097 tonnes from 2,406 tonnes at the start of the quarter, the closing amounts suggest a tight market.

Industry analysts, including Wood Mackenzie and S&P Global, have forecast continued strong demand and market tightness through to the end of 2022. LME nickel inventories have continued to decline in Q2, reaching 73,122 tonnes on May 10.

Near-term visibility of market fundamentals, including inventory levels, beyond 2022 is limited given the uncertainty caused by a number of recent geopolitical and macroeconomic developments relating to Russia's invasion of Ukraine and ongoing effects of supply chain disruptions caused by COVID-19.

The long-term outlook for nickel remains bullish on account of the strong demand expected from the stainless steel sector, the largest market for nickel, and the rapidly growing electric vehicle battery market. Some market observers, such as Wood Mackenzie, have forecast a prolonged nickel supply deficit beginning in 2026 due to strong demand from the electric vehicle market and insufficient nickel production coming on stream in the near term.

Over the past year, multiple automakers and governments have announced plans for significant investments to expand electric vehicle production capacity to meet growing demand as well as more aggressive timelines to phase out the sale of internal combustion engines. In 2021, more than 6.5 million plug-in electric vehicles were sold despite the global pandemic. Industry observers estimate that the number of electric vehicles sold in 2022 will grow to 8.6 million units. CRU has forecast that electric vehicles sales will grow to 17.4 million units by 2025, driving significant demand for finished nickel and cobalt.

As a result of its unique properties, high-nickel cathode formulations remain the dominant choice for long-range and high performance electric vehicles manufactured by automakers with high purity, Class 1 nickel being an essential feedstock in the battery supply chain. Sherritt is particularly well positioned given its Class 1 production capabilities and the fact that Cuba possesses the world's fourth largest nickel reserves. The adoption of lithium iron phosphate (LFP) cathode battery chemistry, which is less expensive than nickel-manganese-cobalt (NMC) cathode chemistry, but with lower energy density and less vehicle range, may soften nickel demand from this segment of the market.

Cobalt

Sustaining an upward trend started in Q2 2021, cobalt prices continued their steady rise in Q1 2022, closing on March 31 at US$39.35/lb, up 16% from US$33.78/lb at the start of the quarter, according to data collected by Fastmarkets MB.

Higher cobalt prices in Q1 2022 were driven mostly by increased buying from electric vehicle battery manufacturers and increased stockpiling by consumers as a result of concerns over supply disruptions caused by Russia's invasion of Ukraine. Russia was the world's fifth largest cobalt producer in 2021. In addition, logistics concerns relating the transportation of cobalt hydroxide from the Democratic Republic of Congo (DRC), the world's largest supply market, continued to cause market disruptions.

The visibility for cobalt prices in the near term is limited due to recent geopolitical and economic developments, including Russia's invasion of Ukraine, the impact of economic sanctions against Russia on the world's economy, and the impact of logistics disruptions in South Africa on the delivery of cobalt from the DRC.

Over the long term, the outlook for cobalt is particularly encouraging given the accelerated adoption of electric vehicles expected in the coming years. Cobalt is a key component of rechargeable batteries providing energy stability. Similar to developments in the nickel market, the adoption of LFP cathode battery chemistry, a less expensive but inferior alternative to NMC cathode chemistry, may soften cobalt demand.

CRU forecasts that demand for cobalt will grow by 12.7% annually and reach 317,000 tonnes by 2026 with the EV sector accounting for 50% of all cobalt demand.

REVIEW OF OPERATIONS

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

$ millions, except as otherwise noted, for the three months ended March 31		2022		2021	Change
FINANCIAL HIGHLIGHTS					
Revenue(1)	**$**	**185.6**	$	126.3	47%
Cost of sales(1)		**116.0**		96.4	20%
Earnings from operations		**67.7**		27.8	144%
Adjusted EBITDA(2)		**81.2**		41.7	95%
CASH FLOW					
Cash provided by continuing operations for operating activities	**$**	**24.2**	$	23.5	3%
Free cash flow(2)		**13.5**		18.9	(29%)
PRODUCTION VOLUMES (tonnes)					
Mixed Sulphides		**4,126**		3,931	5%
Finished Nickel		**3,875**		4,188	(7%)
Finished Cobalt		**446**		477	(6%)
Fertilizer		**63,088**		63,792	(1%)
NICKEL RECOVERY(3) (%)		**89%**		82%	9%
SALES VOLUMES (tonnes)					
Finished Nickel		**3,758**		4,177	(10%)
Finished Cobalt		**398**		477	(17%)
Fertilizer		**31,439**		27,111	16%
AVERAGE-REFERENCE PRICES (US$ per pound)					
Nickel(4)	**$**	**11.97**	$	7.97	50%
Cobalt(5)		**35.90**		21.71	65%
AVERAGE REALIZED PRICE (CAD)(2)					
Nickel ($ per pound)	**$**	**14.85**	$	9.97	49%
Cobalt ($ per pound)		**41.66**		21.91	90%
Fertilizer ($ per tonne)		**654.55**		312.33	110%
UNIT OPERATING COSTS(2) (US$ per pound)					
Nickel - net direct cash cost	**$**	**3.42**	$	3.83	(11%)
SPENDING ON CAPITAL(2)					
Sustaining	**$**	**15.7**	$	4.6	241%
Expansion		**0.3**		-	-
		16.0		4.6	248%

(1) Revenue and Cost of sales of Moa Joint Venture and Fort Site is composed of revenue/cost of sales, respectively, recognized by the Moa Joint Venture at Sherritt's 50% share, which is equity-accounted and included in share of earnings (loss) of Moa Joint Venture, net of tax, and revenue/cost of sales recognized by Fort Site, which is included in consolidated revenue. For a breakdown of revenue between Moa Joint Venture and Fort Site see the Combined revenue section in the Non-GAAP and other financial measures section of this press release.

(2) Non-GAAP financial measures. For additional information see the Non-GAAP and other financial measures section of this press release.

(3) The nickel recovery rate measures the amount of finished nickel that is produced compared to the original nickel content of the ore that was mined.

(4) The average nickel reference price for the three months ended March 31, 2022 was impacted by the suspension of nickel trading and disruption events on the LME during the month of March 2022. The calculation of the average nickel reference price for the three months ended March 31, 2022 is based on LME guidance for disruption events, which uses the next available price after a disruption event.

(5) Average standard grade cobalt published price per Fastmarkets MB.

Mixed sulphides production at the Moa JV in Q1 2022 was 4,126 tonnes, up 5% from the 3,931 tonnes produced in Q1 2021. The variance was largely due to the impact of heavy rainfall on mining operations in Q1 2021 that resulted in lower ore quality when compared to Q1 2022.

Sherritt's share of finished nickel production in Q1 2022 totaled 3,875 tonnes, down 7% from the 4,188 tonnes produced in Q1 2021 while finished cobalt production for Q1 2022 was 446 tonnes, down 6% from the 477 tonnes produced in the same period last year. Finished metals production in Q1 2022 was impacted by delays in receiving mixed sulphides from Moa to the refinery due to railway transportation disruptions from Halifax to the refinery in Fort Saskatchewan, Alberta.

Second quarter production will be impacted by the planned annual maintenance shutdown of the refinery in Fort Saskatchewan. This year's shutdown is smaller in scale when compared to the prior year, which was a full-facility shutdown completed once every six years. The 2022 shutdown is expected to last up to seven days, consistent in duration to prior years.

Revenue in Q1 2022 increased by 47% to $185.6 million from $126.3 million last year. The revenue increase was largely attributable to higher average-realized nickel, cobalt, and fertilizer prices(1), which were up 49%, 90%, and 110%, respectively, from Q1 2021. Fertilizer sales volumes grew by 16% to 31,439 tonnes due to consumer stockpiling in advance of 2022 planting season.

Mining, processing and refining (MPR) costs per pound of nickel sold in Q1 2022 were up 29% from Q1 2021. Consistent since the start of the global pandemic in the first quarter of 2020, higher MPR costs in Q1 2022 were driven by the significant rise in input costs, further compounded by Russia's invasion of Ukraine. Most notably, input costs were marked by a 181% increase in sulphur prices, 47% increase in natural gas prices and 35% increase in fuel oil prices when compared the same period last year. Increased input costs were partly offset by lower purchased sulphuric acid consumption. Purchased sulphuric acid consumption was required in the prior year to offset lower sulphuric acid production at Moa ahead of the planned sulphuric acid plant shutdown in the second quarter of 2021.

Net direct cash cost (NDCC)(1) per pound of nickel sold decreased by 11% to US$3.42/lb in Q1 2022 from US$3.83/lb for Q1 2021. The improvement was principally due to higher cobalt and fertilizer by-product credits generated by higher average-realized prices and the 16% increase in fertilizer sales volumes. NDCC for Q1 2022, which was the lowest since the fourth quarter of 2018, ranked Sherritt in the lowest cost quartile of all nickel producers according to annualized information tracked by Wood Mackenzie.

Sustaining spending on capital in Q1 2022 was $15.7 million, up 241% from $4.6 million in Q1 2021. The year-over-year increase was due primarily to higher planned spending, including the receipt of mining equipment at Moa.

With support from Sherritt Technologies, the Moa JV advanced with its expansion strategy aimed at growing annual nickel and cobalt production by 15 to 20% from the combined 34,710 tonnes produced in FY2021, which should result in an increase in annual nickel production by approximately 4,700 to 6,200 tonnes (100% basis), once all projects are completed in 2024, and extending the life of mine at Moa beyond 2040.

Progress in Q1 2022 included:

- Continued to advance construction of the slurry preparation plant at Moa, which included substantial completion of a raw ore rheological study and pipeline design, and commencement of civil works.

  The project cost and schedule remain on track at an estimated cost of US$27 million (100% basis) with expected completion in early 2024. In 2022, US$9 million (100% basis) in growth capital spend, of which US$5.2 million (100% basis) has been committed, is expected for ordering of long lead materials and equipment, and civil and mechanical construction. The project is expected to deliver a number of benefits, including reduced ore haulage, lower carbon intensity from mining, and increased annual production of nickel and cobalt contained in mixed sulphides of approximately 1,700 tonnes commencing in mid-2024.
- Near completion of a feasibility study for a leach plant sixth train at Moa.
- The start of engineering related to de-bottlenecking projects at the Fort Site and basic engineering for upgrading the acid plant at Moa.
- Approval of US$6 million (100% basis) for basic engineering and plant capacity testing needed for the remaining expansion projects prior to full project approval in the second half of the year. As part of this work, Sherritt will review additional ESG considerations into the expansion plans as engineering advances.
- The engagement of external consultants to develop a new life of mine (LOM) plan based on economic cut-off grade methodology and conduct a Quality Assurance/Quality Control review at Moa. A site visit was successfully completed in February 2022 and detail work has commenced. The new LOM plan is expected to be completed and submitted to the Oficina Nacional de Recursos Minerales, Cuba's Natural Resources Ministry, for approval in the second half of the year.
- Plans to release an updated NI 43-101 Technical Report before the end of year.

An assessment of the expansion capital costs completed subsequent to quarter end indicated that costs are at the upper end of the US$20,000 to US$25,000 per tonne range of new nickel capacity disclosed previously. In light of a number of uncertainties relating to geopolitical developments, supply chain disruptions, the spread of COVID-19, and inflationary price pressures on construction materials, equipment, and labour costs, Sherritt will further evaluate its growth capital spend estimates once greater certainty on global supply chains and consequential pricing is available and additional engineering and design work is completed to facilitate more accurate cost estimates.

In tandem, the Moa JV will continue to advance construction of the slurry preparation plant, and approved US$6 million (100% basis) to fund the engineering work needed to reduce the risk around the cost of the expansion project, review additional ESG considerations, and complete a new mine plan for Moa.

Spending on growth capital is expected to be self-funded by the Moa JV primarily using operating cash flows with the option to utilize Sherritt's revolving credit facility for up to C$30 million at the refinery in Fort Saskatchewan. Growth capital spending of US$30 million (100% basis) is expected in 2022 for the slurry preparation plant, ordering of long lead items, and engineering work related to finalizing costs of the remaining expansion projects.

Sherritt expects to provide an update on the rollout and spending on capital related to the expansion strategy with its second quarter results.

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

Power

$ millions (33⅓% basis), except as otherwise noted, for the three months ended March 31		**2022**		2021	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**9.0**	$	5.9	53%
Cost of sales		**6.0**		6.4	(6%)
Earnings (loss) from operations		**0.5**		(1.1)	145%
Adjusted EBITDA(1)		**4.4**		2.8	57%
CASH FLOW					
Cash provided by continuing operations for operating activities	**$**	**8.7**	$	2.8	211%
Free cash flow(1)		**8.2**		2.8	193%
PRODUCTION AND SALES					
Electricity (GWh(2))		**137**		95	44%
AVERAGE-REALIZED PRICE(1)					
Electricity (per MWh(2))	**$**	**54.73**	$	54.81	-
UNIT OPERATING COSTS(1)					
Electricity (per MWh)	**$**	**15.70**	$	25.89	(39%)
SPENDING ON CAPITAL(1)					
Sustaining	**$**	**0.5**	$	-	-

(1) Non-GAAP financial measures. For additional information see the Non-GAAP and other financial measures section of this press release.
(2) Gigawatt hours (GWh), Megawatt hours (MWh).

Power production in Q1 2022 was 137 gigawatt hours (GWh) of electricity, up 44% from 95 GWh produced in the comparable period of 2021. Production in Q1 2021 was lower due to lower capacity on account of deferred maintenance since completed. Revenue in Q1 2022 totaled $9.0 million, up 53% from $5.9 million for the same quarter last year. Higher revenue was due to increased power production.

Unit operating costs(1) in Q1 2022 were $15.70/MWh, down 39% from $25.89/MWh for Q1 2021. The year-over-year improvement was driven by higher power production and sales volumes combined with lower spending on maintenance activities.

The Power business unit had negligible spending on capital for the first quarter of 2022. Spending on capital at the Power business in FY2022 is forecast at $5 million, which will be primarily earmarked towards maintenance activities.

Sherritt continues to be in discussion with its Cuban partners to expedite payment of overdue receivables and increase availability of natural gas needed to increase power production. Discussions also continued to extend the power generation agreement with Energas, which is currently slated to expire in March 2023, and a requisite feasibility study was submitted to the Cuban government in Q1 2022. Sherritt anticipates a final decision on extending the power generation agreement from Cuba's Executive Council before the end of the year.

Subsequent to quarter end, Sherritt received US$8 million ($10.3 million) of funding to facilitate foreign current payments for the Energas operations.

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

Technologies

Sherritt Technologies' primary activities in Q1 2022 centred on supporting development of the Moa Joint Venture's expansion strategy, including efforts to support a change in mine planning whereby an economic cut-off grade will be used to upgrade resources into reserves and significantly expand the life of mine at Moa beyond 2040.

Sherritt Technologies also continued to advance its commercialization strategies and technology development on its most advanced and innovative technologies in Q1 2022, including:

- Dense slurry hydroprocessing - enhanced proprietary process to fully upgrade heavy oil, refining residues and bitumen. A detailed product valuation of fully upgraded bitumen and an assessment of the utilization of this technology within downstream refineries was completed. Sherritt Technologies also commenced an update to the front-end engineering technical study for a revised commercial scale facility in order to satisfy any technical assessment requirements of potential partners.
- Chimera - proprietary process for the treatment of copper concentrates with higher arsenic content. Technologies completed work with external industry experts to further assess the applicability of this process and develop specific opportunities within the complex copper concentrate market.
- Next-generation laterite processing - proprietary nickel laterite processing solution to make processing of lateritic ores more economically viable and sustainable while enabling the supply of nickel and cobalt products from lateritic ores to the battery sector. Unit operation pilot testing on the novel processing flowsheet commenced at an external facility and additional piloting at Sherritt Technologies is planned for the second quarter of 2022.

Other activities included the continued support towards other Sherritt strategic initiatives and the evaluation of M&A and investment opportunities.

2022 REVIEW OF STRATEGIC PRIORITIES

The table below lists Sherritt's Strategic Priorities for 2022, and summarizes how the Corporation has performed against those priorities.

2022 Strategic Priorities	Selected Actions	Status
ESTABLISH SHERRITT AS A LEADING GREEN METALS PRODUCER	Accelerate plans to expand Moa JV nickel and cobalt production by up to 20% from the combined 34,710 tonnes produced in 2021.	Completed a capital spend assessment of growth projects that confirms anticipated costs are in the upper range of US$20,000 to US$25,000 per tonne of new nickel capacity. Advancing with construction of the US$27 million slurry preparation plant, US$6 million of engineering work to finalize the cost of the expansion project, and development of a new life of mine plan at Moa.
	Rank in lowest quartile of HPAL nickel producers for NDCC.	Q1 2022's NDCC of US$3.42/lb ranked Sherritt in the lowest cost quartile of all nickel producers.
LEVERAGE TECHNOLOGIES FOR TRANSFORMATIONAL GROWTH	Support Moa JV expansion, operational improvements, and life of mine extension.	Continued to support the planning for the growth strategy aimed at increasing production and extending the life of mine at Moa.
	Advance Technologies solutions toward commercialization.	Progressed with the development of proprietary process solutions that will be commercialized. Sherritt's most advanced and innovative technologies include an enhanced proprietary process to fully upgrade heavy oil, refining residues and bitumen, a proprietary process for the treatment of copper concentrates with higher arsenic content, and development of a next-generation laterite processing technology.
ACHIEVE BALANCE SHEET STRENGTH	Maximize collections of overdue Cuban receivables.	Continued discussions with Cuban partners to accelerate collections of overdue amounts owed.
	Maximize available liquidity to support growth strategy.	Generated strong operating cash flows to support expansion capital at the Moa JV. Continued to review and assess potential opportunities to reduce debt and related interest savings.
	Continue to optimize costs to reflect operating footprint.	Implemented measures relating to director compensation and employee costs that will result in annual savings of $3 million.
BE RECOGNIZED AS A SUSTAINABLE ORGANIZATION	Deliver on actions identified in the Sustainability Report.	Maintained a strong focus on achieving ESG targets outlined in 2020 Sustainability Report. The 2021 Sustainability Report is expected to be released by the end of Q3 2022 using new reporting software that will enable improved alignment with ESG disclosure guidance as part of the Corporation's goal of improved ESG disclosures.
		Donated $25,000 to the Trans Canada Trail. Sherritt is a corporate partner of the Trans Canada Trail. The longest trail network in the world, the Trans Canada Trail connects Canadians and visitors to nature and runs near the Fort Site.
	Achieve year-over-year ESG improvements including reduction of carbon intensity.	Initiated plans for site climate risk and opportunity assessments at Sherritt's operations.
		Approved a five-year plan to replace 20% of the vehicle fleet with EVs at the Fort Site. EVs and electric equipment have been approved for purchase in 2022 at Moa and the Fort Site.
	Deliver on 'Diversity and Inclusion' global framework	Began year three of the five-year D&I Framework with the launch of a company-wide mentorship program successfully piloted in 2021.
		Improved gender balance in the operations senior management team.
MAXIMIZE VALUE FROM CUBAN ENERGY BUSINESSES	Extend economically beneficial Energas power generation contract beyond 2023.	Submitted a feasibility study and application for extension of the power generation agreement. A final decision from Cuba's Executive Council is anticipated before end of year.

OUTLOOK

2022 production volumes, unit operating costs and spending on capital guidance

Production volumes, unit operating costs and spending on capital	Guidance for 2022 - Total	Year-to-date actuals - Total	Updated 2022 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	32,000 - 34,000	7,750	No change
Cobalt, finished	3,400 - 3,700	892	No change
Electricity (GWh, 33⅓% basis)	450 - 500	137	No change
Unit operating costs(1)			
Moa Joint Venture - NDCC (US$ per pound)	\$4.00 - \$4.50	\$3.42	No change
Electricity (unit operating cost, $ per MWh)	\$26.50 - \$28.00	\$15.70	No change
Spending on capital(1)($ millions)			
Sustaining			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)	\$75.0	\$15.7	No change
Power (33⅓% basis)	\$5.0	\$0.5	No change
Growth			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)	-	\$0.3	\$19.0
Spending on capital(3)	\$80.0	\$16.5	\$99.0

(1) Non-GAAP financial measures. For additional information see the Non-GAAP and other financial measures section of this press release.
(2) Spending is 50% of expenditures for the Moa Joint Venture and 100% expenditures for Fort Site fertilizer and utilities.
(3) Excludes spending on capital of the Metals Other, Oil and Gas, Technologies and Corporate segments.

Estimated growth capital spending in 2022 for the Moa Joint Venture and Fort Site are primarily related to expansion spending for the slurry preparation plant, ordering of long lead items and engineering work related to finalizing costs of the remaining expansion projects. Additional expenditures related to expansion activities are currently being assessed. Sherritt expects to provide updates on the rollout and spending on capital related to the expansion strategy with each of its quarterly results.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast May 12, 2022 at 10:00 a.m. Eastern Time to review its Q1 2022 results. Dial-in and webcast details are as follows:

North American callers, please dial:	1 (833) 968-2281 **Passcode: 5890652**
International callers, please dial:	(236) 714-2984 **Passcode: 5890652**
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.

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's condensed consolidated financial statements and MD&A for the three months ended March 31, 2022 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 on SEDAR at www.sedar.com.

NON-GAAP AND OTHER FINANCIAL MEASURES

Management uses the following non-GAAP and other financial measures in this press release and other documents: combined revenue, adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA), average-realized price, unit operating cost/net direct cash cost (NDCC), adjusted net earnings/loss from continuing operations, adjusted earnings/loss from continuing operations per share, spending on capital and combined free cash flow.

Management uses these 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 International Financial Reporting Standards (IFRS) measures, and 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 and other financial measures are reconciled to their most directly comparable IFRS measures in the Appendix below. This press release should be read in conjunction with Sherritt's condensed consolidated financial statements for the three months ended March 31, 2022.

ABOUT SHERRITT INTERNATIONAL CORPORATION

Headquartered in Toronto, Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals essential for an electric future. Its Technologies Group creates innovative, proprietary solutions for natural resource-based industries around the world to improve environmental performance and increase economic value. Sherritt has embarked on a multi-pronged growth strategy focused on expanding nickel and cobalt production by up to 20% from 2021 and extending the life of mine at Moa beyond 2040. The Corporation is also the largest independent energy producer in Cuba. Sherritt'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 regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture, growing and increasing nickel and cobalt production, extending the Moa life of mine, conversion of mineral resources to reserves, commercializing Technologies projects, growing shareholder value, updating technical reports and optimizing mine planning and performance; statements set out in the “Outlook” section of this press release and certain expectations regarding production volumes, operating costs and capital spending; sales volumes; revenue, costs and earnings; supply, demand and pricing outlook in the nickel, cobalt and electric vehicle markets; the impact of COVID-19; Sherritt’s strategy, plans, targets and goals in respect of environmental and social governance issues, including climate change and greenhouse gas emissions reduction targets; anticipated payments of outstanding receivables, including re-directed distributions from the Corporation’s Moa Joint Venture partner; the impact of the U.S. sanctions on Cuba; anticipated economic conditions in Cuba; the anticipated renewal of a joint venture agreement; sufficiency of working capital and capital project funding; drill plans and results on exploration wells; strengthening the Corporation’s capital structure and reducing annual interest expenses;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; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; the commercialization of certain proprietary technologies and services; advancements in environmental and greenhouse gas (GHG) reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to Environmental, Social and Governance (ESG) matters which are based on assumptions or developing standards; environmental rehabilitation provisions; development and exploration wells and enhanced oil recovery in Cuba; environmental risks and liabilities; compliance with applicable environmental laws and regulations; debt repayments; redemptions and interest deferrals; collection of accounts receivable; availability of regulatory and creditor approvals and waivers; risks related to the U.S. government policy toward Cuba; and certain corporate objectives, goals and plans for 2022. 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 the 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 infectious diseases (including the COVID-19 pandemic), the impact of global conflicts; changes in the global price for nickel, cobalt, oil, 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; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; identification and management of growth opportunities risk of future non-compliance with debt restrictions and covenants; 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 associated with mining, processing and refining activities; 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; growth opportunity risks; the possibility of equipment and other failures; 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; maintaining the Corporation’s social license to grow and operate; risks relating to community relations; credit risks; shortage of equipment and supplies; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; legal contingencies; risks related to the Corporation’s accounting policies; 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 2022; and the Corporation’s ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents.

The Corporation, together with its Moa Joint Venture is pursuing a range of growth and expansion opportunities, including without limitation, process technology solutions, development projects, commercial implementation opportunities, life of mine extension opportunities and the conversion of mineral resources to reserves. In addition to the risks noted above, factors that could, alone or in combination, prevent the Corporation from successfully achieving these opportunities may include, without limitation: identifying suitable commercialization and other partners; successfully advancing discussions and successfully concluding applicable agreements with external parties and/or partners; successfully attracting required financing; successfully developing and proving technology required for the potential opportunity; successfully overcoming technical and technological challenges; successful environmental assessment and stakeholder engagement; successfully obtaining intellectual property protection; successfully completing test work and engineering studies, prefeasibility and feasibility studies, piloting, scaling from small scale to large scale production, commissioning, procurement, construction, ramp-up to commercial scale production and completion; and securing regulatory and government approvals. There can be no assurance that any opportunity will be successful, commercially viable, completed on time or on budget, or will generate any meaningful revenues, savings or earnings, as the case may be, for the Corporation. In addition, the Corporation will incur costs in pursuing any particular opportunity, which may be significant. 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 "Managing Risk" section of the Management's Discussion and Analysis for the three months ended March 31, 2022 and the Annual Information Form of the Corporation dated March 24, 2022 for the period ending December 31, 2021, 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

APPENDIX – NON-GAAP AND OTHER FINANCIAL MEASURES

Management uses the measures below 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, and 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 and other financial measures are reconciled to the most directly comparable IFRS measure as presented in the condensed consolidated financial statements for the three months ended March 31, 2022.

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		**2022**		2021	Change
Revenue by reportable segment					
Moa Joint Venture and Fort Site[(1)]	**$**	**185.6**	$	126.3	47%
Metals Other		**2.0**		1.6	25%
Oil and Gas		**5.0**		7.5	(33%)
Power		**9.0**		5.9	53%
Technologies		**0.3**		0.1	200%
Corporate		**0.3**		0.3	-
Combined revenue	**$**	**202.2**	$	141.7	43%
Adjustment for Moa Joint Venture		**(168.1)**		(119.8)	
Revenue per financial statements	**$**	**34.1**	$	21.9	56%

(1) Revenue of Moa Joint Venture and Fort Site for the three months ended March 31, 2022 is composed of revenue recognized by the Moa Joint Venture of $168.1 million (50% basis), which is equity-accounted and included in share of earnings of Moa Joint Venture, net of tax, and revenue recognized by Fort Site of $17.5 million, which is included in consolidated revenue (for the three months ended March 31, 2021 - $119.8 million and $6.5 million, respectively).

Adjusted EBITDA

The Corporation defines Adjusted EBITDA as earnings (loss) from operations and joint venture, which excludes net finance expense and loss from discontinued operations, net of tax, as reported in the financial statements for the period, adjusted for: depletion, depreciation and amortization; impairment losses on non-current non-financial assets and investments; and gains or losses on disposal of property, plant and equipment of the Corporation and the Moa Joint Venture. The exclusion of impairment losses eliminates the non-cash impact of the losses.

Management uses Adjusted EBITDA internally to evaluate the cash generation potential of Sherritt's operating divisions on a combined and individual basis as an indicator of ability to fund working capital needs, meet covenant obligations, service debt and fund capital expenditures, 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 per the financial statements to Adjusted EBITDA:

$ millions, for the three months ended March 31	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total 2022
Earnings (loss) from operations and joint venture per financial statements	**$ 67.7**	**$ (0.6)**	**$ 1.6**	**$ 0.5**	**$ (4.0)**	**$ (23.6)**	**$ (18.1)**	**$ 23.5**
Add (deduct):								
Depletion, depreciation and amortization	**2.6**	**-**	**0.5**	**3.9**	**-**	**0.3**	**-**	**7.3**
Gain on disposal of property, plant and equipment	**-**	**-**	**(1.3)**	**-**	**-**	**-**	**-**	**(1.3)**
Adjustments for share of earnings of Moa Joint Venture:								
Depletion, depreciation and amortization	**10.9**	**-**	**-**	**-**	**-**	**-**	**-**	**10.9**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**-**	**2.2**	**2.2**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**15.9**	**15.9**
Adjusted EBITDA	**$ 81.2**	**$ (0.6)**	**$ 0.8**	**$ 4.4**	**$ (4.0)**	**$ (23.3)**	**$ -**	**$ 58.5**

$ millions, for the three months ended March 31	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total 2021
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 earnings of Moa 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

(1) Adjusted EBITDA of Moa Joint Venture and Fort Site for the three months ended March 31, 2022 is composed of Adjusted EBITDA at Moa Joint Venture of $76.9 million (50% basis) and Adjusted EBITDA at Fort Site of $4.3 million (for the three months ended March 31, 2021 - $42.6 million and $(0.9) million, respectively).

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 power excludes by-product revenue, as this revenue is not earned directly for power generation. Transactions by a Moa Joint Venture marketing company, included in other revenue, are excluded.

Management uses this measure, and believes investors use this measure, to compare the relationship between the revenue per unit and direct costs on a per unit basis in each reporting period for nickel, cobalt, fertilizer and power and provide comparability with other similar external operations.

Average-realized price for fertilizer is the weighted-average realized price of ammonia and various ammonium sulphate products.

Average-realized price for nickel and cobalt are expressed in Canadian dollars per pound sold, while fertilizer is expressed in Canadian dollars per tonne sold and electricity is expressed in Canadian dollars per megawatt hour sold.

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							**2022**
	Moa Joint Venture and Fort Site						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 123.0**	**$ 36.6**	**$ 20.6**	**$ 9.0**	**$ 13.0**	**$ (168.1)**	**$ 34.1**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(1.5)**			
Revenue for purposes of average-realized price calculation	**123.0**	**36.6**	**20.6**	**7.5**			
Sales volume for the period	**8.3**	**0.9**	**31.4**	**137**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	**$ 14.85**	**$ 41.66**	**$ 654.55**	**$ 54.73**			

$ 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	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 91.8	$ 23.0	$ 8.5	$ 5.9	$ 12.5	$ (119.8)	$ 21.9
Adjustments to revenue:							
By-product revenue	-	-	-	(0.7)			
Revenue for purposes of average-realized price calculation	91.8	23.0	8.5	5.2			
Sales volume for the period	9.2	1.1	27.1	95			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	$ 9.97	$ 21.91	$ 312.33	$ 54.81			

(1) Other revenue includes revenue from the Metals Other, Oil and Gas, Technologies and Corporate reportable segments.
(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.
(4) Fertilizer, average-realized price per tonne.

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 disposal of 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.

Unit operating costs for nickel 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 and power facilities are performing and to assess overall production efficiency and effectiveness internally across periods and compared to its competitors.

Unit operating cost (NDCC) for nickel is expressed in U.S. dollars per pound sold, while electricity is expressed in Canadian dollars per megawatt hour sold.

The tables below reconcile 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					**2022**
	Moa JV and Fort Site	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 116.0**	**$ 6.0**	**$ 9.3**	**$ (100.8)**	**$ 30.5**
Less:					
Depletion, depreciation and amortization in cost of sales	**(13.5)**	**(3.9)**			
	102.5	**2.1**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(62.6)**	**-**			
Impact of opening/closing inventory and other(2)	**(4.1)**	**-**			
Cost of sales for purposes of unit cost calculation	**35.8**	**2.1**			
Sales volume for the period	**8.3**	**137**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	**$ 4.32**	**$ 15.70**			
Unit operating cost (US$ per pound) (NDCC)(5)	**$ 3.42**				

$ millions, except unit cost and sales volume, for the three months ended March 31					2021
	Moa JV and Fort Site	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 96.4	$ 6.4	$ 14.8	$ (87.2)	$ 30.4
Less:					
Depletion, depreciation and amortization in cost of sales	(13.9)	(3.9)			
	82.5	2.5			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(34.5)	-			
Impact of opening/closing inventory and other(2)	(3.4)	-			
Cost of sales for purposes of unit cost calculation	44.6	2.5			
Sales volume for the period	9.2	95			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	$ 4.84	$ 25.89			
Unit operating cost (US$ per pound) (NDCC)(5)	$ 3.83				

(1) Other is composed of the cost of sales of the Metals Other, Oil and Gas and Technologies reportable segments.
(2) Other is primarily composed of royalties and other contributions, sales discounts and other non-cash items.
(3) Unit operating cost/NDCC may not calculate exactly based on amounts presented due to foreign exchange and rounding.
(4) Power, unit operating cost price per MWh.
(5) Unit operating costs in US$ are converted at the average exchange rate for the period.

Adjusted net earnings/loss from continuing operations and adjusted net earnings/loss from continuing operations per share

The Corporation defines adjusted net earnings/loss from continuing operations as net earnings/loss from continuing operations less items not reflective of operational performance. These adjusting items include, but are not limited to, inventory obsolescence, impairment of assets, gains and losses on the acquisition or disposal of assets, unrealized foreign exchange gains and losses, 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. Adjusted net earnings/loss from continuing operations per share is defined consistent with the definition above and divided by the Corporation's weighted-average number of common shares outstanding.

Management uses these measures internally and believes that they provide investors with performance measures 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 reconcile net earnings (loss) from continuing operations and net earnings (loss) from continuing operations per share, both per the financial statements, to adjusted net earnings (loss) from continuing operations and adjusted net earnings (loss) from continuing operations per share, respectively:

		2022		2021
For the three months ended March 31	**$ millions**	**$/share**	$ millions	$/share
Net earnings (loss) from continuing operations	**$ 16.4**	**$ 0.04**	$ (1.9)	$ (0.01)
Adjusting items:				
Sherritt - Unrealized foreign exchange gain - continuing operations	**(1.1)**	**-**	(2.6)	(0.01)
Corporate - Gain on repurchase of notes	**-**	**-**	(1.3)	-
Corporate - Unrealized (gain) loss on commodity put options	**(0.9)**	**-**	0.6	-
Corporate - Realized loss on commodity put options	**0.9**	**-**	-	-
Oil and Gas - Gain on disposal of property, plant and equipment	**(1.3)**	**-**	-	-
Oil and Gas and Power - ACL revaluation	**0.3**	**-**	1.6	-
Other(1)	**0.5**	**-**	1.8	0.01
Total adjustments, before tax	**$ (1.6)**	**$ -**	$ 0.1	$ -
Tax adjustments	**(0.1)**	**-**	(0.5)	-
Adjusted net earnings (loss) from continuing operations	**$ 14.7**	**$ 0.04**	$ (2.3)	$ (0.01)

(1) Other items primarily relate to losses (gains) in net finance expense.

Spending on capital

The Corporation defines spending on capital for each segment as property, plant and equipment and intangible asset expenditures on a cash basis adjusted to the accrual basis in order to account for assets that are available for use by the Corporation and the Moa Joint Venture prior to payment and includes adjustments to accruals. The Moa Joint Venture and Fort Site segment's spending on capital includes the Fort Site's expenditures, plus the Corporation's 50% share of the Moa Joint Venture's expenditures, which is accounted for using the equity method for accounting purposes.

Combined spending on capital is the aggregate of each segment's spending on capital or the Corporation's consolidated property, plant and equipment and intangible asset expenditures and the property, plant and equipment and intangible asset expenditures of the Moa Joint Venture on a 50% basis, all adjusted to the accrual basis.

Combined spending on capital is used by management, and management believes this information is used by investors, to analyze the Corporation and the Moa Joint Venture's investments in non-current assets that are held for use in the production of nickel, cobalt, fertilizers, oil and gas and power generation.

The tables below reconcile property, plant and equipment and intangible asset expenditures per the financial statements to combined spending on capital, expressed in Canadian dollars:

$ millions, for the three months ended March 31	Moa JV and Fort Site	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	**2022** Total derived from financial statements
Property, plant and equipment expenditures(2)	**$ 10.7**	**$ 0.5**	**$ -**	**$ 11.2**	**$ (7.1)**	**$ 4.1**
Intangible asset expenditures(2)	**-**	**-**	**0.8**	**0.8**	**-**	**0.8**
	10.7	**0.5**	**0.8**	**12.0**	**$ (7.1)**	**$ 4.9**
Adjustments:						
Accrual adjustment	**5.3**	**-**	**-**	**5.3**		
Spending on capital	**$ 16.0**	**$ 0.5**	**$ 0.8**	**$ 17.3**		

$ millions, for the three months ended March 31	Moa JV and Fort Site	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	2021 Total derived from financial statements
Property, plant and equipment expenditures(2)	$ 4.6	$ -	$ 0.3	$ 4.9	$ (3.8)	$ 1.1
Intangible asset expenditures(2)	-	-	0.2	0.2	-	0.2
	4.6	-	0.5	5.1	$ (3.8)	$ 1.3
Adjustments:						
Accrual adjustment	-	-	-	-		
Spending on capital	$ 4.6	$ -	$ 0.5	$ 5.1		

(1) Includes property, plant and equipment and intangible asset expenditures of the Oil and Gas and Corporate segments.

(2) Total property, plant and equipment expenditures and total intangible asset expenditures as presented in the Corporation's consolidated statements of cash flow.

Combined free cash flow

The Corporation defines free cash flow for each segment as cash provided (used) by continuing operations for operating activities, less cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets. The Moa Joint Venture and Fort Site segment's free cash flow includes the Fort Site's free cash flow, plus the Corporation's 50% share of the Moa Joint Venture's free cash flow, which is accounted for using the equity method for accounting purposes. The Corporate segment's cash used by continuing operations for operating activities is adjusted to exclude distributions received from Moa Joint Venture.

Combined free cash flow is the aggregate of each segment's free cash flow or the Corporation's consolidated cash provided (used) by continuing operations for operating activities, less consolidated cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets, less distributions received from Moa Joint Venture, plus cash provided (used) by continuing operations for operating activities for the Corporation's 50% share of the Moa Joint Venture, less cash expenditures on property, plant and equipment and intangible assets for the Corporation's 50% share of the Moa Joint Venture. Distributions from the Moa Joint Venture excluded from Corporate cash used by continuing operations for operating activities are included in the Adjustment for Moa Joint Venture to arrive at total cash provided (used) by continuing operations for operating activities per the financial statements.

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 provided (used) by continuing operations for operating activities per the financial statements to combined free cash flow:

$ millions, for the three months ended March 31	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Technol- ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2022									
Cash provided (used) by continuing operations for operating activities[2]	**$ 24.2**	**$ (4.3)**	**$ (1.7)**	**$ 8.7**	**$ (3.5)**	**$ (13.1)**	**$ 10.3**	**$ (4.7)**	**$ 5.6**
Less:									
Property, plant and equipment expenditures	**(10.7)**	**-**	**-**	**(0.5)**	**-**	**-**	**(11.2)**	**7.1**	**(4.1)**
Intangible expenditures	**-**	**-**	**(0.8)**	**-**	**-**	**-**	**(0.8)**	**-**	**(0.8)**
Free cash flow	**$ 13.5**	**$ (4.3)**	**$ (2.5)**	**$ 8.2**	**$ (3.5)**	**$ (13.1)**	**$ (1.7)**	**$ 2.4**	**$ 0.7**

$ millions, for the three months ended March 31	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Technol- ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2021									
Cash provided (used) by continuing operations for operating activities[2]	$ 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)

(1) Property, plant and equipment expenditures for the Moa Joint Venture and Fort Site was $7.1 million and $3.6 million, respectively, for the three months ended March 31, 2022 (for the three months ended March 31, 2021 - $3.8 million and $0.8 million, respectively).

(2) Cash provided (used) by continuing operations for operating activities for the Moa Joint Venture and Fort Site was $28.9 million and $(4.7) million, respectively, for the three months ended March 31, 2022 (for the three months ended March 31, 2021 - $33.4 million and $(9.9) million, respectively).

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2022

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 May 11, 2022, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three months ended March 31, 2022 and Sherritt's audited consolidated financial statements and the MD&A for the year ended December 31, 2021. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com or on the Corporation's website at www.sherritt.com.

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

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

The business we manage

Sherritt is headquartered in Toronto, Ontario and is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt–metals essential for an electric future. Its Technologies Group creates innovative, proprietary solutions for natural resource-based industries around the world to improve environmental performance and increase economic value. The Corporation has embarked on a near-term, multi-pronged growth strategy focused on expanding nickel and cobalt production by up to 20% from 2021 and extending the life of mine at Moa beyond 2040. The Corporation is also the largest independent energy producer in Cuba. The common shares of the Corporation are listed on the Toronto Stock Exchange under the symbol "S".

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. With the exception of the Moa Joint Venture, which Sherritt operates jointly with its partner, Sherritt is the operator of these assets. The relationship for accounting purposes that Sherritt has with these operations and the economic interest recognized in the Corporation's financial statements are as follows:

	Relationship for accounting purposes	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

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

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

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

Power: Includes the Corporation's 33⅓% interest in Energas S.A. (Energas).

Technologies: Includes the Corporation's 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 5 of the condensed consolidated financial statements for the three months ended March 31, 2022.

NON-GAAP AND OTHER FINANCIAL MEASURES

Management uses the following non-GAAP and other financial measures in this MD&A and other documents: combined revenue, adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA), average-realized price, unit operating cost/net direct cash cost (NDCC), adjusted net earnings/loss from continuing operations, adjusted earnings/loss from continuing operations per share, combined spending on capital and combined free cash flow.

Management uses these 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 International Financial Reporting Standards (IFRS) measures, and 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. Further information on the composition and usefulness of each non-GAAP and other financial measure, including reconciliation to their most directly comparable IFRS measures, is included in the Non-GAAP and other financial measures section starting on page 52.

Strategic priorities

The table below lists Sherritt's Strategic Priorities for 2022, and summarizes how the Corporation has performed against those priorities.

2022 Strategic Priorities	Selected Actions	Status
ESTABLISH SHERRITT AS A LEADING GREEN METALS PRODUCER	Accelerate plans to expand Moa JV nickel and cobalt production by up to 20% from the combined 34,710 tonnes produced in 2021.	Completed a capital spend assessment of growth projects that confirms anticipated costs are in the upper range of US$20,000 to US$25,000 per tonne of new nickel capacity. Advancing with construction of the US$27 million slurry preparation plant, US$6 million of engineering work to finalize the cost of the expansion project, and development of a new life of mine plan at Moa.
	Rank in lowest quartile of HPAL nickel producers for NDCC.	Q1 2022's NDCC of US$3.42/lb ranked Sherritt in the lowest cost quartile of all nickel producers.
LEVERAGE TECHNOLOGIES FOR TRANSFORMATIONAL GROWTH	Support Moa JV expansion, operational improvements, and life of mine extension.	Continued to support the planning for the growth strategy aimed at increasing production and extending the life of mine at Moa.
	Advance Technologies solutions toward commercialization.	Progressed with the development of proprietary process solutions that will be commercialized. Sherritt's most advanced and innovative technologies include an enhanced proprietary process to fully upgrade heavy oil, refining residues and bitumen, a proprietary process for the treatment of copper concentrates with higher arsenic content, and development of a next-generation laterite processing technology.
ACHIEVE BALANCE SHEET STRENGTH	Maximize collections of overdue Cuban receivables.	Continued discussions with Cuban partners to accelerate collections of overdue amounts owed.
	Maximize available liquidity to support growth strategy.	Generated strong operating cash flows to support expansion capital at the Moa JV. Continued to review and assess potential opportunities to reduce debt and related interest savings.
	Continue to optimize costs to reflect operating footprint.	Implemented measures relating to director compensation and employee costs that will result in annual savings of $3 million.
BE RECOGNIZED AS A SUSTAINABLE ORGANIZATION	Deliver on actions identified in the Sustainability Report.	Maintained a strong focus on achieving ESG targets outlined in 2020 Sustainability Report. The 2021 Sustainability Report is expected to be released by the end of Q3 2022 using new reporting software that will enable improved alignment with ESG disclosure guidance as part of the Corporation's goal of improved ESG disclosures.
		Donated $25,000 to the Trans Canada Trail. Sherritt is a corporate partner of the Trans Canada Trail. The longest trail network in the world, the Trans Canada Trail connects Canadians and visitors to nature and runs near the Fort Site.
	Achieve year-over-year ESG improvements including reduction of carbon intensity.	Initiated plans for site climate risk and opportunity assessments at Sherritt's operations.
		Approved a five-year plan to replace 20% of the vehicle fleet with EVs at the Fort Site. EVs and electric equipment have been approved for purchase in 2022 at Moa and the Fort Site.
	Deliver on 'Diversity and Inclusion' global framework	Began year three of the five-year D&I Framework with the launch of a company-wide mentorship program successfully piloted in 2021.
		Improved gender balance in the operations senior management team.
MAXIMIZE VALUE FROM CUBAN ENERGY BUSINESSES	Extend economically beneficial Energas power generation contract beyond 2023.	Submitted a feasibility study and application for extension of the power generation agreement. A final decision from Cuba's Executive Council is anticipated before end of year.

Highlights

EXPANSION AND GROWTH OPPORTUNITIES

During the three months ended March 31, 2022, the Corporation continued to make advancements on a number of expansion opportunities with support from Sherritt Technologies, including continued construction of the slurry preparation plant, nearing completion of a feasibility study for a leach plant sixth train at Moa, the start of basic engineering related to de-bottlenecking projects at the Fort Site and basic engineering for upgrading the acid plant at Moa.

Subsequent to period end, the Corporation completed an assessment of capital costs required to complete the expansion project aimed at growing annual nickel and cobalt production at the Moa Joint Venture by up to 20% from the 34,710 tonnes produced in 2021, which should result in an increase in nickel production by approximately 4,700 to 6,200 tonnes (100% basis) once all projects are completed in 2024. The assessment indicated that costs are estimated to be at the upper end of the US$20,000 to US$25,000 per tonne range of new nickel capacity disclosed previously. In light of a number of uncertainties relating to geopolitical developments, supply chain disruptions, the spread of COVID-19 and inflationary price pressures on construction materials, equipment and labour costs, the Corporation will further evaluate its growth capital spend estimates once greater certainty on global supply chains and consequential pricing is available and additional engineering and design work is completed to facilitate more accurate cost estimates. In tandem with this review, the Corporation and its Cuban partners will continue to advance construction of the US$27.0 million (100% basis) slurry preparation plant, proceed with US$6.0 million (100% basis) of engineering work and plant capacity testing needed to finalize the cost of the expansion project and develop a new life of mine plan for Moa.

The Corporation expects to provide an update on the rollout and spending on capital related to the expansion strategy with each of its quarterly results with full project approval expected in the second half of 2022.

MOA JOINT VENTURE AND FORT SITE

For the three months ended March 31, 2022, nickel and cobalt revenue increased by $31.2 million and $13.6 million (50% basis), respectively, over the prior year period, primarily due to increases in the average-realized prices(1) for nickel and cobalt of 49% and 90%, respectively, compared to the same period in the prior year.

The Corporation's share of finished nickel production for the three months ended March 31, 2022 was 3,875 tonnes, 7% lower compared to the prior year period, and finished cobalt production of 446 tonnes was 6% lower compared to the prior year period. Finished nickel and cobalt production were lower than the same period in the prior year due to lower mixed sulphides availability at the refinery as a result of delays in receiving mixed sulphides from Moa to the refinery due to railway transportation disruptions from Halifax to the refinery in Fort Saskatchewan, Alberta.

Second quarter production will be impacted by the planned annual maintenance shutdown of the refinery in Fort Saskatchewan. This year's shutdown is smaller in scale when compared to the prior year, which was a full-facility shutdown completed once every six years. The 2022 shutdown is expected to last up to seven days, consistent in duration to prior years.

Benefitting from increased by-product credits from higher cobalt and fertilizer prices, NDCC(1) for the three months ended March 31, 2022 was US$3.42 per pound, the lowest since Q4 2018, and 11% lower compared to the same period in the prior year driven by higher cobalt, fertilizer and sulphuric acid by-product credits as a result of higher average-realized prices, partially offset by higher mining, processing and refining costs, primarily as a result of a 181% increase in sulphur prices, 47% increase in natural gas prices and 35% increase in fuel oil prices. The Corporation's NDCC(1) for the first quarter of 2022 ranked in the lowest cost quartile of all nickel producers according to annualized information tracked by Wood Mackenzie.

Fort Site's fertilizers revenue for the three months ended March 31, 2022 was $12.1 million higher compared to the prior year period primarily due to the significant 110% increase in average-realized fertilizer prices(1) and 16% increase in sales volume.

(1) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.

NICKEL AND COBALT PRICE

The nickel reference price on the London Metal Exchange (LME) closed on March 31, 2022 at US$15.15/lb, up 60% from the reference price of US$9.49/lb at the start of the quarter. Nickel prices experienced extreme volatility in the first quarter of 2022, culminating in the unprecedented one-day price spike by more than 250% to almost US$46.00/lb on March 8 that resulted in the suspension of trading on the LME, cancellation of all trades that day, and the deferral of all settled contracts. The price climb and trading suspension were triggered by concerns over the disruption of nickel supply in the wake of Russia's invasion of Ukraine and speculation of a short squeeze against a major market participant. When trading resumed on March 16, the LME imposed new trading limits, but was unable to curb market volatility. Subsequent to quarter end, trading on the LME has been consistent and prices have averaged at US$14.70/lb through May 10. It is anticipated that nickel prices will maintain their robustness through the end of 2022 based on forecasts provided by industry analysts. The favorable price outlook is due to expected demand from European consumers seeking non-Russian nickel supply because of its invasion of Ukraine.

The cobalt reference price closed on March 31, 2022 at US$39.35/lb according to data collected by Fastmarkets MB, up 16% from US$33.78/lb at the start of the quarter, largely as a result of increased buying from electric vehicle battery manufacturers and increased stockpiling by consumers as a result of concerns over supply disruptions caused by Russia's invasion of Ukraine. In addition, logistics concerns relating to the transportation of cobalt hydroxide from the Democratic Republic of Congo, the world's largest supply market, continued to cause market disruptions. Cobalt is a key component of rechargeable batteries providing energy stability.

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

DISTRIBUTIONS RECEIVED FROM MOA JOINT VENTURE

During the three months ended March 31, 2022, the Moa Joint Venture paid distributions of $48.3 million to its shareholders, of which $24.2 million was paid to the Corporation directly, representing its 50% share, including $8.1 million deferred from the fourth quarter of 2021.

Given prevailing nickel and cobalt prices, planned spending on capital, including growth capital, working capital needs, and other expected liquidity requirements, the Corporation anticipates distributions for 2022 to be greater than the $35.9 million (excluding re-directions from its Cuban partner, General Nickel Company S.A., GNC) received in 2021 and higher distributions in the second half of 2022 compared to the first half of the year.

WORKING CAPITAL

Cash and cash equivalents as at March 31, 2022 were $145.5 million, comparable to $145.6 million as at December 31, 2021. There were a number of offsetting factors impacting the cash position, including $18.6 million of cash used by continuing operations for operating activities, which include $5.7 million of share-based compensation payments, and $4.9 million of capital expenditures, offset by $24.2 million of distributions received from Moa Joint Venture. In addition, the marginal decrease in cash and cash equivalents was impacted by the timing of collections of Cuban overdue receivables.

As at March 31, 2022, the Corporation held cash and cash equivalents in Canada totaling $50.4 million, down from $64.2 million as at December 31, 2021.

In 2022, the Corporation expects to achieve estimated annual savings of approximately $3.0 million in employee costs as a result of the reduction of 10% of the Corporate office salaried workforce and key management personnel changes made in 2021.

EXTENSION OF CONTRACT TERM FOR POWER GENERATION WITH ENERGAS

The Corporation's current contract term for power generation with Energas expires in March 2023. A formal application to extend the term was submitted to the Ministry of Energy in late 2021. Discussions continued during the three months ended March 31, 2022, and the requisite feasibility study was presented to the Cuban government at the end of the quarter. The Corporation expects a final decision from the Executive Council before the end of the year.

RUSSIAN INVASION OF UKRAINE

During the three months ended March 31, 2022, the Russian invasion of Ukraine and ensuing global sanctions imposed on Russia did not have a material adverse impact on the Corporation. The Russian invasion of Ukraine could have a material impact on the Corporation's financial position, performance and cash flows in future periods and the full extent of the impact cannot be reasonably estimated at this time.

The Corporation has no sales to, or accounts receivable from, Russian customers, no Russian banking relationships and no significant Russian supply contracts at its operations as at March 31, 2022. Prior to March 31, 2022, Moa Joint Venture had a sulphur supply contract with a Russian supplier, which was replaced with non-Russian suppliers during the period, which will result in an increase in costs in 2022 that is not expected to be material. The Corporation is currently completing an assessment of the longer-term impact of the replacement of the Russian supplier. Reference nickel prices in March 2022, upon which the Moa Joint Venture's nickel sales are based, were impacted by speculation of a short squeeze and the Russian invasion of Ukraine.

Refer to the Significant factors influencing operations section in this MD&A for further discussion of the impact on nickel prices and the Managing risk section of this MD&A for further discussion of the risks associated with the Russian invasion of Ukraine.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) UPDATE

During the three months ended March 31, 2022, the Corporation maintained a strong focus on achieving its ESG targets as outlined in the 2020 Sustainability Report, which is available on the Corporation's website. The 2021 Sustainability Report is expected to be released by the end of the third quarter of 2022 using new reporting software that will enable improved alignment with leading ESG disclosure guidance as part of the Corporation's strategy to improve ESG disclosures.

The Corporation has been implementing a number of initiatives, including the deployment of electric vehicles (EVs), and has held discussions with external parties regarding the potential to capture and store approximately 90,000 tonnes of CO_2 per year at the Fort Site, which represents approximately 25% of the total greenhouse gas (GHG) emissions at the Fort Site. The Fort Site has approved a five-year plan that includes replacing 20% of the vehicle fleet with EVs by the end of the five-year period. In addition, the Moa Joint Venture has also implemented initiatives such as deploying 10 EVs and replacing diesel-powered equipment with electric equipment. Additional EVs and electric equipment have been approved for purchase in 2022 at both the Moa Joint Venture and Fort Site.

Lastly, the Corporation announced changes to its Board of Directors by appointing Chih-Ting Lo, P.Eng., an expert in decarbonization and sustainability in the mining industry, and naming Maryse Bélanger to the newly-created Deputy Chair role. These changes are consistent with the Corporation's commitment to improving its governance of sustainability matters and to ongoing Board renewal.

CUBAN OVERDUE RECEIVABLES AGREEMENTS

During the quarter, US$4.2 million ($5.3 million) of Cuban energy payments were received, compared to US$6.5 million ($8.2 million) in the fourth quarter of 2021. As at March 31, 2022, total overdue receivables were US$153.5 million, down from US$156.0 million as at December 31, 2021. Cuban energy payments continue to be impacted as Cuba experiences hardships as a result of the effect of COVID-19 and continued U.S. sanctions, impacting the country's tourism and other industries, which have reduced access to foreign currency. While the Corporation anticipates economic conditions in Cuba to improve in the remainder of 2022, it continues to anticipate variability in the timing and the amount of energy payments in the near term and continues to work with its Cuban partners to ensure timely receipt of energy payments.

TECHNOLOGIES

During the three months ended March 31, 2022, the primary activities of Sherritt Technologies centered on supporting the Moa Joint Venture's expansion strategy, including efforts to support implementation of an economic cut-off grade to optimize mine planning and to potentially upgrade resources into reserves and significantly expand the life of mine at Moa beyond 2040.

Other activities included continued efforts towards commercialization of Sherritt Technologies' most advanced and innovative technologies: Dense slurry hydroprocessing ("DSH") to fully upgrade heavy oil, refining residues and bitumen; and "Chimera" to treat complex copper concentrates with high arsenic content while providing a significant step change in the stabilization of arsenic bearing solid waste. Sherritt Technologies also continued its work on development of a next-generation laterite processing technology.

For additional details, refer to the Technologies Review of operations on page 38.

Financial results

$ millions, except as otherwise noted, for the three months ended March 31	2022	2021	Change
FINANCIAL HIGHLIGHTS			
Revenue	**$ 34.1**	$ 21.9	56%
Combined revenue(1)	**202.2**	141.7	43%
Earnings from operations and joint venture	**23.5**	6.1	285%
Net earnings (loss) from continuing operations	**16.4**	(1.9)	963%
Loss from discontinued operations, net of tax	**(0.7)**	(3.7)	81%
Net earnings (loss) for the period	**15.7**	(5.6)	380%
Adjusted net earnings (loss) from continuing operations(1)	**14.7**	(2.3)	739%
Adjusted EBITDA(1)	**58.5**	30.2	94%
Net earnings (loss) from continuing operations ($ per share) (basic and diluted)	**$ 0.04**	$ 0.00	-
Net earnings (loss) ($ per share) (basic and diluted)	**0.04**	(0.01)	500%
CASH			
Cash and cash equivalents (prior period, December 31, 2021)	**$ 145.5**	$ 145.6	-
Cash provided (used) by continuing operations for operating activities	**5.6**	(3.0)	287%
Combined free cash flow(1)	**(1.7)**	19.0	(109%)
Distributions received from Moa Joint Venture	**24.2**	6.3	284%
OPERATIONAL DATA			
COMBINED SPENDING ON CAPITAL(1)	**$ 17.3**	$ 5.1	239%
PRODUCTION VOLUMES			
Finished nickel (50% basis, tonnes)	**3,875**	4,188	(7%)
Finished cobalt (50% basis, tonnes)	**446**	477	(6%)
Fertilizer (tonnes)	**63,088**	63,792	(1%)
Electricity (gigawatt hours) (33⅓% basis)	**137**	95	44%
AVERAGE EXCHANGE RATE (CAD/US$)	**1.266**	1.266	-
AVERAGE-REALIZED PRICES (CAD)(1)			
Nickel ($ per pound)	**$ 14.85**	$ 9.97	49%
Cobalt ($ per pound)	**41.66**	21.91	90%
Fertilizer ($ per tonne)	**654.55**	312.33	110%
Electricity ($ per megawatt hour)	**54.73**	54.81	-
UNIT OPERATING COSTS(1)			
Nickel (NDCC) (US$ per pound)	**$ 3.42**	$ 3.83	(11%)
Electricity ($ per megawatt hour)	**15.70**	25.89	(39%)

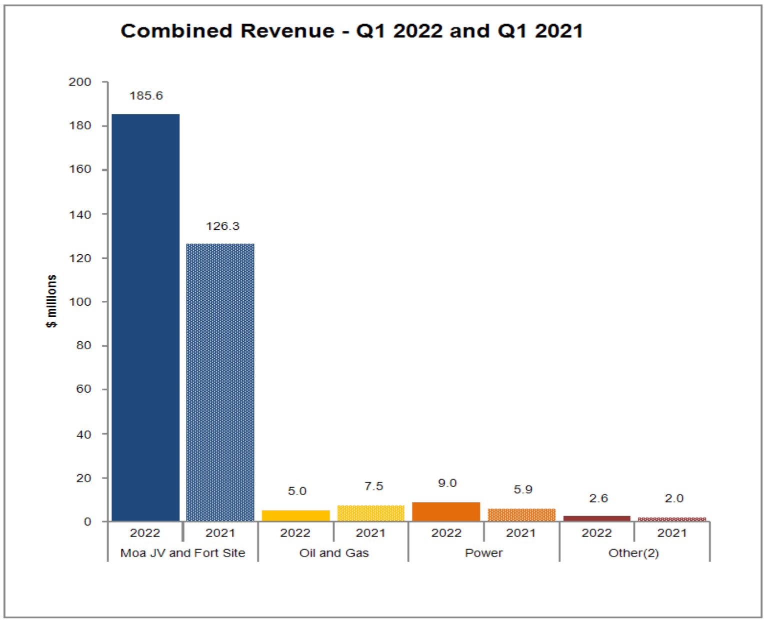
(1) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.

Revenue for the three months ended March 31, 2022, which excludes revenue from the Moa Joint Venture as it is accounted for under the equity method, was 56% higher compared to the same period in the prior year primarily due to higher fertilizer revenue as a result of a 110% increase in average-realized fertilizer prices[1] and 16% increase in fertilizer sales volume, coupled with a 44% increase in electricity generation.

Oil and gas revenue decreased during the three months ended March 31, 2022 compared to the prior year period as a result of the expiration of the Puerto Escondido/Yumuri production-sharing contract during the first quarter of 2021, partially offset by higher service revenue.

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.

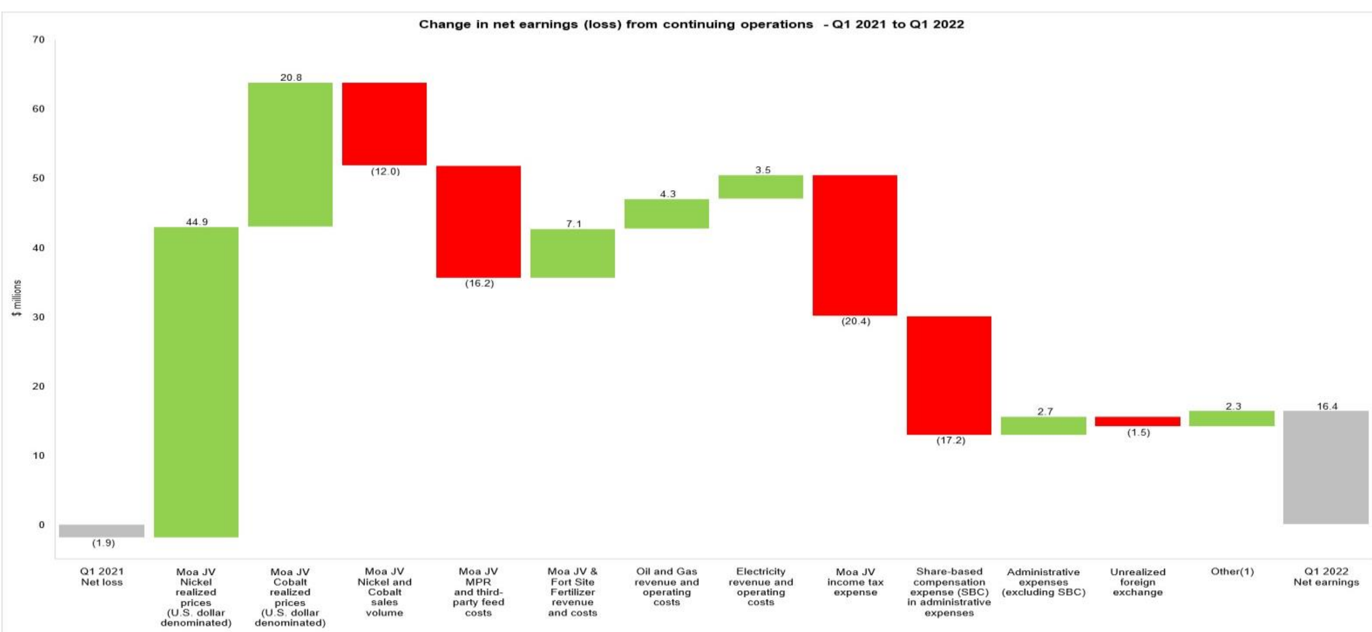
Combined revenue is composed of the following:



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

(2) Other is comprised of the Metals Other, Technologies and Corporate segments.

The change in net earnings (loss) from continuing operations between Q1 2021 and Q1 2022 is detailed below:



(5) Other primarily relates to gains (losses) in net finance expense, excluding unrealized foreign exchange, presented separately above.

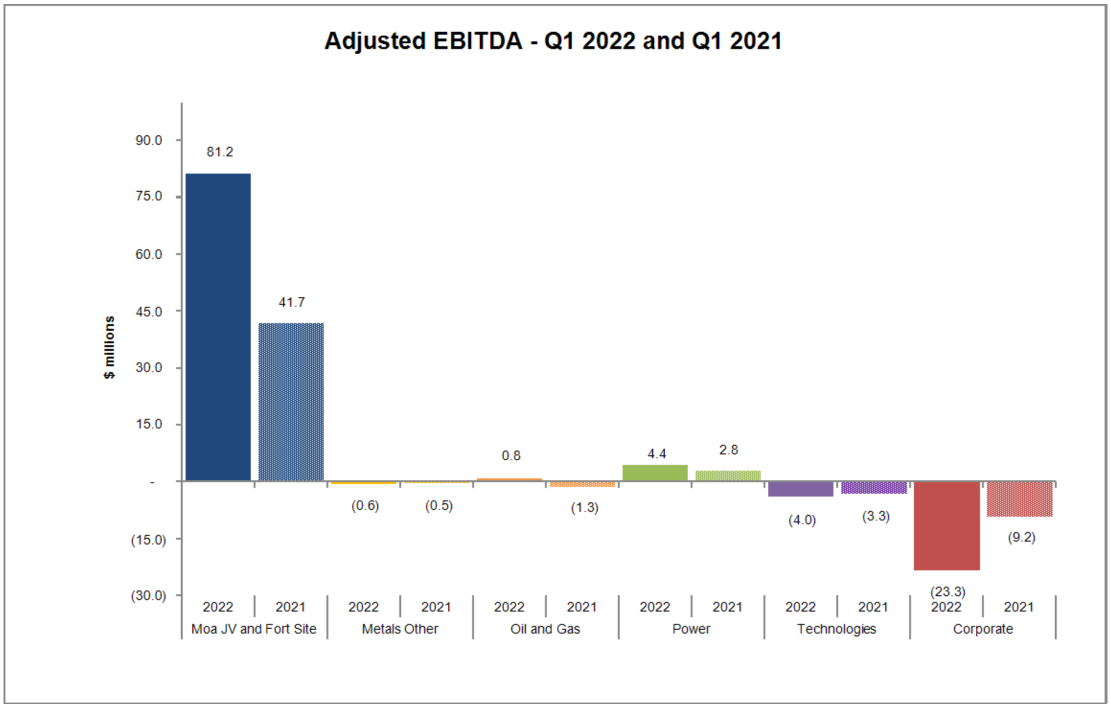
At the Moa Joint Venture and Fort Site, revenue for the three months ended March 31, 2022 was 47% higher than the same period in the prior year primarily due to higher nickel, cobalt and fertilizer average-realized prices(1) and higher fertilizer sales volume, partially offset by lower nickel and cobalt sales volumes due to lower production volumes. Cost of sales for the three months ended March 31, 2022 were 20% higher than the same period in the prior year primarily due to higher sulphur and fuel oil prices, coupled with higher royalties primarily as a result of higher nickel and cobalt prices, partially offset by lower purchased sulphuric acid.

Administrative expenses for the three months ended March 31, 2022 increased by $14.5 million compared to the same period in the prior year primarily due to a $17.2 million increase in share-based compensation expense primarily as a result of the significant increase in the Corporation's share price, partially offset by lower employee costs.

(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.

ADJUSTED EBITDA

Adjusted EBITDA(1) for the three months ended March 31, 2022 was $58.5 million, up 94% compared to $30.2 million in the same period in the prior year. Q1 2022 Adjusted EBITDA was the highest since Q3 2014. Adjusted EBITDA by segment is as follows:



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

Outlook

2022 PRODUCTION VOLUMES, UNIT OPERATING COSTS AND SPENDING ON CAPITAL GUIDANCE

Production volumes, unit operating costs and spending on capital	Guidance for 2022 - Total	Year-to-date actuals - Total	Updated 2022 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	32,000 - 34,000	7,750	No change
Cobalt, finished	3,400 - 3,700	892	No change
Electricity (GWh, 33⅓% basis)	450 - 500	137	No change
Unit operating costs(1)			
Moa Joint Venture - NDCC (US$ per pound)	$4.00 - $4.50	$3.42	No change
Electricity (unit operating cost, $ per MWh)	$26.50 - $28.00	$15.70	No change
Spending on capital(1)($ millions)			
Sustaining			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)	$75.0	$15.7	No change
Power (33⅓% basis)	$5.0	$0.5	No change
Growth			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)	-	$0.3	$19.0
Spending on capital(3)	$80.0	$16.5	$99.0

(1) Non-GAAP and other financial measures. For additional information see the Non-GAAP and other financial measures section.
(2) Spending is 50% of expenditures for the Moa Joint Venture and 100% expenditures for Fort Site fertilizer and utilities.
(3) Excludes spending on capital of the Metals Other, Oil and Gas, Technologies and Corporate segments.

Estimated growth capital spending in 2022 for the Moa Joint Venture and Fort Site are primarily related to expansion spending for the slurry preparation plant, ordering of long-lead items and engineering work related to finalizing costs of the remaining expansion projects. Additional expenditures related to expansion activities are currently being assessed. The Corporation expects to provide updates on the rollout and spending on capital related to the expansion strategy with each of its quarterly results.

Significant factors influencing operations

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

Nickel

Nickel prices experienced extreme volatility in the first quarter of 2022, culminating in the unprecedented one-day price spike by more than 250% to almost US$46/lb on March 8 that resulted in the suspension of trading on the London Metal Exchange (LME), cancellation of all trades that day, and the deferral of all settled contracts. The price climb and trading suspension were triggered by concerns over the disruption of nickel supply in the wake of Russia's invasion of Ukraine and speculation of a short squeeze against a major market participant.

When trading resumed on March 16, the LME imposed new trading limits but was unable to curb trading volatility. Through March 25, trading was suspended regularly as price limits were breached. By March 31, trading had stabilized, and nickel prices closed at US$15.15/lb, up 60% from the start of the quarter.

Since the start of Q2 2022, trading on the LME has been consistent and prices have averaged at US$14.70/lb through May 10. It is anticipated that nickel prices will maintain their robustness through the end of 2022 based on forecasts provided by industry analysts. The favourable price outlook is due to expected demand from European consumers seeking non-Russian nickel supply because of its invasion of Ukraine.

Strong prices in Q1 were driven by strong consumer demand as reflected by the continued decrease in inventory levels. In Q1, nickel inventory levels on the LME fell by 29% from 101,886 tonnes at the start of the period to 72,570 tonnes on March 31. Although inventory levels on the Shanghai Futures Exchange rose to 6,097 tonnes from 2,406 tonnes at the start of the quarter, the closing amounts suggest a tight market.

Industry analysts, including Wood Mackenzie and S&P Global, have forecast continued strong demand and market tightness through to the end of 2022. LME nickel inventories have continued to decline in Q2, reaching 73,122 tonnes on May 10.

Near-term visibility of market fundamentals, including inventory levels, beyond 2022 is limited given the uncertainty caused by a number of recent geopolitical and macroeconomic developments relating to Russia's invasion of Ukraine and ongoing effects of supply chain disruptions caused by COVID-19.

The long-term outlook for nickel remains bullish on account of the strong demand expected from the stainless steel sector, the largest market for nickel, and the rapidly growing electric vehicle battery market. Some market observers, such as Wood Mackenzie, have forecast a prolonged nickel supply deficit beginning in 2026 due to strong demand from the electric vehicle market and insufficient nickel production coming on stream in the near term.

Over the past year, multiple automakers and governments have announced plans for significant investments to expand electric vehicle production capacity to meet growing demand as well as more aggressive timelines to phase out the sale of internal combustion engines. In 2021, more than 6.5 million plug-in electric vehicles were sold despite the global pandemic. Industry observers estimate that the number of electric vehicles sold in 2022 will grow to 8.6 million units. CRU has forecast that electric vehicles sales will grow to 17.4 million units by 2025, driving significant demand for finished nickel and cobalt.

As a result of its unique properties, high-nickel cathode formulations remain the dominant choice for long-range and high performance electric vehicles manufactured by automakers with high purity, Class 1 nickel being an essential feedstock in the battery supply chain. Sherritt is particularly well positioned given its Class 1 production capabilities and the fact that Cuba possesses the world's fourth largest nickel reserves. The adoption of lithium iron phosphate (LFP) cathode battery chemistry, which is less expensive than nickel-manganese-cobalt (NMC) cathode chemistry, but with lower energy density and less vehicle range, may soften nickel demand from this segment of the market.

Cobalt

Sustaining an upward trend started in Q2 2021, cobalt prices continued their steady rise in Q1 2022, closing on March 31 at US$39.35/lb, up 16% from US$33.78/lb at the start of the quarter, according to data collected by Fastmarkets MB.

Higher cobalt prices in Q1 2022 were driven mostly by increased buying from electric vehicle battery manufacturers and increased stockpiling by consumers as a result of concerns over supply disruptions caused by Russia's invasion of Ukraine. Russia was the world's fifth largest cobalt producer in 2021. In addition, logistics concerns relating the transportation of cobalt hydroxide from the Democratic Republic of Congo (DRC), the world's largest supply market, continued to cause market disruptions.

The visibility for cobalt prices in the near term is limited due to recent geopolitical and economic developments, including Russia's invasion of Ukraine, the impact of economic sanctions against Russia on the world's economy, and the impact of logistics disruptions in South Africa on the delivery of cobalt from the DRC.

Over the long term, the outlook for cobalt is particularly encouraging given the accelerated adoption of electric vehicles expected in the coming years. Cobalt is a key component of rechargeable batteries providing energy stability. Similar to developments in the nickel market, the adoption of LFP cathode battery chemistry, a less expensive but inferior alternative to NMC cathode chemistry, may soften cobalt demand.

CRU forecasts that demand for cobalt will grow by 12.7% annually and reach 317,000 tonnes by 2026 with the EV sector accounting for 50% of all cobalt demand.

Review of operations

MOA JOINT VENTURE AND FORT SITE

$ millions (Sherritt's share), except as otherwise noted, for the three months ended March 31		2022		2021	Change
FINANCIAL HIGHLIGHTS					
Revenue[(1)]	**$**	**185.6**	$	126.3	47%
Cost of sales[(1)]		**116.0**		96.4	20%
Earnings from operations		**67.7**		27.8	144%
Adjusted EBITDA[(2)]		**81.2**		41.7	95%
CASH FLOW					
Cash provided by continuing operations for operating activities	**$**	**24.2**	$	23.5	3%
Free cash flow[(2)]		**13.5**		18.9	(29%)
PRODUCTION VOLUME (tonnes)					
Mixed Sulphides		**4,126**		3,931	5%
Finished Nickel		**3,875**		4,188	(7%)
Finished Cobalt		**446**		477	(6%)
Fertilizer		**63,088**		63,792	(1%)
NICKEL RECOVERY[(3)] (%)		**89%**		82%	9%
SALES VOLUME (tonnes)					
Finished Nickel		**3,758**		4,177	(10%)
Finished Cobalt		**398**		477	(17%)
Fertilizer		**31,439**		27,111	16%
AVERAGE REFERENCE PRICE (US$ per pound)					
Nickel[(4)]	**$**	**11.97**	$	7.97	50%
Cobalt[(5)]		**35.90**		21.71	65%
AVERAGE-REALIZED PRICES (CAD)[(2)]					
Nickel ($ per pound)	**$**	**14.85**	$	9.97	49%
Cobalt ($ per pound)		**41.66**		21.91	90%
Fertilizer ($ per tonne)		**654.55**		312.33	110%
UNIT OPERATING COST[(2)] (US$ per pound)					
Nickel - net direct cash cost	**$**	**3.42**	$	3.83	(11%)
SPENDING ON CAPITAL[(2)]					
Sustaining	**$**	**15.7**	$	4.6	241%
Growth		**0.3**		-	-
	$	**16.0**	$	4.6	248%

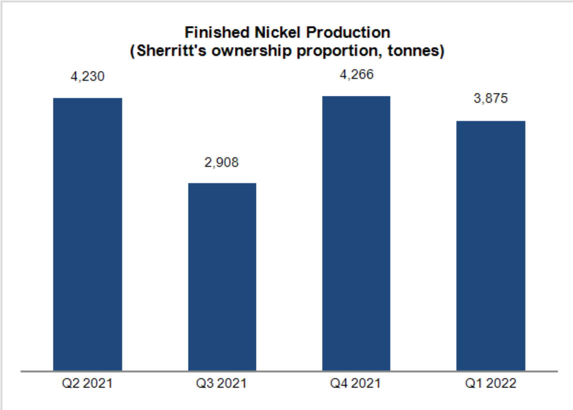
(1) Revenue and cost of sales of Moa Joint Venture and Fort Site is composed of revenue/cost of sales, respectively, recognized by the Moa Joint Venture at Sherritt's 50% share, which is equity-accounted and included in share of earnings (loss) of Moa Joint Venture, net of tax, and revenue/cost of sales recognized by Fort Site, which is included in consolidated revenue. For a breakdown of revenue between Moa Joint Venture and Fort Site, see the Combined revenue section in the Non-GAAP and other financial measures section.

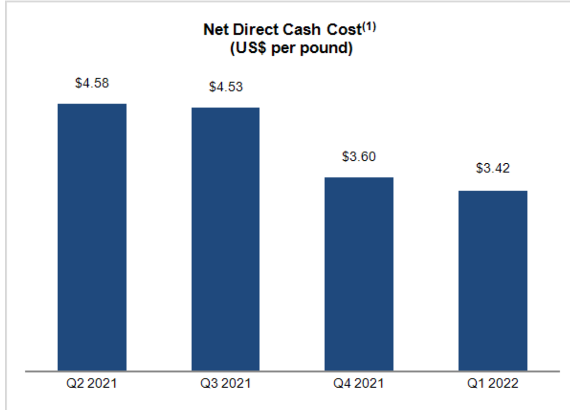
(2) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.

(3) The nickel recovery rate measures the amount of finished nickel that is produced compared to the original nickel content of the ore that was mined.

(4) The average nickel reference price for the three months ended March 31, 2022 was impacted by the suspension of nickel trading and disruption events on the LME during the month of March 2022. The calculation of the average nickel reference price for the three months ended March 31, 2022 is based on LME guidance for disruption events, which uses the next available price after a disruption event.

(5) Average standard-grade cobalt published price per Fastmarkets MB.





Revenue, cost of sales and NDCC[(2)] are composed of the following:

$ millions, except as otherwise noted, for the three months ended March 31		**2022**		2021	Change
REVENUE					
Nickel	**$**	**123.0**	$	91.8	34%
Cobalt		**36.6**		23.0	59%
Fertilizers		**20.6**		8.5	142%
Other		**5.4**		3.0	80%
	$	**185.6**	$	126.3	47%
COST OF SALES[(1)]					
Mining, processing and refining (MPR)	**$**	**65.9**	$	59.1	12%
Third-party feed costs		**6.1**		5.7	7%
Fertilizers		**13.0**		8.0	63%
Selling costs		**4.8**		3.8	26%
Other		**12.7**		5.9	115%
	$	**102.5**	$	82.5	24%
NET DIRECT CASH COST[(2)] (US$ per pound of nickel)					
Mining, processing and refining costs	**$**	**6.58**	$	5.09	29%
Third-party feed costs		**0.58**		0.49	18%
Cobalt by-product credits		**(3.48)**		(1.98)	(76%)
Other[(3)]		**(0.26)**		0.23	(213%)
	$	**3.42**	$	3.83	(11%)

(1) Excludes depletion, depreciation and amortization.
(2) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial 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.

Expansion and growth plans

With support from Sherritt Technologies, the Moa Joint Venture advanced with its growth strategy aimed at growing annual nickel and cobalt production by up to 20% from the combined 34,710 tonnes produced in 2021, which should result in an increase in annual nickel production by approximately 4,700 to 6,200 tonnes (100% basis), once all projects are completed in 2024 and extending the life of mine at Moa beyond 2040. Progress in the first quarter of 2022 included:

- Continued to advance construction of the slurry preparation plant at Moa, which included substantial completion of a raw ore rheological study and pipeline design, and commencement of civil works.
  - The project cost and schedule remain on track at an estimated cost of US$27.0 million (100%) with expected completion in early 2024. In 2022, US$9.0 million (100% basis) in growth capital spend, of which US$5.2 million (100% basis) has been committed, is expected for ordering of long-lead materials and equipment, and civil and mechanical construction. The project is expected to deliver a number of benefits, including reduced ore haulage, lower carbon intensity from mining, and increased annual production of nickel and cobalt contained in mixed sulphides of approximately 1,700 tonnes commencing in mid-2024.
- Near completion of a feasibility study for a leach plant sixth train at Moa.

- The start of basic engineering related to de-bottlenecking projects at the Fort Site and basic engineering for upgrading the acid plant at Moa.
- Approval of US$6.0 million (100% basis) for basic engineering and plant capacity testing needed for the remaining expansion projects prior to full project approval expected in the second half of 2022. As part of this work, the Corporation will review additional ESG considerations into the expansion plans as engineering advances.
- The engagement of external consultants to develop a new life of mine (LOM) plan based on economic cut-off grade methodology and conduct a Quality Assurance/Quality Control review at Moa. A site visit was successfully completed in February 2022 and detail work has commenced. The new LOM plan is expected to be completed and submitted to the Oficina Nacional de Recursos Minerales, Cuba's Natural Resources Ministry, for approval in the second half of 2022.
- Plans to release an updated NI 43-101 Technical Report before the end of the year.

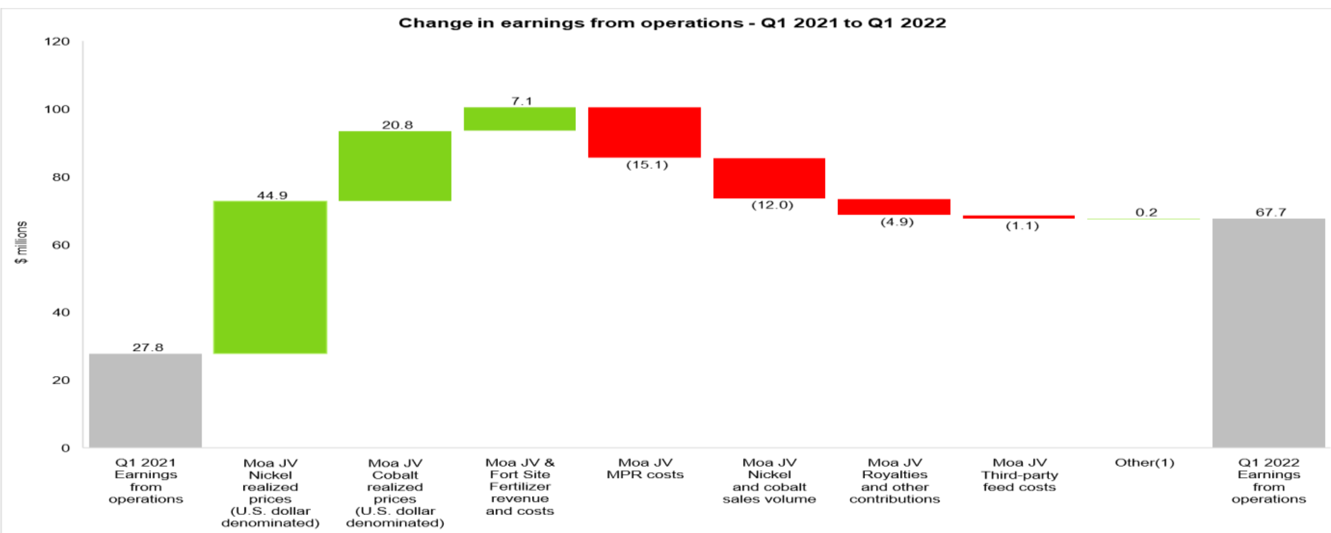
An assessment of the expansion capital costs completed subsequent to quarter end indicated that costs are estimated to be at the upper end of the US$20,000 to US$25,000 per tonne range of new nickel capacity disclosed previously. In light of a number of uncertainties relating to geopolitical developments, supply chain disruptions, the spread of COVID-19, and inflationary price pressures on construction materials, equipment, and labour costs, the Corporation will further evaluate its growth capital spend estimates once greater certainty on global supply chains and consequential pricing is available and additional engineering and design work is completed to facilitate more accurate cost estimates.

Growth spending on capital is expected to be self-funded by the Moa Joint Venture primarily using operating cash flows with the option to utilize the Corporation's revolving credit facility for up to C$30.0 million at the refinery in Fort Saskatchewan. Growth spending on capital of US$30.0 million (100% basis) is expected in 2022 for the slurry preparation plant, ordering of long-lead items and engineering work related to finalizing costs of the remaining expansion projects.

The Corporation expects to provide an update on the rollout and spending on capital related to the expansion strategy with each of its quarterly results.

Financial results

The change in Moa Joint Venture and Fort Site earnings from operations is detailed below:



(1) Other is composed of selling costs, administrative costs, depletion, depreciation and amortization and foreign exchange.

Average-realized prices[(1)] for nickel and cobalt were 49% and 90% higher, respectively, for the three months ended March 31, 2022, compared to the same period in the prior year. Refer to the Significant factors influencing operations section of this MD&A for further discussion on nickel and cobalt pricing during the three months ended March 31, 2022, including disruption events on the LME and the impact of sanctions against Russia on the reference price of nickel. Average-realized prices are impacted by the timing of deliveries, timing of settlement against contract terms and fluctuations in the value of the Canadian currency.

(1) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.

Mining, processing and refining unit costs were 29% higher for the three months ended March 31, 2022 compared to the same period in the prior year primarily as a result of a 181% increase in sulphur prices, 47% increase in natural gas prices and 35% increase in fuel oil prices, which were further compounded by Russia's invasion of Ukraine, and higher maintenance costs, partially offset by lower purchased sulphuric acid consumption. Purchased sulphuric acid was required in the prior year to offset lower sulphuric acid production at Moa ahead of the planned sulphuric acid plant shutdown in the second quarter of 2021.

Benefitting from increased by-product credits from higher cobalt and fertilizer prices, NDCC(1) for the three months ended March 31, 2022 was US$3.42 per pound, the lowest since Q4 2018, and 11% lower compared to the same period in the prior year. NDCC(1) was lower primarily due to higher cobalt, fertilizer and sulphuric acid by-product credits as a result of higher average-realized prices, partially offset by higher MPR costs, as discussed above, higher third-party feed costs as a result of higher prices and higher fertilizer and sulphuric acid by-product costs. Higher fertilizer and sulphuric acid by-product costs were primarily due to higher sulphur and energy prices. The Corporation's NDCC(1) for the first quarter of 2022 ranked in the lowest cost quartile of all nickel producers according to annualized information tracked by Wood Mackenzie.

Fertilizers revenue increased by $12.1 million primarily due to the significant 110% increase in average-realized fertilizer prices(1) and higher sales volumes due to consumer stockpiling in advance of the 2022 planting season. Fertilizers cost of sales increased by $5.0 million primarily due to higher sulphur and energy prices and higher sales volumes.

Royalties and other contributions for the three months ended March 31, 2022 increased by $4.9 million compared to the same period in the prior year primarily due to increases in nickel and cobalt prices.

Further information on the financial results of the Moa Joint Venture for the three months ended March 31, 2022, including a variance analysis to the comparable period in the prior year, is included in the Investment in Moa Joint Venture section on page 49.

Operational results

Mixed sulphides production was 5% higher for the three months ended March 31, 2022 compared to the same period in the prior year, primarily due to lower ore quality in the prior year caused by the impact of heavy rainfall on mining operations.

For the three months ended March 31, 2022, finished nickel and cobalt production and sales volumes were lower than the same period in the prior year primarily due to lower mixed sulphides availability at the refinery as a result of delays in receiving mixed sulphides from Moa to the refinery due to railway transportation disruptions from Halifax to the refinery in Fort Saskatchewan, Alberta.

Second quarter production will be impacted by the planned annual maintenance shutdown of the refinery in Fort Saskatchewan. This year's shutdown is smaller in scale when compared to the prior year, which was a full-facility shutdown completed once every six years. The 2022 shutdown is expected to last up to seven days, consistent in duration to prior years.

Fertilizers production for the three months ended March 31, 2022 was comparable to the same period in the prior year.

The nickel recovery rate for the three months ended March 31, 2022 was 9% higher than the same period in the prior year primarily due to higher ore quality and continued optimization of acid concentration in the leach plant. The ratio of finished nickel to cobalt production for the three months ended March 31, 2022 was comparable to the same period in the prior year.

Financial position

During the three months ended March 31, 2022, the Moa Joint Venture paid distributions of $48.3 million to its shareholders, of which $24.2 million was paid to the Corporation directly, representing its 50% share, including $8.1 million deferred from the fourth quarter of 2021. Of the $48.3 million in distributions paid by the Moa Joint Venture, $35.6 million were in the form of dividends and $12.7 million were in the form of advances repayable to the Moa Joint Venture until declaration as dividends. Given prevailing nickel and cobalt prices, planned spending on capital, including growth capital, working capital needs, and other expected liquidity requirements, the Corporation anticipates distributions for 2022 to be greater than the $35.9 million (excluding re-directions from its Cuban partner, GNC) received in 2021 and higher distributions in the second half of 2022 compared to the first half of the year.

Sustaining spending on capital(1) for the three months ended March 31, 2022 was focused on replacement of mine and plant equipment and was higher compared to the same period in the prior year primarily due to higher planned spending including the receipt of mining equipment in Moa. The Corporation anticipates sustaining spending on capital at the Moa Joint Venture and Fort Site in 2022 to be significantly higher compared to 2021.

(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.

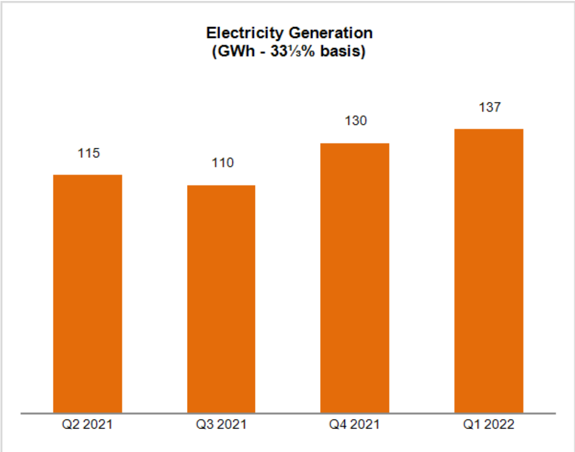
Spending on growth capital is expected to be self-funded by the Moa Joint Venture primarily using operating cash flows with the option to utilize the Corporation's revolving credit facility for up to $30.0 million at the refinery in Fort Saskatchewan.

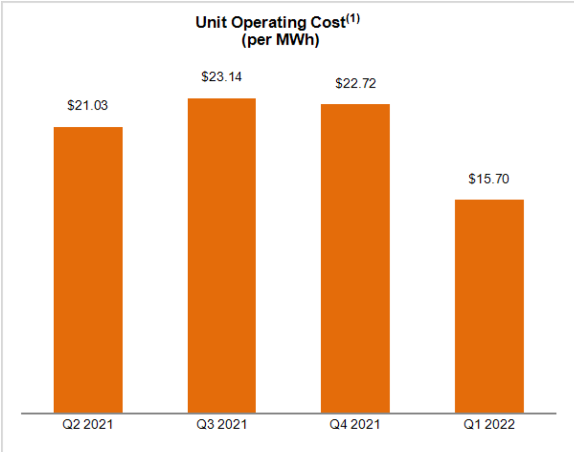
Further information on the financial position of the Moa Joint Venture as at March 31, 2022, including a variance analysis to the prior year end, is included in the Investment in Moa Joint Venture section on page 49.

POWER

$ millions (Sherritt's share, 33⅓% basis), except as otherwise noted, for the three months ended March 31		2022		2021	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**9.0**	$	5.9	53%
Cost of sales		**6.0**		6.4	(6%)
Earnings (loss) from operations		**0.5**		(1.1)	145%
Adjusted EBITDA(1)		**4.4**		2.8	57%
CASH FLOW					
Cash provided by continuing operations for operating activities	**$**	**8.7**	$	2.8	211%
Free cash flow(1)		**8.2**		2.8	193%
PRODUCTION AND SALES VOLUME					
Electricity (GWh(2))		**137**		95	44%
AVERAGE-REALIZED PRICE(1)					
Electricity (per MWh(2))	**$**	**54.73**	$	54.81	-
UNIT OPERATING COST(1)					
Electricity (per MWh(2))	**$**	**15.70**		25.89	(39%)
SPENDING ON CAPITAL(1)					
Sustaining	**$**	**0.5**	$	-	-
	$	**0.5**	$	-	-

(1) Non-GAAP and other financial measures. For additional information see the Non-GAAP and other financial 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		2022		2021	Change
Electricity sales	**$**	**7.5**	$	5.2	44%
By-products and other		**1.5**		0.7	114%
	$	**9.0**	$	5.9	53%

Electricity production and sales volume were higher for the three months ended March 31, 2022 compared to the same period in the prior year, primarily as a result of lower capacity on account of deferred maintenance from 2020 performed during the first quarter of 2021, which reduced production and sales volume in the prior year quarter.

The average-realized price(1) of electricity compared to the same period in the prior year was comparable due to the comparable exchange rate of the U.S. dollar relative to the Canadian dollar.

Unit operating costs(1) were lower for the three months ended March 31, 2022 compared to the same period in the prior year primarily as a result of higher electricity production and sales volume, coupled with lower spending on maintenance activities. Operational spending was lower year-over-year as the spending was limited to the amount of Cuban energy receipts allocated for that purpose.

Power had negligible spending on capital for the first quarter of 2022. Guidance for spending on capital of $5.0 million for 2022 is primarily earmarked towards maintenance activities.

The Corporation's current contract term for power generation with Energas expires in March 2023. A formal application to extend the term was submitted to the Ministry of Energy in late 2021. Discussions continued during the three months ended March 31, 2022, and the requisite feasibility study was presented to the Cuban government at the end of the quarter. The Corporation anticipates a final decision on extending the power generation agreement from Cuba's Executive Council before the end of the year.

Subsequent to period end, the Corporation received US$8.0 million ($10.3 million) of funding to facilitate foreign currency payments for the Energas operations.

(1) Non-GAAP and other financial measure. For additional information see the Non-GAAP and other financial measures section.

TECHNOLOGIES

$ millions, for the three months ended March 31		2022		2021	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**0.3**	$	0.1	200%
Cost of sales		**4.3**		3.4	26%
Loss from operations		**(4.0)**		(3.3)	(21%)

Overview

Sherritt Technologies' cost of sales relates to the ongoing support for the development of growth opportunities for the Corporation, including process technology solutions and brownfield development projects where Sherritt Technologies has been engaged by the Moa Joint Venture and Fort Site to improve operational performance, some of which are detailed below.

Sherritt Technologies is an incubator of industry solutions that can be commercialized externally to improve operational performance and product quality, reduce carbon emissions, and improve profitability or applied internally to support growth initiatives, including de-bottlenecking production, evaluating brownfield expansion opportunities, and increasing mineral reserves. Sherritt Technologies' efforts build on its considerable depth of project and operational experience, and its scientific expertise developed over the years; particularly in hydrometallurgy and lateritic ore processing, representing a key point of differentiation for Sherritt. Its innovation pipeline is an efficient vehicle for rapidly evaluating new ideas and advancing the most promising towards commercial application. Sherritt Technologies is also involved in strategic initiatives and the evaluation of M&A and investment opportunities.

During the three months ended March 31, 2022, Sherritt Technologies' primary activities centred on supporting development of the Moa Joint Venture's expansion strategy, including efforts to support a change in mine planning whereby an economic cut-off grade will be used to upgrade resources into reserves and significantly expand the life of mine at Moa beyond 2040. Other activities included efforts to commercialize Sherritt's most advanced and innovative technologies are discussed below.

Metallurgical reactor technology - Dense slurry hydroprocessing (“DSH”)

Sherritt Technologies has leveraged its mature and successful metallurgical reactor technology into the upgrading of heavy oil and bitumen as well as the conversion of refinery vacuum residue. The technology, which is called DSH, makes use of high concentrations of a cost effective, engineered catalyst that is recovered for re-use. In Sherritt Technologies’ testing with dry bitumen, DSH produces a diluent-free, medium sweet product with a high yield. This product is comprised mainly of middle distillates with low residue and naphtha. Sherritt Technologies’ DSH flow sheet is simpler and its capital cost is estimated to be approximately 30% less when compared to other hydroconversion processes currently used by the oil industry. The simplicity of Sherritt Technologies’ flow sheet can be attributed to the technology being able to treat the entire bitumen stream in a single vessel, thus eliminating requirements for front-end fractionation and back-end hydro-treatment.

Engagement with external industry experts and discussions with external parties have identified several, distinct scenarios for the application of Sherritt’s DSH technology. During the three months ended March 31, 2022, Sherritt Technologies engaged a third-party consultant and completed a detailed product valuation of fully upgraded bitumen and an assessment of the utilization of this technology within downstream refineries. As a result of this assessment, Sherritt Technologies has engaged external expertise to assist in identifying and accessing specific refining markets. Sherritt Technologies also commenced an update to the front-end engineering technical study for a revised commercial scale facility that uses the new, advanced catalyst system. The updated study is intended to satisfy the technical assessment requirements of potential partners. Additional batch testing is planned for the second quarter to quantify the performance of the newly identified scenarios, such as the processing of refinery vacuum residue to create value add products and the processing of bio-oils into second-generation renewable fuels. Piloting of the new catalyst system, which allows for full upgrading instead of partial upgrading, is scheduled to occur during the second half of 2022. The piloting program will be designed to test several product and processing scenarios.

The DSH process has been developed to a Technology Readiness Level of 5; however, Sherritt Technologies will conduct additional piloting with the new catalyst system to confirm key design parameters and variables. The Technology Readiness Level is a measure used to assess the development maturity of a technology or process. There are nine loosely defined Technology Readiness Levels, with Level 1 representing the stage at which scientific research begins to be translated into applied research and development, Level 5 representing system testing under controlled conditions, and Level 9 representing the stage at which the technology is fully proven and mature having been applied under commercial-scale conditions over extended time periods spanning years of operation.

Treatment of copper concentrates (“Chimera”)

Sherritt’s proprietary Chimera process was developed in response to current copper concentrate market developments based on the Corporation’s deep expertise in hydrometallurgy. In this process, complex copper concentrate is leached for base metal extraction, while simultaneously locking up contaminants such as arsenic, antimony and bismuth in a chemically stable form. As a result, pressure leach process residues are generated that are significantly more environmentally stable than current industrial practice could achieve. The process allows for different copper products, as well as nickel and cobalt intermediates, to be considered, depending on specific project drivers and circumstances.

During the three months ended March 31, 2022, Sherritt completed several studies to support the commercialization path of this innovative, new technology, including work with external industry experts to further assess the applicability of this process and develop specific opportunities within the complex copper concentrate market. Discussions with external parties on a variety of potential commercialization routes and project opportunities will continue in 2022. This process continues to be at a Technology Readiness Level of 4 with the prior completion of successful batch testing and a pilot plant.

Next-generation laterite processing technology

Sherritt Technologies also continued to advance its work on development of a next-generation laterite processing technology with an aim to make nickel laterite processing more economically viable and, more sustainable, as well as developing project opportunities for the generation of battery-grade nickel and cobalt products from lateritic ores. The value levers that drive this initiative include improving the purity of nickel, reducing environmental impacts such as water, greenhouse gas emissions and a reduction in tailings, extending the life of existing assets, increasing the recovery of high-value metals and reducing operating costs and capital requirements. During the three months ended March 31, 2022, Sherritt Technologies commenced pilot testing of its selected novel processing flowsheet. The initial unit operation pilot test to create an intermediate product is being completed at an external facility, with additional piloting to create a final product to be conducted at Sherritt Technologies during the second quarter of 2022. The initial piloting is intended to provide technical and operating insight to refine the process and assess the commercial viability in advance of a decision on integrated piloting before the end of 2022.

CORPORATE

$ millions, for the three months ended March 31		2022		2021	Change
FINANCIAL HIGHLIGHTS					
Administrative expenses	**$**	**23.9**	$	9.8	144%

Corporate's administrative expenses are primarily composed of employee costs, share-based compensation expense, legal fees and third-party consulting and audit fees.

Administrative expenses at Corporate for the three months ended March 31, 2022 increased by $14.1 million compared to the same period in the prior year primarily due to an increase in share-based compensation expense of $15.1 million, which is partially offset by a decrease in employee costs of $1.0 million.

The increase in share-based compensation expense for the three months ended March 31, 2022 is primarily due to a 103% increase of $0.39 in the Corporation's share price since December 31, 2021, compared to a 33% increase of $0.13 during the same period in the prior year. Share-based compensation expense in Q1 2022 also included the impact of a higher number of vested share-based units at the beginning of the current year as a result of the Corporate workforce reduction and senior executive departures in 2021.

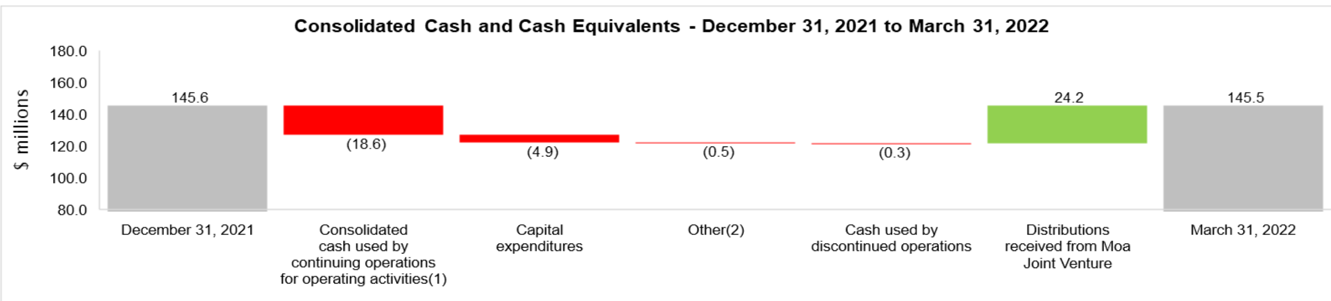
Liquidity

As at March 31, 2022, total available liquidity was $237.1 million, which is composed of cash and cash equivalents of $145.5 million and $91.6 million of available credit facilities and excludes restricted cash of $1.3 million. Refer to the Capital resources section for further details on the 8.50% second lien secured notes due 2026 and the syndicated revolving-term credit facility.

The main factors that affect liquidity include realized sales prices, collection of receivables, production levels, cash production costs, working capital requirements, capital expenditure requirements, repayments of non-current loans and borrowings, credit capacity and debt and equity capital market conditions.

The Corporation's liquidity requirements are met through a variety of sources, including cash and cash equivalents, cash generated from operations, existing credit facilities, leases, derivatives and debt and equity capital markets.

Cash and cash equivalents as at March 31, 2022 decreased by $0.1 million from December 31, 2021. The components of this change are shown below:



(1) Excludes distributions received from Moa Joint Venture presented separately above.

(2) Other is composed of receipts of advances, loans receivable and other financial assets, net proceeds from sale of property, plant and equipment, repayments of other financial liabilities and the effect of exchange rate changes on cash and cash equivalents.

The Corporation's cash and cash equivalents are deposited in the following countries:

$ millions, as at March 31, 2022	Cash	Cash equivalents	Total
Canada	$ 34.3	$ 16.1	$ 50.4
Cuba	94.6	-	94.6
Other	0.5	-	0.5
	$ 129.4	$ 16.1	$ 145.5
The Corporation's share of cash and cash equivalents in the Moa Joint Venture, not included in the above balances:			$ 25.4

SOURCES AND USES OF CASH

The Corporation's cash provided (used) by operating, investing and financing activities are summarized in the following table as derived from the Corporation's consolidated statements of cash flow.

$ millions, for the three months ended March 31		2022		2021	Change
Cash provided (used) by operating activities					
Cash (used) provided by operating activities:					
Fort Site	**$**	**(4.7)**	$	(9.9)	53%
Metals Other		**(4.3)**		15.6	(128%)
Oil and Gas		**(1.7)**		(4.7)	64%
Power		**8.7**		2.8	211%
Technologies		**(3.5)**		(3.2)	(9%)
Corporate[1]		**(13.1)**		(9.9)	(32%)
Distributions received from Moa Joint Venture		**24.2**		6.3	284%
Cash provided (used) by continuing operations		**5.6**		(3.0)	287%
Cash used by discontinued operations		**(0.3)**		(0.1)	(200%)
Cash provided (used) by operating activities	**$**	**5.3**	$	(3.1)	271%
Cash used by investing activities	**$**	**(3.5)**	$	(1.1)	(218%)
Cash used by financing activities		**(0.4)**		(3.7)	89%
Effect of exchange rate changes on cash and cash equivalents		**(1.5)**		(1.2)	(25%)
Decrease in cash and cash equivalents		**(0.1)**		(9.1)	99%
Cash and cash equivalents:					
Beginning of the period	**$**	**145.6**	$	167.4	(13%)
End of the period[2]	**$**	**145.5**	$	158.3	(8%)

(1) Excluding distributions received from Moa Joint Venture presented separately above.

(2) As at March 31, 2022, $81.0 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2021 - $78.9 million).

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

Cash provided by operating activities was higher for the three months ended March 31, 2022 compared to the same period in the prior year, primarily as a result of the following:

- Lower cash used by operating activities at Fort Site for the three months ended March 31, 2022 primarily due to timing and amounts of working capital receipts and payments, including higher fertilizer prepayments received in advance of the spring fertilizer season as a result of higher fertilizer prices and volumes;
- Lower cash provided by operating activities at Metals Other for the three months ended March 31, 2022 primarily due to a prepayment received for nickel sales of $20.3 million in the prior year period with no comparable prepayment received in the current year period;
- Lower cash used by operating activities at Oil and Gas for the three months ended March 31, 2022 primarily due to lower operational spending as a result of the expiration of the Puerto Escondido/Yumuri production-sharing contract during the first quarter of 2021;
- Higher cash provided by operating activities at Power for three months ended March 31, 2022 primarily due to higher electricity production, coupled with lower operating costs as a result of decreased maintenance activities, partially offset by lower Cuban energy receipts;
- Higher cash used by operating activities at Corporate for the three months ended March 31, 2022 primarily due to higher share-based compensation payments due to the increase in the Corporation's share price and higher other contractual benefits payments in the current year period; and
- Higher distributions received from Moa Joint Venture for the three months ended March 31, 2022 primarily due to higher average-realized prices[1] of nickel and cobalt and the deferral of a distribution from the fourth quarter of 2021 to the first quarter of 2022 as a result of anticipated delays in product deliveries on account of the flooding in British Columbia and congestion at the Port of Vancouver in the fourth quarter of 2021, which in turn caused disruptions to rail transportation of finished nickel and cobalt.

(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.

Included in investing and financing activities for the three months ended March 31, 2022 are expenditures on property, plant and equipment and intangible assets and net proceeds from the sale of property, plant and equipment, which were higher than the prior year period.

The Corporation's decrease in cash and cash equivalents reconciles to Adjusted EBITDA as follows for the three months ended March 31, 2022:

$ millions, for the three months ended March 31		**2022**
Adjusted EBITDA[(1)]	**$**	**58.5**
Add (deduct):		
Moa Joint Venture Adjusted EBITDA		**(76.9)**
Distributions from the Moa Joint Venture		**24.2**
Interest received on Energas conditional sales agreement		**0.9**
Net change in non-cash working capital		**(22.0)**
Share-based compensation expense		**26.6**
Share-based compensation payments		**(5.7)**
Cash provided by continuing operations for operating activities per financial statements		**5.6**
Deduct:		
Cash used by discontinued operations		**(0.3)**
Property, plant, equipment and intangible asset expenditures		**(4.9)**
Net proceeds from sale of property, plant and equipment		**1.3**
Effect of exchange rate changes on cash and cash equivalents		**(1.5)**
Other[(2)]		**(0.3)**
Change in cash and cash equivalents	**$**	**(0.1)**

(1) Non-GAAP and other financial measure. For additional information see the Non-GAAP and other financial measures section.

(2) Other is composed of receipts of advances, loans receivable and other financial assets and repayment of other financial liabilities.

The Moa Joint Venture's Adjusted EBTIDA is based on sales, cost of sales and other expenses recognized by the Moa Joint Venture based on the accrual method. Moa Joint Venture's distributions are determined based on available cash in excess of liquidity requirements including anticipated nickel and cobalt prices, planned spending on capital at the Moa Joint Venture including growth capital, working capital needs and other expected liquidity requirements. Available cash is also impacted by changes in working capital primarily related to changes in inventory, and timing of receipts and payments, including receipts on nickel and cobalt sales subsequent to shipment.

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		**2022 March 31**		2021 December 31	Change
Working capital[(1)]	**$**	**131.9**	$	168.1	(22%)
Current ratio[(2)]		**1.42:1**		1.76:1	(24%)
Cash and cash equivalents	**$**	**145.5**	$	145.6	-
Total assets		**1,470.7**		1,398.0	5%
Loans and borrowings		**449.9**		444.5	1%
Total liabilities		**880.4**		813.0	8%
Shareholders' equity		**590.3**		585.0	1%

(1) Working capital is calculated as the Corporation's current assets less current liabilities.

(2) The current ratio is calculated as the Corporation's current assets divided by its current liabilities.

Capital resources

CAPITAL RISK MANAGEMENT

The Corporation's objectives when managing capital are to maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations throughout the various resource cycles with sufficient capital and capacity to manage unforeseen operational and industry developments and to ensure the Corporation has the capital and capacity to allow for business growth opportunities and/or to support the growth of its existing businesses.

Subject to the limitations within the indenture and revolving credit agreements, in order to maintain or adjust its capital structure, the Corporation may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, repay outstanding debt, issue new debt (unsecured, convertible and/or other types of available debt instruments), refinance existing debt with different characteristics, acquire or dispose of assets or adjust the amount of cash and short-term investment balances.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS(1)

The following table provides a summary of consolidated significant liquidity and capital commitments based on existing commitments and debt obligations (including accrued interest). For amounts payable that are not fixed, including mandatory redemptions discussed below, the amount disclosed is determined by reference to the conditions existing as at March 31, 2022.

Canadian $ millions, as at March 31, 2022	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	$ 232.6	$ 232.6	$ -	$ -	$ -	$ -	$ -
Income taxes payable	1.0	1.0	-	-	-	-	-
8.50% second lien secured notes due 2026 (includes principal, interest and premium)	527.1	29.8	29.8	29.8	29.8	407.9	-
10.75% unsecured PIK option notes due 2029 (includes principal and interest)	194.4	-	-	-	-	-	194.4
Syndicated revolving-term credit facility	8.8	0.4	0.4	8.0	-	-	-
Provisions	142.7	4.3	4.3	0.4	0.4	0.6	132.7
Lease liabilities	17.1	2.6	2.5	2.4	2.1	1.3	6.2
Capital commitments	8.8	8.8	-	-	-	-	-
Total	$ 1,132.5	$ 279.5	$ 37.0	$ 40.6	$ 32.3	$ 409.8	$ 333.3

(1) Excludes the contractual obligations and commitments of the Moa Joint Venture, which are disclosed separately below and non-recourse to the Corporation.

8.50% SECOND LIEN SECURED NOTES DUE 2026

The indenture governing the Second Lien Notes (the "Second Lien Notes Indenture") requires mandatory redemptions from excess cash (subject to the minimum liquidity condition noted below and the other terms and conditions set forth in the Second Lien Notes Indenture) annually on the interest payment dates in April and October. The mandatory excess cash flow redemption provision is in effect beginning with the two-quarter period ending June 30, 2021 and mandatory redemptions are based on excess cash flow (a measure calculated based on cash provided by (used in) operating activities excluding Energas, less sustaining property, plant and equipment expenditures excluding Energas, plus all cash distributed by Energas to the Corporation held in Canada), which mandatory redemption shall be required to be made only to the extent the Corporation has minimum liquidity (a measure calculated based on cash held in Canada by wholly-owned, guarantors of the Second Lien Notes, less outstanding principal of the syndicated revolving-term credit facility, plus any cash used to repurchase unsecured PIK option notes or Second Lien Notes in the relevant two-quarter period) as at the interest payment dates of $75.0 million calculated in accordance with the Second Lien Notes Indenture before and after such redemption.

Subsequent to period end, on May 2, 2022, the Corporation paid interest of $14.9 million on the 8.50% second lien secured notes due 2026 and did not make any mandatory redemptions as the conditions pursuant to the provisions of the indenture agreement were not met.

10.75% UNSECURED PIK OPTION NOTES DUE 2029

During the three months ended March 31, 2022, the Corporation did not make any principal payments on the 10.75% unsecured PIK option notes due 2029. The Corporation elected not to pay cash interest due in January of $4.4 million and added the payment-in-kind interest to the principal amount owed to noteholders.

As at March 31, 2022, the outstanding principal amount of the 10.75% unsecured PIK option notes due 2029 is $87.0 million.

SYNDICATED REVOLVING-TERM CREDIT FACILITY

As at March 31, 2022, 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 undiscounted commitments of the joint venture includes the following, which are not reflected in the table above and are non-recourse to the Corporation:

- Environmental rehabilitation commitments of $86.0 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of $39.0 million;
- Income taxes payable of $15.0 million;
- Lease liabilities of $0.5 million;
- Loans and borrowings of $14.5 million; and
- Property, plant and equipment commitments of $22.4 million. $5.6 million (50% basis) in growth capital spending is expected in 2022 for the ordering of long-lead materials and equipment, and civil and mechanical construction. As at March 31, 2022, the committed amount to date is $3.2 million (50% basis).

Property, plant and equipment commitments include normal course expenditures and those associated with tailings management facilities.

COMMON SHARES

As at May 11, 2022, the Corporation had 397,288,680 common shares outstanding. An additional 2,701,741 common shares are issuable upon exercise of outstanding stock options granted to employees and directors pursuant to the Corporation's stock option plan.

Managing risk

RUSSIAN INVASION OF UKRAINE

During the three months ended March 31, 2022, the Russian invasion of Ukraine and ensuing global sanctions imposed on Russia did not have a material adverse impact on the Corporation. The Russian invasion of Ukraine could have a material impact on the Corporation's financial position, performance and cash flows in future periods and the full extent of the impact cannot be reasonably estimated at this time.

The Corporation manages risks associated with the Russian invasion of Ukraine as noted in the "Risk Factors – Commodity Risk", "Risk Factors – Risks Related to Sherritt's Operations in Cuba" and "Risk Factors – Sourcing and Supply" sections of the Corporation's Annual Information Form.

COVID-19 AND CUBA RISK

During the three months ended March 31, 2022, Cuba continued to experience hardships as a result of the impact of COVID-19 and continued U.S. sanctions, impacting the country's tourism and other industries and hampering the country's foreign currency liquidity. The foregoing may contribute to increased political, economic and related risks to the Corporation. See the discussion of risks associated with COVID-19 in "Risk Factors – Liquidity and Access to Capital" and "Risk Factors – Political, Economic and Other Risks of Foreign Operations" in the Corporation's Annual Information Form.

FOREIGN OPERATIONS AND COMMUNICATION

Subject to public health guidelines and any travel restrictions imposed by COVID-19, it is Sherritt's practice for members of the Reserves, Operations and Capital Committee to travel to Sherritt's foreign operations and meet with local management in Cuba once a year, and for certain of its senior executives to visit its foreign operations once or twice a month, on average.

The primary language in Cuba is Spanish. Sherritt maintains open communication with its operations in Cuba because a number of key local management are proficient in English and through translators, removing language barriers between Sherritt's head office and the local management in Cuba. Maryse Bélanger and Adrian Loader, members of the Reserves, Operations and Capital Committee, are fluent in Spanish. None of the executive officers of Sherritt are fluent in Spanish. The material documents relating to Sherritt's operations are prepared in Spanish and then translated into English, and vice versa, to facilitate the review by both Spanish and English-speaking employees, directors and executive officers of Sherritt. Meetings attended by directors and executive officers of Moa Joint Venture companies are conducted in both English and Spanish with simultaneous interpretation.

Further information regarding Sherritt's foreign operations are outlined in the Corporation's Annual Information Form.

RISKS RELATED TO SHERRITT'S CORPORATE STRUCTURE

Sherritt's interest in the Moa Joint Venture is a 50/50 partnership with GNC, which is wholly-owned by the Government of Cuba. The operations of the Moa Joint Venture are carried on through three companies, each of which has a board of directors comprised of six members – three nominated by Sherritt, and three nominated by GNC. The shareholders agreement governing the relationship between Sherritt and GNC with respect to the Moa Joint Venture provides, among other things, that the unanimous consent of the board of directors of a Moa Joint Venture company is required for any declaration of a dividend or other distribution. Accordingly, distributions from the Moa Joint Venture are not within Sherritt's sole discretion.

The Corporation holds its interest in certain operating companies, joint ventures or partnerships in Canada, Cuba, and Spain through one or more wholly-owned intermediary holding companies located in jurisdictions outside Canada, including the Bahamas, British Virgin Islands, Barbados, Spain and the Netherlands. Certain payments, including payment of dividends or other distributions by these subsidiaries to the Corporation is subject to statutory regimes applicable to those entities. There can be no assurance that the applicable Canadian government, or some or all of the holding company jurisdictions will not adopt laws and/or regulations more restrictive than those currently in effect which could have a material adverse effect on the Corporation's financial performance. Furthermore, the Corporation's offshore subsidiaries may face heightened scrutiny from tax authorities from time to time. While these jurisdictions have experienced political stability for some time, the Corporation continues to regularly monitor changes to applicable laws and regulations.

DIFFICULTY IN ENFORCEMENT OF JUDGMENTS

Sherritt has operations located in Cuba and Spain, as well as corporate entities located in various other jurisdictions. In addition, certain of Sherritt's directors and executive officers are located outside of Canada. Further, certain of Sherritt's assets are, and the assets of Sherritt's directors and officers may be, located outside of Canada. It may not be possible for shareholders to effect service of process against Sherritt's directors and officers who are not resident in Canada. In the event a judgment is obtained in Canada against one or more of the directors or officers of Sherritt for violations of Canadian securities laws or otherwise, it may not be possible to enforce such judgment against those directors and officers not resident in Canada.

OTHER RISKS

Sherritt manages a number of other 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, 2021, except for IAS 16 amendments for Property, Plant and Equipment – Proceeds before Intended Use which was adopted effective January 1, 2022. For further information, see note 4 of the condensed consolidated financial statements for the three months ended March 31, 2022.

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, 2021.

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	**2022 Mar 31**	2021 Dec 31	2021 Sep 30	2021 Jun 30	2021 Mar 31	2020 Dec 31	2020 Sep 30	2020 Jun 30
Revenue	**$ 34.1**	$ 36.6	$ 20.7	$ 31.0	$ 21.9	$ 28.2	$ 24.9	$ 40.4
Share of earnings (loss) of Moa Joint Venture, net of tax	**47.9**	33.2	7.5	17.7	28.1	11.4	4.2	(3.2)
Net earnings (loss) from continuing operations	**16.4**	14.4	(15.5)	(10.4)	(1.9)	(49.3)	11.4	(13.3)
(Loss) earnings from discontinued operations, net of tax[1]	**(0.7)**	(0.3)	(0.7)	(0.3)	(3.7)	(0.3)	217.1	(101.2)
Net earnings (loss) for the period	**$ 15.7**	$ 14.1	$ (16.2)	$ (10.7)	$ (5.6)	$ (49.6)	$ 228.5	$ (114.5)
Net earnings (loss) per share, basic ($ per share)								
Net earnings (loss) from continuing operations	**$ 0.04**	$ 0.04	$ (0.04)	$ (0.03)	$ 0.00	$ (0.12)	$ 0.03	$ (0.03)
Net earnings (loss)	**0.04**	0.04	(0.04)	(0.03)	(0.01)	(0.12)	0.58	(0.29)

(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 provisions retained by the Corporation.

In general, net earnings or loss 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 $1.2282 (Q2 2021) to $1.3853 (Q2 2020) and period-end rates ranged between $1.2394 (Q2 2021) to $1.3628 (Q2 2020).

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

- Q1 2022: $26.6 million of share-based compensation expense within cost of sales and administrative expenses and $1.1 million of unrealized foreign exchange gains in continuing operations;
- Q4 2021: $1.4 million of unrealized foreign exchange gains in continuing operations and $0.6 million of share-based compensation expense related to the planned retirement of a senior executive;
- Q3 2021: $1.2 million gain on disposal of assets and $3.1 million of other contractual benefits expense related to the departures of two senior executives;
- Q2 2021: $8.6 million of unrealized foreign exchange gains in continuing operations, a $0.8 million gain on repurchase of notes, $3.7 million of unrealized losses on commodity put options, in addition to a $4.9 million share-based compensation expense and $2.4 million severance and other contractual benefits expense, both of which related to the Corporate workforce reduction and departures of two senior executives;
- 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 loss 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; and
- 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.

Off-balance sheet arrangements

As at March 31, 2022, the Corporation had no options, futures or forward contracts.

Transactions with related parties

The Corporation enters into transactions related to its joint arrangements. For further detail, refer to notes 7 and 20 of the Corporation's condensed consolidated financial statements for the three months ended March 31, 2022.

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.

Supplementary information

INVESTMENT IN MOA JOINT VENTURE

Explanations for the significant changes in the statements of financial position and statements of comprehensive income (loss) line items to their respective comparative periods for the Moa Joint Venture are included below.

Statements of financial position

Canadian $ millions, 100% basis, as at	**2022 March 31**	2021 December 31	Variance	
Assets				
Cash and cash equivalents	**$ 50.8**	$ 48.9	1.9	
Other current assets	**30.6**	14.0	16.6	Increase is primarily due to $12.7 million of distributions paid to shareholders that have not yet been declared as dividends.
Trade accounts receivable, net	**177.3**	153.4	23.9	Increase is primarily due to increases in the average-realized prices(1) of nickel and cobalt and the timing of receipts from customers.
Inventories	**347.4**	303.7	43.7	Increase is primarily due to an increase in the volume of materials in process and higher input commodity prices.
Other non-current assets	**12.2**	12.4	(0.2)	
Property, plant and equipment	**1,041.7**	1,067.6	(25.9)	Decrease is primarily driven by the decrease in the U.S. dollar relative to the Canadian dollar , depletion, depreciation, and amortization, partially offset by capital additions.
Total assets	**1,660.0**	1,600.0	60.0	
Liabilities				
Trade accounts payable and accrued liabilities	**78.0**	64.1	13.9	Increase is primarily due to the timing of payments to suppliers and higher input commodity costs, primarily for sulphur and fuel oil.
Income taxes payable	**29.9**	13.2	16.7	Increase is primarily due to an increase in taxable earnings primarily due to increases in revenue due to the increases in the average-realized prices(1) for nickel and cobalt.
Other current financial liabilities	**0.2**	0.2	-	
Loans and borrowings	**26.5**	21.3	5.2	Increase is primarily due to mining equipment financing of $10.4 million, partially offset by loan repayments.
Environmental rehabilitation provisions	**88.2**	105.5	(17.3)	Decrease is primarily due to $17.1 million of changes in estimates primarily as a result of an increase in discount rates.
Other non-current financial liabilities	**4.7**	4.9	(0.2)	
Deferred income taxes	**23.0**	22.4	0.6	
Total liabilities	**250.5**	231.6	18.9	
Net assets of Moa Joint Venture	**$ 1,409.5**	$ 1,368.4	41.1	
Proportion of Sherritt's ownership interest	**50%**	50%		
Total	**704.8**	684.2		
Intercompany capitalized interest elimination	**(41.2)**	(41.8)		
Investment in Moa Joint Venture	**$ 663.6**	$ 642.4		

(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.

Foreign currency translation differences are included in the financial information of the Moa Joint Venture presented in the financial statements and MD&A, as the Corporation's presentation currency is the Canadian dollar, while the Moa Joint Venture's functional currency is the U.S. dollar. During the three months ended March 31, 2022, the U.S. dollar decreased in value relative to the Canadian dollar, resulting in lower assets and lower liabilities reported in Canadian dollars as compared to December 31, 2021.

Statements of comprehensive income (loss)

Canadian $ millions, 100% basis, for the three months ended March 31		2022		2021	Variance	
Revenue	**$**	**336.2**	$	239.5	96.7	Revenue increased primarily due to an increase in nickel revenue ($62.4 million) and an increase in cobalt revenue ($27.2 million) primarily due to increases in the average-realized prices(1) of nickel and cobalt of 49% and 90%, respectively, partially offset by lower sales volume of finished nickel and cobalt due to lower production as a result of lower mixed sulphides availability at the refinery due to Canadian rail transportation delays and service interruptions.
Cost of sales		**(201.5)**		(174.3)	(27.2)	Increase is primarily due to a 181% increase in sulphur prices and 35% increase in fuel oil prices, coupled with an increase of $7.0 million in royalties primarily due to increases in nickel and cobalt prices, partially offset by lower purchased sulphuric acid consumption of $7.8 million and lower sales volumes of finished nickel and cobalt.
Administrative expenses		**(2.6)**		(2.3)	(0.3)	
Earnings from operations		**132.1**		62.9	69.2	
Financing income		**0.1**		0.1	-	
Financing expense		**(6.7)**		2.7	(9.4)	Increase is primarily due to the impact of changes in foreign exchange rates on Euro and Canadian dollar-denominated receivables.
Net finance (expense) income		**(6.6)**		2.8	(9.4)	
Earnings before income tax		**125.5**		65.7	59.8	
Income tax expense		**(31.7)**		(11.3)	(20.4)	Increase is primarily due to an increase in taxable earnings due to an increase in revenue as a result of increases in the average-realized prices(1) for nickel and cobalt.
Net earnings and comprehensive income of Moa Joint Venture	**$**	**93.8**	$	54.4	39.4	
Proportion of Sherritt's ownership interest		**50%**		50%		
Total		**46.9**		27.2		
Intercompany elimination		**1.0**		0.9		
Share of earnings of Moa Joint Venture, net of tax	**$**	**47.9**	$	28.1		

(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.

For the three months ended March 31, 2022 Moa Joint Venture's revenue was positively impacted and cost of sales and other expenses were negatively impacted by a marginally stronger average U.S. dollar relative to the Canadian dollar compared to the same period in the prior year.

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation's net earnings (loss) and earnings (loss) per share from continuing operations for the three months ended March 31, 2022 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 (loss) (CAD$ millions) Increase/ (decrease)	Approximate change in quarterly basic earnings (loss) per share (EPS) Increase/ (decrease)
Prices				
Nickel - LME price per pound(1)	US$	1.00	$ 8	$ 0.02
Cobalt - Fastmarkets MB price per pound(1)	US$	5.00	5	0.01
Fertilizers - price per tonne(1)	$	50.00	2	-
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	(5)	(0.01)
Operating costs(1)				
Natural gas - cost 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 - cost 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 (loss) and basic EPS representing the Corporation's 50% interest in the Moa Joint Venture.

NON-GAAP AND OTHER FINANCIAL MEASURES

Management uses the measures below 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, and 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 and other financial 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		**2022**		2021	Change
Revenue by reportable segment					
Moa Joint Venture and Fort Site[(1)]	**$**	**185.6**	$	126.3	47%
Metals Other		**2.0**		1.6	25%
Oil and Gas		**5.0**		7.5	(33%)
Power		**9.0**		5.9	53%
Technologies		**0.3**		0.1	200%
Corporate		**0.3**		0.3	-
Combined revenue	**$**	**202.2**	$	141.7	43%
Adjustment for Moa Joint Venture		**(168.1)**		(119.8)	
Revenue per financial statements	**$**	**34.1**	$	21.9	56%

(1) Revenue of Moa Joint Venture and Fort Site for the three months ended March 31, 2022 is composed of revenue recognized by the Moa Joint Venture of $168.1 million (50% basis), which is equity-accounted and included in share of earnings of Moa Joint Venture, net of tax, and revenue recognized by Fort Site of $17.5 million, which is included in consolidated revenue (for the three months ended March 31, 2021 - $119.8 million and $6.5 million, respectively).

Adjusted EBITDA

The Corporation defines Adjusted EBITDA as earnings (loss) from operations and joint venture, which excludes net finance expense and loss from discontinued operations, net of tax, as reported in the financial statements for the period, adjusted for: depletion, depreciation and amortization; impairment losses on non-current non-financial assets and investments; and gains or losses on disposal of property, plant and equipment of the Corporation and the Moa Joint Venture. The exclusion of impairment losses eliminates the non-cash impact of the losses.

Management uses Adjusted EBITDA internally to evaluate the cash generation potential of Sherritt's operating divisions on a combined and individual basis as an indicator of ability to fund working capital needs, meet covenant obligations, service debt and fund capital expenditures, 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 per the financial statements to Adjusted EBITDA:

$ millions, for the three months ended March 31	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total **2022**
Earnings (loss) from operations and joint venture per financial statements	**$ 67.7**	**$ (0.6)**	**$ 1.6**	**$ 0.5**	**$ (4.0)**	**$ (23.6)**	**$ (18.1)**	**$ 23.5**
Add (deduct):								
Depletion, depreciation and amortization	**2.6**	**-**	**0.5**	**3.9**	**-**	**0.3**	**-**	**7.3**
Gain on disposal of property, plant and equipment	**-**	**-**	**(1.3)**	**-**	**-**	**-**	**-**	**(1.3)**
Adjustments for share of earnings of Moa Joint Venture:								
Depletion, depreciation and amortization	**10.9**	**-**	**-**	**-**	**-**	**-**	**-**	**10.9**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**-**	**2.2**	**2.2**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**15.9**	**15.9**
Adjusted EBITDA	**$ 81.2**	**$ (0.6)**	**$ 0.8**	**$ 4.4**	**$ (4.0)**	**$ (23.3)**	**$ -**	**$ 58.5**

$ millions, for the three months ended March 31	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total 2021
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 earnings of Moa 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

(1) Adjusted EBITDA of Moa Joint Venture and Fort Site for the three months ended March 31, 2022 is composed of Adjusted EBITDA at Moa Joint Venture of $76.9 million (50% basis) and Adjusted EBITDA at Fort Site of $4.3 million (for the three months ended March 31, 2021 - $42.6 million and $(0.9) million, respectively).

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 power excludes by-product revenue, as this revenue is not earned directly for power generation. Transactions by a Moa Joint Venture marketing company, included in other revenue, are excluded.

Management uses this measure, and believes investors use this measure, to compare the relationship between the revenue per unit and direct costs on a per unit basis in each reporting period for nickel, cobalt, fertilizer and power and provide comparability with other similar external operations.

Average-realized price for fertilizer is the weighted-average realized price of ammonia and various ammonium sulphate products.

Average-realized price for nickel and cobalt are expressed in Canadian dollars per pound sold, while fertilizer is expressed in Canadian dollars per tonne sold and electricity is expressed in Canadian dollars per megawatt hour sold.

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							**2022**
	Moa Joint Venture and Fort Site						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 123.0**	**$ 36.6**	**$ 20.6**	**$ 9.0**	**$ 13.0**	**$ (168.1)**	**$ 34.1**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(1.5)**			
Revenue for purposes of average-realized price calculation	**123.0**	**36.6**	**20.6**	**7.5**			
Sales volume for the period	**8.3**	**0.9**	**31.4**	**137**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	**$ 14.85**	**$ 41.66**	**$ 654.55**	**$ 54.73**			

$ 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	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 91.8	$ 23.0	$ 8.5	$ 5.9	$ 12.5	$ (119.8)	$ 21.9
Adjustments to revenue:							
By-product revenue	-	-	-	(0.7)			
Revenue for purposes of average-realized price calculation	91.8	23.0	8.5	5.2			
Sales volume for the period	9.2	1.1	27.1	95			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	$ 9.97	$ 21.91	$ 312.33	$ 54.81			

(1) Other revenue includes revenue from the Metals Other, Oil and Gas, Technologies and Corporate reportable segments.

(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.

(4) Fertilizer, average-realized price per tonne.

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 disposal of 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.

Unit operating costs for nickel 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 and power facilities are performing and to assess overall production efficiency and effectiveness internally across periods and compared to its competitors.

Unit operating cost (NDCC) for nickel is expressed in U.S. dollars per pound sold, while electricity is expressed in Canadian dollars per megawatt hour sold.

The tables below reconcile 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					**2022**
	Moa JV and Fort Site	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 116.0**	**$ 6.0**	**$ 9.3**	**$ (100.8)**	**$ 30.5**
Less:					
Depletion, depreciation and amortization in cost of sales	**(13.5)**	**(3.9)**			
	102.5	**2.1**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(62.6)**	**-**			
Impact of opening/closing inventory and other[2]	**(4.1)**	**-**			
Cost of sales for purposes of unit cost calculation	**35.8**	**2.1**			
Sales volume for the period	**8.3**	**137**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	**$ 4.32**	**$ 15.70**			
Unit operating cost (US$ per pound) (NDCC)[5]	**$ 3.42**				

$ millions, except unit cost and sales volume, for the three months ended March 31					2021
	Moa JV and Fort Site	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 96.4	$ 6.4	$ 14.8	$ (87.2)	$ 30.4
Less:					
Depletion, depreciation and amortization in cost of sales	(13.9)	(3.9)			
	82.5	2.5			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(34.5)	-			
Impact of opening/closing inventory and other[2]	(3.4)	-			
Cost of sales for purposes of unit cost calculation	44.6	2.5			
Sales volume for the period	9.2	95			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	$ 4.84	$ 25.89			
Unit operating cost (US$ per pound) (NDCC)[5]	$ 3.83				

(1) Other is composed of the cost of sales of the Metals Other, Oil and Gas and Technologies reportable segments.
(2) Other is primarily composed of royalties and other contributions, sales discounts and other non-cash items.
(3) Unit operating cost/NDCC may not calculate exactly based on amounts presented due to foreign exchange and rounding.
(4) Power, unit operating cost price per MWh.
(5) Unit operating costs in US$ are converted at the average exchange rate for the period.

Adjusted net earnings/loss from continuing operations and adjusted net earnings/loss from continuing operations per share

The Corporation defines adjusted net earnings/loss from continuing operations as net earnings/loss from continuing operations less items not reflective of operational performance. These adjusting items include, but are not limited to, inventory obsolescence, impairment of assets, gains and losses on the acquisition or disposal of assets, unrealized foreign exchange gains and losses, 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. Adjusted net earnings/loss from continuing operations per share is defined consistent with the definition above and divided by the Corporation's weighted-average number of common shares outstanding.

Management uses these measures internally and believes that they provide investors with performance measures 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 reconcile net earnings (loss) from continuing operations and net earnings (loss) from continuing operations per share, both per the financial statements, to adjusted net earnings (loss) from continuing operations and adjusted net earnings (loss) from continuing operations per share, respectively:

		2022		2021
For the three months ended March 31	**$ millions**	**$/share**	$ millions	$/share
Net earnings (loss) from continuing operations	**$ 16.4**	**$ 0.04**	$ (1.9)	$ (0.01)
Adjusting items:				
Sherritt - Unrealized foreign exchange gain - continuing operations	**(1.1)**	**-**	(2.6)	(0.01)
Corporate - Gain on repurchase of notes	**-**	**-**	(1.3)	-
Corporate - Unrealized (gain) loss on commodity put options	**(0.9)**	**-**	0.6	-
Corporate - Realized loss on commodity put options	**0.9**	**-**	-	-
Oil and Gas - Gain on disposal of property, plant and equipment	**(1.3)**	**-**	-	-
Oil and Gas and Power - ACL revaluation	**0.3**	**-**	1.6	-
Other(1)	**0.5**	**-**	1.8	0.01
Total adjustments, before tax	**$ (1.6)**	**$ -**	$ 0.1	$ -
Tax adjustments	**(0.1)**	**-**	(0.5)	-
Adjusted net earnings (loss) from continuing operations	**$ 14.7**	**$ 0.04**	$ (2.3)	$ (0.01)

(1) Other items primarily relate to losses (gains) in net finance expense.

Combined spending on capital

The Corporation defines spending on capital for each segment as property, plant and equipment and intangible asset expenditures on a cash basis adjusted to the accrual basis in order to account for assets that are available for use by the Corporation and the Moa Joint Venture prior to payment and includes adjustments to accruals. The Moa Joint Venture and Fort Site segment's spending on capital includes the Fort Site's expenditures, plus the Corporation's 50% share of the Moa Joint Venture's expenditures, which is accounted for using the equity method for accounting purposes.

Combined spending on capital is the aggregate of each segment's spending on capital or the Corporation's consolidated property, plant and equipment and intangible asset expenditures and the property, plant and equipment and intangible asset expenditures of the Moa Joint Venture on a 50% basis, all adjusted to the accrual basis.

Combined spending on capital is used by management, and management believes this information is used by investors, to analyze the Corporation and the Moa Joint Venture's investments in non-current assets that are held for use in the production of nickel, cobalt, fertilizers, oil and gas and power generation.

The tables below reconcile property, plant and equipment and intangible asset expenditures per the financial statements to combined spending on capital, expressed in Canadian dollars:

$ millions, for the three months ended March 31						**2022**
	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	**$ 10.7**	**$ 0.5**	**$ -**	**$ 11.2**	**$ (7.1)**	**$ 4.1**
Intangible asset expenditures[2]	**-**	**-**	**0.8**	**0.8**	**-**	**0.8**
	10.7	**0.5**	**0.8**	**12.0**	**$ (7.1)**	**$ 4.9**
Adjustments:						
Accrual adjustment	**5.3**	**-**	**-**	**5.3**		
Spending on capital	**$ 16.0**	**$ 0.5**	**$ 0.8**	**$ 17.3**		

$ millions, for the three months ended March 31						2021
	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	$ 4.6	$ -	$ 0.3	$ 4.9	$ (3.8)	$ 1.1
Intangible asset expenditures[2]	-	-	0.2	0.2	-	0.2
	4.6	-	0.5	5.1	$ (3.8)	$ 1.3
Adjustments:						
Accrual adjustment	-	-	-	-		
Spending on capital	$ 4.6	$ -	$ 0.5	$ 5.1		

(1) Includes property, plant and equipment and intangible asset expenditures of the Oil and Gas and Corporate segments.

(2) Total property, plant and equipment expenditures and total intangible asset expenditures as presented in the Corporation's consolidated statements of cash flow.

Combined free cash flow

The Corporation defines free cash flow for each segment as cash provided (used) by continuing operations for operating activities, less cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets. The Moa Joint Venture and Fort Site segment's free cash flow includes the Fort Site's free cash flow, plus the Corporation's 50% share of the Moa Joint Venture's free cash flow, which is accounted for using the equity method for accounting purposes. The Corporate segment's cash used by continuing operations for operating activities is adjusted to exclude distributions received from Moa Joint Venture.

Combined free cash flow is the aggregate of each segment's free cash flow or the Corporation's consolidated cash provided (used) by continuing operations for operating activities, less consolidated cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets, less distributions received from Moa Joint Venture, plus cash provided (used) by continuing operations for operating activities for the Corporation's 50% share of the Moa Joint Venture, less cash expenditures on property, plant and equipment and intangible assets for the Corporation's 50% share of the Moa Joint Venture. Distributions from the Moa Joint Venture excluded from Corporate cash used by continuing operations for operating activities are included in the Adjustment for Moa Joint Venture to arrive at total cash provided (used) by continuing operations for operating activities per the financial statements.

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 provided (used) by continuing operations for operating activities per the financial statements to combined free cash flow:

$ millions, for the three months ended March 31									**2022**
	Moa JV and Fort Site(1)	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities(2)	**$ 24.2**	**$ (4.3)**	**$ (1.7)**	**$ 8.7**	**$ (3.5)**	**$ (13.1)**	**$ 10.3**	**$ (4.7)**	**$ 5.6**
Less:									
Property, plant and equipment expenditures	**(10.7)**	**-**	**-**	**(0.5)**	**-**	**-**	**(11.2)**	**7.1**	**(4.1)**
Intangible expenditures	**-**	**-**	**(0.8)**	**-**	**-**	**-**	**(0.8)**	**-**	**(0.8)**
Free cash flow	**$ 13.5**	**$ (4.3)**	**$ (2.5)**	**$ 8.2**	**$ (3.5)**	**$ (13.1)**	**$ (1.7)**	**$ 2.4**	**$ 0.7**

$ millions, for the three months ended March 31									2021
	Moa JV and Fort Site(1)	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities(2)	$ 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)

(1) Property, plant and equipment expenditures for the Moa Joint Venture and Fort Site was $7.1 million and $3.6 million, respectively, for the three months ended March 31, 2022 (for the three months ended March 31, 2021 - $3.8 million and $0.8 million, respectively).

(2) Cash provided (used) by continuing operations for operating activities for the Moa Joint Venture and Fort Site was $28.9 million and $(4.7) million, respectively, for the three months ended March 31, 2022 (for the three months ended March 31, 2021 - $33.4 million and $(9.9) million, respectively).

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, 2022, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the quarter ended March 31, 2022, 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.

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 regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture; growing and increasing nickel and cobalt production; extending the Moa life of mine; conversion of mineral resources to reserves; commercializing Technologies projects; growing shareholder value; updating technical reports and optimizing mine planning and performance; statements set out in the "Outlook" section of this MD&A and certain expectations regarding production volumes, operating costs and capital spending; sales volumes; revenue, costs and earnings; supply, demand and pricing outlook in the nickel, cobalt and electric vehicle markets; the impact of COVID-19; Sherritt's strategy, plans, targets and goals in respect of environmental and social governance issues, including climate change and greenhouse gas emissions reduction targets; anticipated payments of outstanding receivables, including re-directed distributions from the Corporation's Moa Joint Venture partner; the impact of the U.S. sanctions on Cuba; anticipated economic conditions in Cuba; the anticipated renewal of a joint venture agreement; sufficiency of working capital and capital project funding; drill plans and results on exploration wells; strengthening the Corporation's capital structure and reducing annual interest expenses; 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; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; the commercialization of certain proprietary technologies and services; advancements in environmental and greenhouse gas (GHG) reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to Environmental, Social and Governance (ESG) matters which are based on assumptions or developing standards; environmental rehabilitation provisions; development and exploration wells and enhanced oil recovery in Cuba; environmental risks and liabilities; compliance with applicable environmental laws and regulations; debt repayments; redemptions and interest deferrals; collection of accounts receivable; availability of regulatory and creditor approvals and waivers; risks related to the U.S. government policy toward Cuba; and certain corporate objectives, goals and plans for 2022. 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 the 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 infectious diseases (including the COVID-19 pandemic), the impact of global conflicts, changes in the global price for nickel, cobalt, oil, 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; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; identification and management of growth opportunities; risk of future non-compliance with debt restrictions and covenants; 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 associated with mining, processing and refining activities; 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; growth opportunity risks; the possibility of equipment and other failures; 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; maintaining the Corporation's social license to grow and operate; risks relating to community relations; credit risks; shortage of equipment and supplies; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; legal contingencies; risks related to the Corporation's accounting policies; 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 2022; and the Corporation's ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents.

The Corporation, together with its Moa Joint Venture, is pursuing a range of growth and expansion opportunities, including without limitation, process technology solutions, development projects, commercial implementation opportunities, life of mine extension opportunities and the conversion of mineral resources to reserves. In addition to the risks noted above, factors that could, alone or in combination, prevent the Corporation from successfully achieving these opportunities may include, without limitation: identifying suitable commercialization and other partners; successfully advancing discussions and successfully concluding applicable agreements with external parties and/or partners; successfully attracting required financing; successfully developing and proving technology required for the potential opportunity; successfully overcoming technical and technological challenges; successful environmental assessment and stakeholder engagement; successfully obtaining intellectual property protection; successfully completing test work and engineering studies, prefeasibility and feasibility studies, piloting, scaling from small scale to large scale production, commissioning, procurement, construction, ramp-up to commercial scale production and completion; and securing regulatory and government approvals. There can be no assurance that any opportunity will be successful, commercially viable, completed on time or on budget, or will generate any meaningful revenues, savings or earnings, as the case may be, for the Corporation. In addition, the Corporation will incur costs in pursuing any particular opportunity, which may be significant. 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 24, 2022 for the period ending December 31, 2021, 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, 2022 and 2021

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statements of comprehensive income (loss)

Unaudited, Canadian $ millions, except per share amounts, for the three months ended March 31	Note		**2022**		2021
Revenue	5	**$**	**34.1**	$	21.9
Cost of sales	6		**(30.5)**		(30.4)
Administrative expenses	6		**(28.0)**		(13.5)
Share of earnings of Moa Joint Venture, net of tax	7		**47.9**		28.1
Earnings from operations and joint venture			**23.5**		6.1
Interest income on financial assets measured at amortized cost	8		**3.8**		3.7
Revaluation of allowances for expected credit losses	8		**(0.3)**		(1.6)
Other financing items	8		**(0.4)**		(0.8)
Financing expense	8		**(9.9)**		(9.1)
Net finance expense			**(6.8)**		(7.8)
Earnings (loss) before income tax			**16.7**		(1.7)
Income tax expense			**(0.3)**		(0.2)
Net earnings (loss) from continuing operations			**16.4**		(1.9)
Loss from discontinued operations, net of tax	9		**(0.7)**		(3.7)
Net earnings (loss) for the period		**$**	**15.7**	$	(5.6)
Other comprehensive loss					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations, net of tax			**(9.7)**		(8.5)
Items that will not be subsequently reclassified to profit or loss:					
Actuarial losses on pension plans, net of tax			**(0.7)**		(0.3)
Other comprehensive loss			**(10.4)**		(8.8)
Total comprehensive income (loss)		**$**	**5.3**	$	(14.4)
Net earnings (loss) from continuing operations per common share:					
Basic and diluted	10	**$**	**0.04**	$	0.00
Net earnings (loss) per common share:					
Basic and diluted	10	**$**	**0.04**	$	(0.01)

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	2022 March 31	2021 December 31
ASSETS			
Current assets			
Cash and cash equivalents	11	**$ 145.5**	$ 145.6
Restricted cash		**1.3**	1.3
Advances, loans receivable and other financial assets	12	**6.3**	18.1
Trade accounts receivable, net	11	**252.4**	190.7
Inventories		**36.1**	30.3
Prepaid expenses		**2.8**	4.0
		444.4	390.0
Non-current assets			
Investment in Moa Joint Venture	7	**663.6**	642.4
Advances, loans receivable and other financial assets	12	**204.1**	190.2
Property, plant and equipment		**137.3**	150.9
Intangible assets		**21.3**	24.3
Other non-financial assets		**-**	0.2
		1,026.3	1,008.0
Total assets		**$ 1,470.7**	$ 1,398.0
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable and accrued liabilities		**$ 232.6**	$ 196.0
Other financial liabilities	13	**44.7**	7.4
Deferred revenue		**29.9**	14.4
Provisions	14	**4.3**	3.2
Income taxes payable		**1.0**	0.9
		312.5	221.9
Non-current liabilities			
Loans and borrowings	13	**449.9**	444.5
Other financial liabilities	13	**21.3**	33.5
Other non-financial liabilities		**7.2**	6.7
Provisions	14	**88.0**	104.8
Deferred income taxes		**1.5**	1.6
		567.9	591.1
Total liabilities		**880.4**	813.0
Shareholders' equity			
Capital stock	18	**2,894.9**	2,894.9
Deficit		**(2,882.8)**	(2,898.5)
Reserves		**233.4**	233.4
Accumulated other comprehensive income		**344.8**	355.2
		590.3	585.0
Total liabilities and shareholders' equity		**$ 1,470.7**	$ 1,398.0

Commitments for expenditures (note 16)

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		2022		2021
Operating activities					
Net earnings (loss) from continuing operations		**$**	**16.4**	$	(1.9)
Add (deduct):					
Depletion, depreciation and amortization	5, 6		**7.3**		9.5
Share-based compensation expense	6		**26.6**		7.1
Share of earnings of Moa Joint Venture, net of tax	7		**(47.9)**		(28.1)
Net finance expense	8		**6.8**		7.8
Income tax expense			**0.3**		0.2
Net change in non-cash working capital	17		**(22.0)**		(3.7)
Interest received			**1.2**		2.2
Interest paid			**(0.5)**		(0.9)
Income tax paid			**(0.2)**		(0.2)
Distributions received from Moa Joint Venture	7		**24.2**		6.3
Share-based compensation payments			**(5.7)**		(1.7)
Other operating items			**(0.9)**		0.4
Cash provided (used) by continuing operations			**5.6**		(3.0)
Cash used by discontinued operations	9		**(0.3)**		(0.1)
Cash provided (used) by operating activities			**5.3**		(3.1)
Investing activities					
Property, plant and equipment expenditures	5		**(4.1)**		(1.1)
Intangible asset expenditures	5		**(0.8)**		(0.2)
Receipts of advances, loans receivable and other financial assets			**0.1**		0.2
Net proceeds from sale of property, plant and equipment			**1.3**		-
Cash used by continuing operations			**(3.5)**		(1.1)
Cash used by investing activities			**(3.5)**		(1.1)
Financing activities					
Repurchase of notes			**-**		(3.3)
Repayment of other financial liabilities			**(0.4)**		(0.2)
Fees paid on debenture exchange			**-**		(0.2)
Cash used by continuing operations			**(0.4)**		(3.7)
Cash used by financing activities			**(0.4)**		(3.7)
Effect of exchange rate changes on cash and cash equivalents			**(1.5)**		(1.2)
Decrease in cash and cash equivalents			**(0.1)**		(9.1)
Cash and cash equivalents at beginning of the period			**145.6**		167.4
Cash and cash equivalents at end of the period	11	**$**	**145.5**	$	158.3

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

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian $ millions

	Capital stock	Deficit	Reserves	Accumulated other comprehensive income (loss)	Total
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**
Total comprehensive loss:					
Net loss for the period	-	(12.8)	-	-	(12.8)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	4.2	4.2
Actuarial gains on pension plans, net of tax	-	-	-	1.1	1.1
	-	(12.8)	-	5.3	(7.5)
Balance as at December 31, 2021	**$ 2,894.9**	**$ (2,898.5)**	**$ 233.4**	**$ 355.2**	**$ 585.0**
Total comprehensive income:					
Net earnings for the period	-	15.7	-	-	15.7
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(9.7)	(9.7)
Actuarial losses on pension plans, net of tax	-	-	-	(0.7)	(0.7)
	-	15.7	-	(10.4)	5.3
Balance as at March 31, 2022	**$ 2,894.9**	**$ (2,882.8)**	**$ 233.4**	**$ 344.8**	**$ 590.3**

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 headquartered in Toronto, Ontario and is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt–metals essential for an electric future. Its Technologies Group creates innovative, proprietary solutions for natural resource-based industries around the world to improve environmental performance and increase economic value. The Corporation has embarked on a near-term, multi-pronged growth strategy focused on expanding nickel and cobalt production by up to 20% from 2021 and extending the life of mine at Moa beyond 2040. The Corporation is also the largest independent energy producer in Cuba. The common shares of the Corporation are listed on the Toronto Stock Exchange, trading under the symbol "S".

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 May 11, 2022.

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, ESTIMATES AND JUDGMENTS

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, 2021.

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, 2021.

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021.

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, amounts received from selling items produced while preparing the asset for its intended will be recognized as revenue and the related cost of sales in the condensed consolidated statements of comprehensive income (loss).

The amendments apply for annual periods beginning on or after January 1, 2022. Effective January 1, 2022, the Corporation adopted these requirements. The application of this amendment did not have an impact on the Corporation's condensed consolidated financial statements.

Accounting pronouncements issued but not yet effective

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

5. SEGMENTED INFORMATION

Canadian $ millions, for the three months ended March 31	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Tech-nologies	Corporate	Adjustments for Moa Joint Venture	2022 Total
Revenue[2]	$ 185.6	$ 2.0	$ 5.0	$ 9.0	$ 0.3	$ 0.3	$ (168.1)	$ 34.1
Cost of sales	(116.0)	(2.6)	(2.4)	(6.0)	(4.3)	-	100.8	(30.5)
Administrative expenses	(1.9)	-	(1.0)	(2.5)	-	(23.9)	1.3	(28.0)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	-	-	47.9	47.9
Earnings (loss) from operations and joint venture	67.7	(0.6)	1.6	0.5	(4.0)	(23.6)	(18.1)	23.5
Interest income on financial assets measured at amortized cost								3.8
Revaluation of allowances for expected credit losses								(0.3)
Other financing items								(0.4)
Financing expense								(9.9)
Net finance expense								(6.8)
Earnings before income tax								16.7
Income tax expense								(0.3)
Net earnings from continuing operations								16.4
Loss from discontinued operations, net of tax								(0.7)
Net earnings for the period								$ 15.7

Supplementary information								
Depletion, depreciation and amortization	$ 13.5	$ -	$ 0.5	$ 3.9	$ -	$ 0.3	$ (10.9)	$ 7.3
Property, plant and equipment expenditures	10.7	-	-	0.5	-	-	(7.1)	4.1
Intangible asset expenditures	-	-	0.8	-	-	-	-	0.8

Canadian $ millions, as at March 31								2022
Non-current assets[3]	$ 602.2	$ 0.5	$ 8.4	$ 19.6	$ 0.9	$ 6.8	$ (479.8)	$ 158.6
Total assets	968.3	178.4	51.0	339.0	1.1	57.9	(125.0)	1,470.7

Canadian $ millions, for the three months ended March 31	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Tech-nologies	Corporate	Adjustments for Moa Joint Venture	2021 Total
Revenue[2]	$ 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 December 31								2021
Non-current assets[3]	$ 626.9	$ 0.5	$ 12.5	$ 19.2	$ 0.9	$ 7.1	$ (491.9)	$ 175.2
Total assets	943.3	125.4	53.1	322.5	1.1	68.2	(115.6)	1,398.0

(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) 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, 2022 ($0.7 million for the three months ended March 31, 2021).

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

Disaggregation of revenue by product and service 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	2022 Total revenue	2021 Total revenue
Fertilizer[(1)]	$ 18.2	$ 7.0
Oil and gas product revenue	-	6.8
Oil and gas service revenue	5.0	-
Power generation[(2)]	7.5	5.2
Other	3.4	2.9
	$ 34.1	$ 21.9

(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, 2021, 36% of fertilizer revenue was recognized in the second quarter, 37% was recognized in the fourth quarter and the remaining 27% was recognized in the first and third quarters combined. Revenue from other product and service types is recognized more evenly throughout the year.

(2) Included in power generation revenue for the three months ended March 31, 2022 is $5.8 million of revenue from service concession arrangements ($4.3 million for the three months ended March 31, 2021).

6. EXPENSES

Cost of sales includes the following:

Canadian $ millions, for the three months ended March 31	2022	2021
Employee costs	$ 16.1	$ 14.1
Severance	0.4	0.3
Depletion, depreciation and amortization of property, plant and equipment and intangible assets	6.9	9.1
Raw materials and consumables	20.0	14.1
Repairs and maintenance	10.3	10.5
Shipping and treatment costs	0.4	0.4
Share-based compensation expense	3.5	1.2
Changes in inventories and other	(27.1)	(19.3)
	$ 30.5	$ 30.4

Administrative expenses include the following:

Canadian $ millions, for the three months ended March 31	2022	2021
Employee costs	$ 4.7	$ 6.0
Severance	0.1	0.1
Depreciation	0.4	0.4
Share-based compensation expense	23.1	5.9
Consulting services and audit fees	0.7	0.7
Other	(1.0)	0.4
	$ 28.0	$ 13.5

7. JOINT ARRANGEMENTS

Investment in Moa Joint Venture

During the three months ended March 31, 2022, the Moa Joint Venture paid distributions of $48.3 million, of which $24.2 million was paid to the Corporation representing its 50% ownership interest ($12.5 million and $6.3 million, respectively, for the three months ended March 31, 2021). Of the $48.3 million in distributions paid by the Moa Joint Venture, $35.6 million was in the form of dividends and $12.7 million was in the form of advances repayable to the Moa Joint Venture until declared as dividends ($12.5 million and nil, respectively, for the three months ended March 31, 2021).

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	**2022 March 31**	2021 December 31
Assets		
Cash and cash equivalents	**$ 50.8**	$ 48.9
Other current assets	**30.6**	14.0
Trade accounts receivable, net	**177.3**	153.4
Inventories	**347.4**	303.7
Other non-current assets	**12.2**	12.4
Property, plant and equipment	**1,041.7**	1,067.6
Total assets	**1,660.0**	1,600.0
Liabilities		
Trade accounts payable and accrued liabilities	**78.0**	64.1
Income taxes payable	**29.9**	13.2
Other current financial liabilities	**0.2**	0.2
Loans and borrowings	**26.5**	21.3
Environmental rehabilitation provisions	**88.2**	105.5
Other non-current financial liabilities	**4.7**	4.9
Deferred income taxes	**23.0**	22.4
Total liabilities	**250.5**	231.6
Net assets of Moa Joint Venture	**$ 1,409.5**	$ 1,368.4
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**704.8**	684.2
Intercompany capitalized interest elimination	**(41.2)**	(41.8)
Investment in Moa Joint Venture	**$ 663.6**	$ 642.4

Statements of comprehensive income (loss)

Canadian $ millions, 100% basis, for the three months ended March 31	**2022**	2021
Revenue	**$ 336.2**	$ 239.5
Cost of sales(1)	**(201.5)**	(174.3)
Administrative expenses	**(2.6)**	(2.3)
Earnings from operations	**132.1**	62.9
Financing income	**0.1**	0.1
Financing expense	**(6.7)**	2.7
Net finance (expense) income	**(6.6)**	2.8
Earnings before income tax	**125.5**	65.7
Income tax expense(2)	**(31.7)**	(11.3)
Net earnings and comprehensive income of Moa Joint Venture	**$ 93.8**	$ 54.4
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**46.9**	27.2
Intercompany elimination	**1.0**	0.9
Share of earnings of Moa Joint Venture, net of tax	**$ 47.9**	$ 28.1

(1) Included in cost of sales for the three months ended March 31, 2022 is depreciation and amortization of $21.8 million ($22.5 million for the three months ended March 31, 2021).

(2) Income taxes in Cuba are paid in the following quarter subsequent to period end.

Joint operation

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

Canadian $ millions, 33⅓% basis, as at	2022 March 31	2021 December 31
Current assets[1]	$ 105.4	$ 97.8
Non-current assets	13.8	16.8
Current liabilities	3.4	6.3
Non-current liabilities	105.2	98.1
Net assets	$ 10.6	$ 10.2

(1) Included in current assets is $81.0 million of cash and cash equivalents (December 31, 2021 - $78.9 million).

Canadian $ millions, 33⅓% basis, for the three months ended March 31	2022	2021
Revenue	$ 9.0	$ 5.9
Expenses	(8.5)	(8.8)
Net earnings (loss)	$ 0.5	$ (2.9)

8. NET FINANCE EXPENSE

Canadian $ millions, for the three months ended March 31	Note	2022	2021
Interest income on trade accounts receivable, net		$ 0.2	$ 0.1
Interest income on advances and loans receivable		3.6	3.6
Interest income on financial assets measured at amortized cost		3.8	3.7
Revaluation of allowances for expected credit losses on trade accounts receivable, net		(0.3)	(1.6)
Revaluation of allowances for expected credit losses		(0.3)	(1.6)
Revaluation of cobalt-linked warrants		-	0.2
Unrealized gain (loss) on commodity put options		0.9	(0.6)
Realized loss on commodity put options		(0.9)	-
Gain on repurchase of notes		-	1.3
Other interest income and losses on financial instruments		(0.4)	(1.7)
Other financing items		(0.4)	(0.8)
Interest expense and accretion on loans and borrowings		(10.6)	(10.4)
Unrealized foreign exchange gain		1.1	2.6
Realized foreign exchange loss		-	(0.6)
Other interest expense and finance charges		(0.3)	(0.6)
Accretion expense on environmental rehabilitation provisions	14	(0.1)	(0.1)
Financing expense		(9.9)	(9.1)
Net finance expense		$ (6.8)	$ (7.8)

9. 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		2022		2021
Loss from discontinued operations, net of tax - Ambatovy Joint Venture		**$**	**(0.2)**	$	(0.3)
Loss from discontinued operations, net of tax - Other discontinued operations	14		**(0.5)**		(3.4)
Loss from discontinued operations, net of tax		**$**	**(0.7)**	$	(3.7)

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").

During the year ended December 31, 2021, Sherritt ceased being the operator of the Ambatovy Joint Venture.

The loss on disposal of the Ambatovy Joint Venture Interests, net of tax, for the three months ended March 31, 2022 of $0.2 million relates to transaction and other closing costs ($0.3 million for the three months ended March 31, 2021).

The Corporation's condensed consolidated statements of cash flow include cash used by discontinued operations. Included in cash used by discontinued operations are cash transaction costs related to the exchange of the Ambatovy Joint Venture Interests of $0.2 million for the three months ended March 31, 2022 ($0.1 million for the three months ended March 31, 2021).

Other discontinued operations

For the three months ended March 31, 2022, the Corporation recognized $0.5 million of losses from discontinued operations, net of tax as a result of revisions to the estimated future costs of provisions retained by the Corporation (note 14) ($3.4 million for the three months ended March 31, 2021). Cash used by discontinued operations includes payments of $0.1 million made in respect of one of the provisions during the three months ended March 31, 2022 (note 14) (negligible payments in cash used by discontinued operations for the three months ended March 31, 2021).

10. EARNINGS (LOSS) PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars, for the three months ended March 31		2022		2021
Net earnings (loss) from continuing operations	**$**	**16.4**	$	(1.9)
Loss from discontinued operations, net of tax		**(0.7)**		(3.7)
Net earnings (loss) for the period - basic and diluted	**$**	**15.7**	$	(5.6)
Weighted-average number of common shares - basic and diluted[(1)]		**397.3**		397.3
Net earnings (loss) from continuing operations per common share:				
Basic and diluted	**$**	**0.04**	$	0.00
Loss from discontinued operations, net of tax, per common share:				
Basic and diluted	**$**	**0.00**	$	(0.01)
Net earnings (loss) per common share:				
Basic and diluted	**$**	**0.04**	$	(0.01)

(1) The determination of the weighted-average number of common shares - diluted excludes 2.7 million shares related to stock options and nil shares related to the warrants from the 2016 debenture extension that were anti-dilutive for the three months ended March 31, 2022 (8.6 million and 10.4 million, respectively, for the three months ended March 31, 2021).

11. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents consist of:

Canadian $ millions, as at		2022 March 31		2021 December 31
Cash equivalents	**$**	**16.1**	$	16.1
Cash held in banks		**129.4**		129.5
	$	**145.5**	$	145.6

Cash and cash equivalents of the Corporation and its wholly-owned subsidiaries held in Canada was $50.4 million as at March 31, 2022 (December 31, 2021 - $64.2 million).

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 $94.6 million as at March 31, 2022 (December 31, 2021 - $80.6 million).

As at March 31, 2022, $81.0 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2021 - $78.9 million). These funds are for use locally by the joint operation and will be transferred to the Corporation upon foreign exchange approval.

Fair value measurement

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

Canadian $ millions, as at	Note			2022 March 31				2021 December 31
		Hierarchy level		**Carrying value**		**Fair value**		Carrying value		Fair value
Liabilities:								
8.50% second lien secured notes due 2026[1]	13	1	**$**	**355.4**	**$**	**231.3**	$	354.5	$	196.3
10.75% unsecured PIK option notes due 2029[1]	13	1		**87.0**		**33.9**		82.6		28.9

(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

Canadian $ millions, as at		2022 March 31		2021 December 31
Trade accounts receivable	**$**	**241.2**	$	174.0
Allowance for expected credit losses		**(21.8)**		(21.8)
Accounts receivable from Moa Joint Venture		**17.5**		18.2
Other		**15.5**		20.3
	$	**252.4**	$	190.7

Aging of trade accounts receivable, net

Canadian $ millions, as at		2022 March 31		2021 December 31
Not past due	**$**	**219.7**	$	152.1
Past due no more than 30 days		**3.3**		4.7
Past due for more than 30 days but no more than 60 days		**0.2**		8.5
Past due for more than 60 days		**29.2**		25.4
	$	**252.4**	$	190.7

12. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at		**2022 March 31**		2021 December 31
Advances and loans receivable				
Energas conditional sales agreement	**$**	**206.9**	$	204.7
Other financial assets				
Finance lease receivables		**3.5**		3.6
		210.4		208.3
Current portion of advances, loans receivable and other financial assets(1)		**(6.3)**		(18.1)
Non-current portion of advances, loans receivable and other financial assets	**$**	**204.1**	$	190.2

(1) Included in the current portion of advances, loans receivable and other financial assets is the Energas conditional sales agreement of $5.4 million (December 31, 2021 - $17.3 million).

13. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

Canadian $ millions	Note		As at 2021 December 31		For the three months ended March 31, 2022 Non-cash changes Other		**As at 2022 March 31**
8.50% second lien secured notes due 2026	11	$	354.5	**$**	**0.9**	**$**	**355.4**
10.75% unsecured PIK option notes due 2029	11		82.6		**4.4**		**87.0**
Syndicated revolving-term credit facility			7.4		**0.1**		**7.5**
		$	444.5	**$**	**5.4**	**$**	**449.9**
Current portion of loans and borrowings			-				**-**
Non-current portion of loans and borrowings		$	444.5			**$**	**449.9**

8.50% second lien secured notes due 2026

As at March 31, 2022, the outstanding principal amount of the 8.50% second lien secured notes due 2026 is $350.5 million.

Other non-cash changes on the 8.50% second lien secured notes due 2026 consists 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.

The indenture governing the Second Lien Notes (the "Second Lien Notes Indenture") requires mandatory redemptions from excess cash (subject to the minimum liquidity condition noted below and the other terms and conditions set forth in the Second Lien Notes Indenture) annually on the interest payment dates in April and October. The mandatory excess cash flow redemption provision is in effect beginning with the two-quarter period ending June 30, 2021 and mandatory redemptions are based on excess cash flow (a measure calculated based on cash provided by (used in) operating activities excluding Energas, less sustaining property, plant and equipment expenditures excluding Energas, plus all cash distributed by Energas to the Corporation held in Canada), which mandatory redemption shall be required to be made only to the extent the Corporation has minimum liquidity (a measure calculated based on cash held in Canada by wholly-owned guarantors of the Second Lien Notes, less outstanding principal of the syndicated revolving-term credit facility, plus any cash used to repurchase unsecured PIK option notes or Second Lien Notes in the relevant two-quarter period) as at the interest payment dates of $75.0 million calculated in accordance with the Second Lien Notes Indenture before and after such redemption.

Subsequent to period end, on May 2, 2022, the Corporation paid interest of $14.9 million on the 8.50% second lien secured notes due 2026 and did not make any mandatory redemptions as the conditions pursuant to the provisions of the indenture agreement were not met.

10.75% unsecured PIK option notes due 2029

During the three months ended March 31, 2022, the Corporation elected not to pay cash interest due in January of $4.4 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, 2022, the outstanding principal amount of the 10.75% unsecured PIK option notes due 2029 is $87.0 million.

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

Syndicated revolving-term credit facility

As at March 31, 2022, the outstanding principal amount of the syndicated revolving-term credit facility is $8.0 million.

Other non-cash changes on the syndicated revolving-term credit facility consists of accretion.

Other financial liabilities

Canadian $ millions, as at		**2022 March 31**		2021 December 31
Lease liabilities	**$**	**13.7**	$	14.2
Share-based compensation liability		**44.5**		22.8
Other financial liabilities		**7.8**		3.9
		66.0		40.9
Current portion of other financial liabilities		**(44.7)**		(7.4)
Non-current portion of other financial liabilities	**$**	**21.3**	$	33.5

14. PROVISIONS

Canadian $ millions, as at	Note		**2022 March 31**		2021 December 31
Environmental rehabilitation provisions		**$**	**87.7**	$	103.8
Other provisions	9		**4.6**		4.2
			92.3		108.0
Current portion of provisions			**(4.3)**		(3.2)
Non-current portion of provisions		**$**	**88.0**	$	104.8

Environmental rehabilitation provisions

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian $ millions	Note		**For the three months ended 2022 March 31**		For the year ended 2021 December 31
Balance, beginning of the period		**$**	**103.8**	$	109.9
Change in estimates			**(14.0)**		0.1
Gain on settlement of environmental rehabilitation provisions			**(0.1)**		(1.2)
Utilized during the period			**(0.2)**		(1.1)
Accretion	8		**0.1**		0.3
Effect of movement in exchange rates			**(1.9)**		(4.2)
Balance, end of the period		**$**	**87.7**	$	103.8

Other provisions

The following is a reconciliation of other provisions:

Canadian $ millions	Note	For the three months ended 2022 March 31	For the year ended 2021 December 31
Balance, beginning of the period		**$ 4.2**	$ 2.2
Change in estimates	9	**0.5**	4.1
Utilized during the period	9	**(0.1)**	(2.1)
Balance, end of the period		**$ 4.6**	$ 4.2

15. SHARE-BASED COMPENSATION PLANS

Cash-settled share-based compensation plans

Restricted Share Units (RSUs)

In February 2022, 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, 2022 was 5,044,633 (5,077,431 during the three months ended March 31, 2021).

Performance Share Units (PSUs)

In February 2022, 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 a benchmark metals and mining index (a market condition); and (ii) certain specified internal measures related to achieving strategic objectives and unit cost of production compared to budget (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, 2022 was 5,044,633 (5,077,431 during the three months ended March 31, 2021).

16. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at March 31	2022
Property, plant and equipment commitments	**$ 8.8**
Moa Joint Venture:	
Property, plant and equipment commitments[(1)]	**22.4**

(1) The Moa Joint Venture's property, plant and equipment commitments are non-recourse to the Corporation.

17. SUPPLEMENTAL CASH FLOW INFORMATION

Working capital is defined as the Corporation's current assets less current liabilities and was $131.9 million as at March 31, 2022 ($168.1 million - December 31, 2021).

Net change in non-cash working capital

Net change in non-cash working capital includes the following:

Canadian $ millions, for the three months ended March 31		2022		2021
Trade accounts receivable, net	$	(65.2)	$	(36.2)
Inventories		(5.5)		(6.1)
Prepaid expenses		1.3		1.5
Trade accounts payable and accrued liabilities		32.0		11.4
Deferred revenue		15.4		25.7
	$	(22.0)	$	(3.7)

18. 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 2022 March 31			For the year ended 2021 December 31
	Number		Capital stock	Number		Capital stock
Balance, beginning of the period	397,288,680	$	2,894.9	397,284,652	$	2,894.9
Warrants exercised - 2016 debenture extension	-		-	4,028		-
Balance, end of the period	**397,288,680**	**$**	**2,894.9**	397,288,680	$	2,894.9

During the year ended December 31, 2021, the 2016 debenture warrants expired and nil warrants were outstanding as at March 31, 2022 (December 31, 2021 – nil).

19. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Russian invasion of Ukraine

During the three months ended March 31, 2022, the Russian invasion of Ukraine and ensuing global sanctions imposed on Russia did not have a material adverse impact on the Corporation. The Russian invasion of Ukraine could have a material impact on the Corporation's financial position, performance and cash flows in future periods and the full extent of the impact cannot be reasonably estimated at this time.

COVID-19 and Cuba 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, supply chain delays or disruptions, 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.

The Corporation continues to monitor the impact of the COVID-19 pandemic, including the impact on economic activities in Canada, Cuba and globally. During the three months ended March 31, 2022 and March 31, 2021, the Corporation took a number of measures to safeguard the health of its employees and their local communities while continuing to operate safely and responsibly. Government-ordered restrictions resulted in health and safety measures being put in place at operations in Canada and Cuba.

Operations at these sites continued during the three months ended March 31, 2022 and March 31, 2021, with COVID-19 having a limited impact on mining and refining activities and no material impact on finished nickel and cobalt production at the Moa Joint Venture and Fort Site during the three months ended March 31, 2022 and March 31, 2021.

During the three months ended March 31, 2022, Cuba continued to experience hardships as a result of the impact of COVID-19 and continued U.S. sanctions, impacting the country's tourism and other industries and hampering the country's foreign currency liquidity. The foregoing may contribute to increased political, economic and related risks to the Corporation. See the discussion of risks associated with COVID-19 in "Risk Factors – Liquidity and Access to Capital" and "Risk Factors – Political, Economic and Other Risks of Foreign Operations" in the Corporation's Annual Information Form.

The timing and amount of receipts of Cuban energy payments were negatively impacted during the three months ended March 31, 2022, as they are dependent upon Cuba's economy, which has been impacted by restrictions on tourism as a result of COVID-19, as well as U.S. sanctions limiting Cuba's access to foreign currency and Cuban currency unification. The uncertainty on the timing and amount of receipts of Cuban energy payments impacts judgments made by the Corporation, including those relating to determining the collection and carrying values of Cuban trade accounts receivable for the Oil and Gas and Power segments (note 11), and the Energas conditional sales agreement (note 12), in addition to the recoverable values of the Corporation's non-current non-financial assets in Cuba. The carrying values of trade accounts receivable for the Oil and Gas and Power segments and the Energas conditional sales agreement within the Corporation's condensed consolidated statements of financial position reflect the Corporation's exposure to credit risk. The net carrying value represents the Corporation's best estimate of amounts collectible as at the reporting date.

As a result of the COVID-19 pandemic, the Corporation's financial position, performance and cash flows could be impacted by COVID-19 and the full extent of the impact cannot be reasonably estimated at this time. For the three months ended March 31, 2022 and March 31, 2021, there have been no significant impacts from COVID-19 on the Corporation, other than the items described above.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. Liquidity risk arises from the Corporation's financial obligations and in the management of its assets, liabilities and capital structure. The Corporation manages this risk by regularly evaluating its liquid financial resources to fund current and non-current obligations and to meet its capital commitments in a cost-effective manner.

The main factors that affect liquidity include realized sales prices, collection of receivables, production levels, cash production costs, working capital requirements, capital expenditure requirements, repayments of non-current loans and borrowing obligations, credit capacity and debt and equity capital market conditions.

The Corporation's liquidity requirements are met through a variety of sources, including cash and cash equivalents, cash generated from operations, existing credit facilities, leases, derivatives and debt and equity capital markets.

Capital risk management

The Corporation's objectives when managing capital are to maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations throughout the various resource cycles with sufficient capital and capacity to manage unforeseen operational and industry developments and to ensure the Corporation has the capital and capacity to allow for business growth opportunities and/or to support the growth of its existing businesses.

Subject to the limitations within the indenture and revolving credit agreements, in order to maintain or adjust its capital structure, the Corporation may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, repay outstanding debt, issue new debt (unsecured, convertible and/or other types of available debt instruments), refinance existing debt with different characteristics, acquire or dispose of assets or adjust the amount of cash and short-term investment balances.

20. RELATED PARTY TRANSACTIONS

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

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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