sherritt

Q1

2023 FIRST QUARTER REPORT

Sherritt International Corporation

For the three months ended March 31, 2023

For immediate release

Sherritt Reports Q1 Results and Successful Implementation of the Cobalt Swap

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Toronto – May 10, 2023 – Sherritt International Corporation ("Sherritt", the "Corporation") (TSX: S), a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition, today reported its financial results for the three months ended March 31, 2023. All amounts are in Canadian currency unless otherwise noted.

"We are pleased with our continued accomplishments in the first quarter of this year," said Leon Binedell, President and CEO of Sherritt International. "The effectiveness of the Cobalt Swap was proven with almost 75% of cobalt volume for the year received to date. We expect to receive the entire US$114 million through cobalt and cash distributions by mid-year, and all cash receipts from the sale of cobalt distributions to be received before the end of the year."

Mr. Binedell continued, "In addition, we published our NI 43-101 Technical Report for the Moa JV which more than doubles reserves and extends the life of mine to 26 years. This technical report underpins and validates our long-term strategy for producing low cost, high purity nickel and cobalt."

SELECTED Q1 2023 DEVELOPMENTS

- Net earnings from continuing operations was $13.6 million, or $0.03 per share in Q1 2023, compared to net earnings from continuing operation of $16.4 million, or $0.04 per share, in Q1 2022.
- Adjusted EBITDA(1) in the quarter was $40 million compared to $59 million in Q1 2022.
- In accordance with the Cobalt Swap:
  - The Moa JV distributed 1,280 tonnes (100% basis) of the 2,082 annual maximum volume (61%) of finished cobalt with an in-kind value of $58 million (100% basis);
  - GNC's 50% share of the distribution ($29 million) was redirected to Sherritt to settle the GNC receivable;
  - Sherritt sold 696 tonnes, $30 million, of cobalt to third parties during the quarter; and
  - Sherritt received $19 million in cash from the sale of cobalt.
- Filed a National Instrument 43-101 technical report for the Moa JV which indicates that current reserves estimates are sufficient to extend the life of mine to 2048 with an after-tax NPV (8%) of US$1.5 billion (100% basis) in the alternative case based on recent analyst nickel, cobalt and input commodity price forecasts.
- Sherritt's share of finished nickel and cobalt production at the Moa Joint Venture (Moa JV) was 3,483 tonnes and 367 tonnes, 10% and 18% lower, respectively, than the prior year quarter.
- Net direct cash cost (NDCC)(1) was US$6.46/lb in Q1 2023 compared to US$3.42/lb in Q1 2022 primarily due to materially lower realized cobalt prices, placing Sherritt in the second cost quartile for HPAL nickel producers.
- Power production increased 15% to 158 GWh compared to Q1 2022 as a result of additional gas supply.

(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

- Successfully completed the drilling and testing of a new gas well for CUPET in the Puerto Escondido field in Cuba and commenced drilling on a second well. The additional gas will be provided to Energas for use in power production starting in Q2.
- In accordance with the Cobalt Swap, subsequent to quarter-end:
  - The Moa JV distributed an additional 240 tonnes of cobalt (100% basis) with an in-kind value of $9 million;
  - GNC's 50% share of the distribution ($5 million) was redirected to Sherritt to settle the GNC receivable;
  - Sherritt sold 152 tonnes, $7 million, of cobalt to third-parties; and
  - Sherritt received $13 million in cash from the sale of cobalt.

Q1 2023 FINANCIAL HIGHLIGHTS

$ millions, except as otherwise noted, for the three months ended March 31	2023	2022	Change
Revenue	$ **58.6**	$ 34.1	72%
Combined revenue(1)	**189.5**	202.2	(6%)
Earnings from operations and joint venture	**21.6**	23.5	(8%)
Net earnings from continuing operations	**13.6**	16.4	(17%)
Net earnings	**13.3**	15.7	(15%)
Adjusted EBITDA(1)	**39.9**	58.5	(32%)
Adjusted earnings from continuing operations(1)	**12.7**	14.7	(14%)
Net earnings from continuing operations ($ per share) (basic and diluted)	**0.03**	0.04	(25%)
Cash provided by continuing operations for operating activities	**9.8**	5.6	75%
Combined free cash flow(1)	**58.6**	(1.7)	nm(2)
Average exchange rate (CAD/US$)	**1.353**	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.
(2) Not meaningful (nm).

$ millions, as at	2023 March 31	2022 December 31	Change
Cash and cash equivalents			
Canada	$ **45.4**	$ 20.3	124%
Cuba(1)	**92.7**	101.7	(9%)
Other	**0.2**	1.9	(89%)
	138.3	123.9	12%
Loans and borrowings	**370.3**	350.9	6%
The Corporation's share of cash and cash equivalents in the Moa Joint Venture, not included in the above balances:	$ **43.0**	$ 21.8	97%

(1) As at March 31, 2023, $88.9 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2022 - $96.7 million).

Cash and cash equivalents as at March 31, 2023 were $138.3 million, up from $123.9 million at December 31, 2022. During Q1 2023, Sherritt received $18.8 million in cash from the sale of cobalt to third-parties (Cobalt Swap); generated $15.7 million from the Fort Site primarily due to strong fertilizer pre-sales, offset by a $24.4 million payment for share-based compensation. In addition, Energas paid $6 million (33⅓% basis) to GNC, in Cuban pesos, in accordance with the Cobalt Swap. During the quarter, Sherritt drew $18.0 million on its revolving credit facility.

Of the $138.3 million of cash and cash equivalents, $45.4 million was held in Canada, including cash received under the Cobalt Swap. The remaining amounts were held in Cuba and other countries.

Subsequent to the quarter-end, Sherritt paid $9.4 million in interest on its second lien notes. At the interest payment date, the Corporation was not required to make a mandatory redemption of second lien notes as it did not meet the minimum liquidity threshold as defined in the indenture agreement.

REVIEW OF OPERATIONS

Reportable segment update

As a result of the Cobalt Swap transaction, effective January 1, 2023, the former “Moa JV and Fort Site” reportable segment and the “Metals Other” reportable segment were combined into one new “Metals” segment, reflecting the Corporation’s 50% interest in the operations of the Moa Joint Venture, its 100% interest in the utility and fertilizer operations (Fort Site), and the 100% interest in subsidiaries established to market and sell Moa Joint Venture’s nickel and cobalt production and the Corporation’s cobalt inventory received under the Cobalt Swap (Metals Marketing). Information for the prior period was restated for comparative purposes to reflect the new Metals reportable segment.

Metals

$ millions, except as otherwise noted, for the three months ended March 31		2023		2022	Change
FINANCIAL HIGHLIGHTS[1]					
Revenue[1]	**$**	**176.5**	$	187.6	(6%)
Cost of sales[1]		**144.5**		118.6	22%
Earnings from operations		**31.0**		67.1	(54%)
Adjusted EBITDA[2]		**44.5**		80.6	(45%)
CASH FLOW[1]					
Cash provided by continuing operations for operating activities	**$**	**92.4**	$	19.9	364%
Free cash flow[2]		**82.8**		9.2	800%
PRODUCTION VOLUMES (tonnes)					
Mixed Sulphides		**3,750**		4,126	(9%)
Finished Nickel		**3,483**		3,875	(10%)
Finished Cobalt		**367**		446	(18%)
Fertilizer		**57,991**		63,088	(8%)
NICKEL RECOVERY[3] (%)		**88%**		89%	(1%)
SALES VOLUMES (tonnes)					
Finished Nickel		**3,344**		3,758	(11%)
Finished Cobalt		**731**		398	84%
Fertilizer		**29,879**		31,439	(5%)
AVERAGE-REFERENCE PRICES (US$ per pound)					
Nickel	**$**	**11.77**	$	11.97	(2%)
Cobalt[4]		**17.56**		35.90	(51%)
AVERAGE REALIZED PRICE (CAD)[2]					
Nickel ($ per pound)	**$**	**16.47**	$	14.85	11%
Cobalt ($ per pound)		**19.11**		41.66	(54%)
Fertilizer ($ per tonne)		**566.93**		654.55	(13%)
UNIT OPERATING COSTS[2] (US$ per pound)					
Nickel - net direct cash cost	**$**	**6.46**	$	3.42	89%
SPENDING ON CAPITAL[2]					
Sustaining	**$**	**5.9**	$	15.7	(62%)
Expansion		**3.7**		0.3	nm[5]
		9.6		16.0	(40%)

(1) The Financial Highlights, and cash flow amounts for Metals combine the operations of the Moa JV, Fort Site and Metals Marketing. Breakdowns of revenue, Adjusted EBITDA, and the components of free cash flow (cash provided (used) by continuing operations for operating activities and Property, plant and equipment expenditures) for each of these operations are included in the Combined Revenue, Adjusted EBITDA and Free cash flow reconciliations, respectively, 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) Average standard-grade cobalt price published per Argus.

(5) nm = not meaningful

Metals revenue in Q1 2023 of $176.5 million was down 6% from $187.6 million in the same period last year. Approximately $15 million of cobalt revenue in Q1 2023 is attributable to the additional cobalt received and sold by Sherritt pursuant to the Cobalt Swap. Excluding the impact of the additional Cobalt Swap volume sold, total revenue was 14% lower primarily due to materially lower cobalt average-realized prices(1). Fertilizer revenue was 18% lower as a result of lower volume and average-realized price. Nickel revenue was relatively unchanged as the higher average-realized prices offset lower sales volume.

In Q1 2023 the average-realized prices for nickel and cobalt were $16.47/lb and $19.11/lb, 11% higher and 54% lower, respectively, compared to the same period in the prior year. Nickel sold at a slight premium to the reference price, while cobalt prices continued to reflect near-term softness in the market. Both nickel and cobalt average-realized prices benefited from a weaker Canadian dollar relative to the U.S. dollar.

Mixed sulphides production at the Moa JV in Q1 2023 was 3,750 tonnes, down 9% from the 4,126 tonnes produced in Q1 2022. The variance was primarily related to lower ore grade and unplanned leach train maintenance due to feed characteristics. As the Moa JV continues to advance mine development to new ore bodies in 2023, some of the operational challenges related to feed characteristics in Q1 will be reduced.

Sherritt's share of finished nickel and cobalt production in Q1 2023 totaled 3,483 tonnes and 367 tonnes, 10% and 18% lower than amounts produced in Q1 2022, respectively. Q1 2023 finished production was impacted by lower mixed sulphide feed availability at the refinery.

Fertilizer production for the three months ended March 31, 2023 was 8% lower compared to Q1 2022, in line with metals production.

NDCC(1) per pound of nickel sold increased to US$6.46/lb in Q1 2023 from US$3.42/lb in Q1 2022 placing Sherritt in the second cost quartile for HPAL nickel producers. The higher NDCC was primarily due to materially lower cobalt prices, higher MPR costs, and lower net fertilizer by-product credits. Higher MPR costs primarily relate to higher opening inventory costs, lower production volumes, and higher diesel prices. Input commodity prices were lower in Q1 2023 compared to Q4 2022 and are expected to remain lower than 2022 throughout the current year. The impact of the Cobalt Swap on NDCC was not significant.

Sustaining spending on capital(1) in Q1 2023 was $5.9 million, down by 62% from $15.7 million in Q1 2022 primarily due to timing of spending at both the Moa JV and Fort Site including the receipt of mining equipment in Moa in the prior year.

Growth spending on capital, which represents spending on the Joint Venture's expansion program, was $3.7 million, most of which was related to spending on the slurry preparation plant (SPP).

The increase in free cash flow(1) resulted in higher ending cash balances at the Moa JV in Q1 2023 as cash distributions to shareholders will not occur until the annual maximum cobalt volume distribution under the Cobalt Swap has been met. Cobalt Swap and normal course cash distributions are expected to commence mid-year 2023.

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

Moa JV expansion program update

Progress for the expansion program in Q1 2023 included:

Slurry Preparation Plant:

The SPP construction continues to progress and remains on budget and on time for expected completion in early 2024;

- structural steel is 80% erected and field assembly of major equipment is near completion with piping, electrical and instrumentation installation to commence in May; and
- the slurry and water return pipelines are 25% complete and are expected to be finished in Q4 2023.

Processing Plant:

The processing plant expansion is progressing on schedule for an expected year end-2024 completion;

- the Joint Venture received approval of the feasibility study from the Cuban authorities in Q1 for the Moa processing plant expansion;
- all significant contracts for long lead items for the Sixth Leach Train have been awarded or are in the process of being awarded and a detail project execution schedule is being finalized;

- engineering for the Fifth Sulphide Precipitation Train is ongoing and will be completed in Q2 2023; and
- preliminary engineering has been completed on the acid storage tanks and currently awaiting Cuban authorities' approval to construct.

Moa JV Life of mine/Updated NI 43-101 Technical Report

On March 31, 2023, Sherritt filed an updated National Instrument 43-101 Technical Report for the Moa Joint Venture indicating that current reserves are estimated to support a 26-year life of mine. Other highlights include:

- Proven and Probable reserves increased to 1,182 kt of nickel and 144 kt of cobalt, an increase of 110% and 129%, respectively;
- the life of mine extends to 2048, an increase of 14 years, with total estimated metal recovery of 724 kt of nickel and 85 kt of cobalt;
- over the next 10 years, average annual finished metal production of 30 kt of nickel and 3.3 kt of cobalt from Moa is expected, excluding the impact of the Moa JV expansion program and refining third-party feeds;
- favourable economics in the base case scenario supports an after-tax NPV (8%) of US$812 million (100% basis) using conservative prices of US$7.12/lb nickel and US$21.32/lb cobalt;
- significant upside in an alternative case increases the after-tax NPV (8%) to US$1.5 billion (100% basis) using recent analyst commodity price forecasts of US$9.00/lb nickel, US$23.50/lb cobalt and higher input commodity prices.
- NPV scenarios exclude the upside impact from the Moa JV expansion. Once completed by the end of 2024, the full expansion is expected to result in a higher NPV but shorten the life of mine by 3-5 years.

Power

$ millions (33⅓% basis), except as otherwise noted, for the three months ended March 31		**2023**		2022	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**10.3**	$	9.0	14%
Cost of sales		**3.4**		6.0	(43%)
Earnings from operations		**5.9**		0.5	nm[3]
Adjusted EBITDA[1]		**6.4**		4.4	45%
CASH FLOW					
Cash provided by continuing operations for operating activities	**$**	**4.4**	$	8.7	(49%)
Free cash flow[1]		**3.7**		8.2	(55%)
PRODUCTION AND SALES					
Electricity (GWh[2])		**158**		137	15%
AVERAGE-REALIZED PRICE[1]					
Electricity (per MWh[2])	**$**	**58.33**	$	54.73	7%
UNIT OPERATING COST[1]					
Electricity (per MWh)	**$**	**19.37**	$	15.70	23%
SPENDING ON CAPITAL[1]					
Sustaining	**$**	**0.7**	$	0.5	40%

(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).
(3) nm = not meaningful

Revenue for Q1 2023 of $10.3 million was 14% higher than Q1 2022 primarily due to higher production resulting in higher sales of 158 GWh compared to 137 GWh in the prior year period. Higher production was primarily due to greater equipment availability as a result of maintenance activities completed in the prior year. Q1 2023 revenue also benefited from higher average-realized price[1] due to the impact of a stronger U.S. dollar relative to the Canadian dollar compared to Q1 2022.

Unit operating costs[1] for the three months ended March 31, 2023 were $19.37/MWh, up 23%, from Q1 2022 primarily as a result of the timing of maintenance spending, partly offset by higher electricity production and sales volume. The Moa Swap has been beneficial in providing the Power business with the liquidity required to effectively manage maintenance spending and the operation of the business.

The Power business unit had $0.7 million spending on capital(1) in Q1 2023. Spending on capital is primarily driven by timing of maintenance activities.

Subsequent to the quarter end, Sherritt successfully completed the drilling and testing of a new gas well for CUPET in the Puerto Escondido field and commenced drilling on a second well. The additional gas will be provided to Energas for use in power production starting in Q2.

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

Technologies

During the three months ended March 31, 2023, Technologies continued to provide technical support, process optimization and technology development services to the Moa JV and the Fort Site and continued to support the Moa JV's expansion strategy. These activities included establishing an updated mineral reserves estimate and life of mine plan utilizing economic cut-off grade, finalizing the updated NI 43-101 Technical Report, supporting on-going process plant improvements and debottlenecking work at Moa and the Fort Site locations. Technologies also continued to progress on its commercialization activities around proprietary technologies and innovative industry solutions. As well in the quarter, Technologies:

- received a Natural Resources Canada (NRCan) funding commitment of $0.8 million to evaluate the possibility of using mixed hydroxide precipitate (MHP) as an additional feed material for producing high purity nickel and cobalt metals at the Fort Saskatchewan refinery;
- signed an agreement with Aurora Hydrogen to support the development of turquoise hydrogen production technology, including Aurora building a demonstration plant at the Sherritt Technologies facility. Hydrogen gas is used as a reagent at Sherritt's refinery; and
- signed an agreement with a major mining company to conduct batch testing on specific laterite opportunities to test applicability of Sherritt's next generation laterite (NGL) technology and advanced a proposal on the potential to jointly develop the technology.

For descriptions of ongoing commercialization projects, see the Corporation's MD&A for the year ended December 31, 2022 available on Sherritt's website of on SEDAR.com.

OUTLOOK

2023 guidance for production volumes, unit operating costs and spending on capital remains unchanged. Sherritt continues to monitor the volatility in cobalt prices. NDCC guidance is based on a US$23.50/lb cobalt reference price. If the Q1 2023 average reference price of US$17.56/lb were to persist through the remainder of the year, NDCC guidance could increase by approximately US$0.85/lb, assuming all other assumptions remain constant.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast May 11, 2023 at 10:00 a.m. Eastern Time to review its Q1 2023 results. Dial-in and webcast details are as follows:

North American callers, please dial:	1 (888) 396-8049 **Passcode: 60594804**
International callers, please dial:	1 (416) 764-8646 **Passcode: 60594804**
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, 2023 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 consolidated financial statements for the three months ended March 31, 2023.

ABOUT SHERRITT INTERNATIONAL CORPORATION

Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt's Moa Joint Venture has a current estimated mine life of 26 years and has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by 20% or 6,500 tonnes of contained nickel and cobalt (100% basis). The Corporation's Power division, through its ownership in Energas S.A., is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Additionally, its Technologies Group creates innovative, proprietary solutions for natural resource-based industries around the world to improve environmental performance and increase economic value. 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, optimizing mine planning and performance, extending the Moa life of mine, conversion of mineral resources to reserves, expansion program update as it relates to the Slurry Preparation Plant and Moa Processing Plant, commercializing Technologies projects and growing shareholder value; statements set out in the “Outlook” section of this press release and certain expectations regarding production volumes and increases, inventory levels, operating costs and capital spending and intensity; sales volumes; revenue, costs and earnings; the availability of additional gas supplies to be used for power generation; 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 under the Cobalt Swap, the anticipated repayment of all outstanding receivables through dividends, including in the form of finished cobalt or cash; and the timing, and amount of cobalt dividend distributions; distributions from the Corporation’s Moa Joint Venture in general; the anticipated second lien secured notes becoming due in 2026; the impact of the U.S. sanctions on Cuba; anticipated economic conditions in Cuba; sufficiency of working capital management and capital project funding; strengthening the Corporation’s capital structure 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; environmental risks and liabilities; compliance with applicable environmental laws and regulations; risks related to the U.S. government policy toward Cuba; and certain corporate objectives, goals and plans for 2023. 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, security market fluctuations and price volatility; level of liquidity and the related ability of the Moa Joint Venture to pay dividends; access to capital; access to financing; the risk to Sherritt’s entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa Joint Venture, 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; 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; political, economic and other risks of foreign operations; 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; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations; maintaining social license to grow and operate; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; risks to information technologies systems and cybersecurity; identification and management of growth opportunities; the ability to replace depleted mineral reserves; risk of future non-compliance with debt restrictions and covenants; 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; potential interruptions in transportation; uncertainty of gas supply for electrical generation; 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 the Corporation’s corporate structure; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; 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; legal contingencies; risks related to the Corporation’s accounting policies; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2023; and the 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, , procurement, construction, commissioning, 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, 2023 and the Annual Information Form of the Corporation dated March 31, 2023 for the period ending December 31, 2022, 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.

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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, 2023.

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 JV 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		**2023**		2022	Change
Revenue by reportable segment					
Metals[(1)]	**$**	**176.5**	$	187.6	(6%)
Power		**10.3**		9.0	14%
Technologies		**0.3**		0.3	-
Oil and Gas		**2.1**		5.0	(58%)
Corporate		**0.3**		0.3	-
Combined revenue	**$**	**189.5**	$	202.2	(6%)
Adjustment for Moa Joint Venture		**(130.9)**		(168.1)	
Revenue per financial statements	**$**	**58.6**	$	34.1	72%

(1) Revenue of Metals for the three months ended March 31, 2023 is composed of revenue recognized by the Moa JV of $130.9 million (50% basis), which is equity-accounted and included in share of earnings of Moa JV, net of tax, coupled with revenue recognized by Fort Site of $13.6 million and revenue recognized by Metals Marketing of $32.0 million, which are included in consolidated revenue (for the three months ended March 31, 2022 - $168.1 million, $17.5 million and $2.0 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 JV. 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 segment 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							2023
	Metals(1)	Power	Techno-logies	Oil and Gas	Corporate	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	**$ 31.0**	**$ 5.9**	**$ (4.5)**	**$ (1.4)**	**$ (5.5)**	**$ (3.9)**	**$ 21.6**
Add:							
Depletion, depreciation and amortization	**2.3**	**0.5**	**-**	**0.1**	**0.3**	**-**	**3.2**
Adjustments for share of earnings of Moa Joint Venture:							
Depletion, depreciation and amortization	**11.2**	**-**	**-**	**-**	**-**	**-**	**11.2**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**0.4**	**0.4**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**3.5**	**3.5**
Adjusted EBITDA	**$ 44.5**	**$ 6.4**	**$ (4.5)**	**$ (1.3)**	**$ (5.2)**	**$ -**	**$ 39.9**

$ millions, for the three months ended March 31							2022
	Metals(1)	Power	Techno-logies	Oil and Gas	Corporate	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	$ 67.1	$ 0.5	$ (4.0)	$ 1.6	$ (23.6)	$ (18.1)	$ 23.5
Add (deduct):							
Depletion, depreciation and amortization	2.6	3.9	-	0.5	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 income	-	-	-	-	-	2.2	2.2
Income tax expense	-	-	-	-	-	15.9	15.9
Adjusted EBITDA	$ 80.6	$ 4.4	$ (4.0)	$ 0.8	$ (23.3)	$ -	$ 58.5

(1) Adjusted EBITDA of Metals for the three months ended March 31, 2023 is composed of Adjusted EBITDA at Moa JV of $45.0 million (50% basis), Adjusted EBITDA at Fort Site of $3.1 million, and Adjusted EBITDA at Metals Marketing of $(3.6) million (for the three months ended March 31, 2022 - $76.9 million, $4.3 million and $(0.6) 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 JV 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							**2023**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 121.4**	**$ 30.8**	**$ 16.9**	**$ 10.3**	**$ 10.1**	**$ (130.9)**	**$ 58.6**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(1.1)**			
Revenue for purposes of average-realized price calculation	**121.4**	**30.8**	**16.9**	**9.2**			
Sales volume for the period	**7.4**	**1.6**	**29.9**	**158**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	**$ 16.47**	**$ 19.11**	**$ 566.93**	**$ 58.33**			

$ millions, except average-realized price and sales volume, for the three months ended March 31							2022
	Metals						
	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			

(1) Other revenue includes revenue from the 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 Metals, 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.

Metals' 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; cobalt gain/loss; 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					**2023**
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 144.5**	**$ 3.4**	**$ 7.7**	**$ (96.3)**	**$ 59.3**
Less:					
Depletion, depreciation and amortization in cost of sales	**(13.5)**	**(0.5)**			
	131.0	**2.9**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(55.1)**	**-**			
Cobalt gain	**(0.5)**	**-**			
Impact of opening/closing inventory and other(2)	**(11.0)**	**-**			
Cost of sales for purposes of unit cost calculation	**64.4**	**2.9**			
Sales volume for the period	**7.4**	**158**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	**$ 8.74**	**$ 19.37**			
Unit operating cost (US$ per pound) (NDCC)(5)	**$ 6.46**				

$ millions, except unit cost and sales volume, for the three months ended March 31					2022
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 118.6	$ 6.0	$ 6.6	$ (100.8)	$ 30.4
Less:					
Depletion, depreciation and amortization in cost of sales	(13.5)	(3.9)			
	105.1	2.1			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(64.6)	-			
Impact of opening/closing inventory and other(2)	(4.7)	-			
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				

(1) Other is composed of the cost of sales of the 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:

		2023		2022
For the three months ended March 31	**$ millions**	**$/share**	$ millions	$/share
Net earnings from continuing operations	**$ 13.6**	**$ 0.03**	$ 16.4	$ 0.04
Adjusting items:				
Sherritt - Unrealized foreign exchange loss (gain) - continuing operations	**0.9**	**-**	(1.1)	-
Corporate - Gain on repurchase of notes	**(1.3)**	**-**	-	-
Corporate - Unrealized losses on commodity put options	**-**	**-**	(0.9)	-
Corporate - Realized loss on commodity put options	**-**	**-**	0.9	-
Metals (Moa JV) - Inventory obsolescence	**0.3**	**-**	-	-
Oil and Gas - Gain on disposal of property, plant and equipment	**-**	**-**	(1.3)	-
Oil and Gas and Power - Trade accounts receivable, net ACL revaluation	**-**	**-**	0.3	-
Power - Revaluation of Energas payable	**7.6**	**0.02**	-	-
Power - Revaluation of GNC receivable	**(8.5)**	**(0.02)**	-	-
Other[(1)]	**-**	**-**	0.5	-
Total adjustments, before tax	**$ (1.0)**	**$ -**	$ (1.6)	$ -
Tax adjustments	**0.1**	**-**	(0.1)	-
Adjusted net earnings from continuing operations	**$ 12.7**	**$ 0.03**	$ 14.7	$ 0.04

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

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											**2023**
		Metals		Power		Other(1)		Combined total		Adjustment for Moa Joint Venture		Total derived from financial statements
Property, plant and equipment expenditures(2)	**$**	**9.6**	**$**	**0.7**	**$**	**-**	**$**	**10.3**	**$**	**(6.7)**	**$**	**3.6**
Intangible asset expenditures(2)		**-**		**-**		**0.9**		**0.9**		**-**		**0.9**
		9.6		**0.7**		**0.9**		**11.2**	**$**	**(6.7)**	**$**	**4.5**
Adjustments:												
Accrual adjustment				**-**		**(0.7)**		**(0.7)**				
Spending on capital	**$**	**9.6**	**$**	**0.7**	**$**	**0.2**	**$**	**10.5**				

$ millions, for the three months ended March 31												2022
		Metals		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				

(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 Metals segment's free cash flow includes the Fort Site and Metals Marketing's free cash flow, plus the Corporation's 50% share of the Moa JV'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 JV.

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 JV, plus cash provided (used) by continuing operations for operating activities for the Corporation's 50% share of the Moa JV, less cash expenditures on property, plant and equipment and intangible assets for the Corporation's 50% share of the Moa JV. Distributions from the Moa JV 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	Metals(1)(2)	Power	Technol-ogies	Oil and Gas	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2023								
Cash provided (used) by continuing operations for operating activities	**$ 92.4**	**$ 4.4**	**$ (5.7)**	**$ 1.0**	**$ (22.3)**	**$ 69.8**	**$ (60.0)**	**$ 9.8**
Less:								
Property, plant and equipment expenditures	**(9.6)**	**(0.7)**	**-**	**-**	**-**	**(10.3)**	**6.7**	**(3.6)**
Intangible expenditures	**-**	**-**	**-**	**(0.9)**	**-**	**(0.9)**	**-**	**(0.9)**
Free cash flow	**$ 82.8**	**$ 3.7**	**$ (5.7)**	**$ 0.1**	**$ (22.3)**	**$ 58.6**	**$ (53.3)**	**$ 5.3**

$ millions, for the three months ended March 31	Metals(1)(2)	Power	Technol-ogies	Oil and Gas	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2022								
Cash provided (used) by continuing operations for operating activities	$ 19.9	$ 8.7	$ (3.5)	$ (1.7)	$ (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	$ 9.2	$ 8.2	$ (3.5)	$ (2.5)	$ (13.1)	$ (1.7)	$ 2.4	$ 0.7

(1) Cash provided (used) by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $60.2 million, $12.4 million and $19.8 million, respectively, for the three months ended March 31, 2023 (for the three months ended March 31, 2022 - $28.9 million, $(4.7) million and $(4.3) million, respectively).

(2) Property, plant and equipment expenditures for the Moa JV, Fort Site and Metals Marketing was $6.7 million, $2.9 million and nil, respectively, for the three months ended March 31, 2023 (for the three months ended March 31, 2022 - $7.1 million, $3.6 million and nil, respectively).

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023

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 10, 2023, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three months ended March 31, 2023 and Sherritt's audited consolidated financial statements and the MD&A for the year ended December 31, 2022. 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 a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt’s Moa Joint Venture has a current estimated mine life of 26 years and has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by 20% or 6,500 tonnes of contained nickel and cobalt (100% basis). The Corporation’s Power division, through its ownership in Energas S.A., is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Additionally, its Technologies Group creates innovative, proprietary solutions for natural resource-based industries around the world to improve environmental performance and increase economic value. Sherritt’s common shares are listed on the Toronto Stock Exchange under the symbol “S”.

Sherritt manages its mining, power, technologies and oil and gas 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 (Moa JV)	Joint venture	50%	Equity method
Metals Marketing	Subsidiaries	100%	Consolidation
Power	Joint operation	33⅓%	Share of assets, liabilities revenues and expenses
Oil and Gas	Subsidiary	100%	Consolidation

For financial statement purposes, the Fort Site, Technologies and Corporate operations (defined below) are a part of Sherritt International Corporation, the parent company, and are not separate legal entities. The Moa JV is accounted for using the equity method of accounting which recognizes the Corporation’s share of earnings (loss) of 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:

Metals: Includes the Corporation’s:

Moa JV: 50% interest in the Moa JV;

Fort Site: 100% interest in the utility and fertilizer operations in Fort Saskatchewan;

Metals Marketing: 100% interests in wholly-owned subsidiaries established to market and sell Moa JV’s nickel and cobalt production and the Corporation’s cobalt inventory received under the Cobalt Swap agreement.

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

Technologies: Includes the Corporation’s 100% interest in its Technologies business.

Oil and Gas: Includes the Corporation’s 100% interest in its Oil and Gas 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, 2023.

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 42.

Strategic priorities

The table below lists Sherritt's Strategic Priorities for 2023 and summarizes how the Corporation has performed against those priorities.

Strategic Priorities	Selected Actions	Status
ESTABLISH SHERRITT AS A LEADING GREEN METALS PRODUCER	Execute on plans to expand Moa JV mixed sulphide precipitate intermediate production by 20% or 6,500 tonnes of contained metals annually.	Sherritt and its Moa JV advanced the two-phase expansion program. The program remains on time and budget for completion in 2024.
	Complete and file NI 43-101 Report.	Filed technical report for the Moa JV which indicates that current reserves estimates are sufficient to extend the life of mine 14 years to 2048 with an after-tax NPV (8%) of US$1.5 billion (100% basis) in the alternative case based on recent analyst nickel, cobalt and input commodity price forecasts.
	Rank in lowest quartile of HPAL nickel producers for NDCC.	NDCC[1] for Q1 2023 of US$6.46/lb ranked Sherritt in the second cost quartile for HPAL nickel producers and the third cost quartile of all nickel producers.
		Normalization of key input costs and cobalt by-product credits would help return Sherritt to ranking in the first quartile.
LEVERAGE TECHNOLOGIES FOR TRANSFORMATIONAL GROWTH	Support Moa JV expansion, operational improvements, ECOG[2] implementation and life of mine extension, and marketing initiatives.	Supported the Moa JV life of mine extension and continue to support the expansion project.
	Advance Technologies solutions toward commercialization with external partnerships and funding.	Received NRCan funding commitment to evaluate using MHP as an additional feed material at the refinery.
		Signed agreement with Aurora Hydrogen to support development of turquoise hydrogen production technology, including Aurora building a demonstration plant at the Sherritt Technologies facility.
		Signed agreement with a major mining company to test applicability of Sherritt's NGL technology on specific laterite opportunities and discussing potential to jointly develop the technology.
ACHIEVE BALANCE SHEET STRENGTH	Effectively leverage collections on the Cobalt Swap agreement.	Received 1,280 tonnes of cobalt (61% of the annual volume) under the Cobalt Swap agreement with $19 million in cash received from customers in the quarter. Subsequent to the quarter a further 240 tonnes were received and a further $13 million of cash received.
	Maximize available liquidity to support growth strategy.	Amended the syndicated revolving-term credit facility to extend its maturity for one year from April 30, 2024 to April 30, 2025
BE RECOGNIZED AS A SUSTAINABLE ORGANIZATION	Deliver on actions identified in the Sustainability Report.	Monitoring progress towards targets and key activities.
	Achieve year-over-year ESG improvements including reduction of carbon intensity.	Advancing baseline climate-change data collection and risk and opportunity assessments
MAXIMIZE VALUE FROM CUBAN ENERGY BUSINESSES	Access additional gas supply to increase electrical power generation.	Successfully completed the drilling and testing of a new gas well for CUPET to provide additional gas to Energas for use in power production starting in Q2 2023.

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

(2) ECOG = Economic cut off grade.

Highlights

MOA JOINT VENTURE DISTRIBUTION AND COBALT SWAP AGREEMENT UPDATE

In accordance with the Cobalt Swap agreement to recover the Corporation's total outstanding Cuban receivables, during Q1 2023 the Moa JV distributed 1,280 tonnes (100% basis) of the 2,082 annual maximum volume (61%) of finished cobalt with an in-kind value of $58 million (100% basis). General Nickel Company's (GNC) 50% share of the distribution ($29 million) was redirected to Sherritt to settle the GNC receivable. Sherritt sold 696 tonnes, $30 million, of cobalt to third parties during the quarter; and Sherritt received $19 million in cash from the sale of cobalt.

Subsequent to the quarter, Sherritt received an additional 240 tonnes of cobalt with an in-kind value of $9 million, sold a further 152 tonnes, and received $13 million in cash, primarily relating to the revenue recognized in Q1.

Sherritt expects to receive the entire US$114 million through cobalt and cash distributions by mid-year, and all cash receipts from the sale of cobalt distributions to be received before the end of the year.

MOA JV LIFE OF MINE/UPDATED NI 43-101 TECHNICAL REPORT

On March 31, 2023, Sherritt filed an updated National Instrument 43-101 Technical Report for the Moa Joint Venture indicating that current reserves are estimated to support a 26-year life of mine. Other highlights include:

- Proven and Probable reserves increased to 1,182 kt of nickel and 144 kt of cobalt an increase of 110% and 129%, respectively;
- the life of mine extends to 2048, an increase of 14 years, with total estimated metal recovered of 724 kt of nickel and 85 kt of cobalt;
- over the next 10 years, average annual finished metal production of 30kt of nickel and 3.3 kt of cobalt from Moa is expected, excluding the impact of the Moa JV expansion program and refining third-party feeds;
- favourable economics in the base case scenario supports an after-tax NPV (8%) of US$812 million (100% basis) using conservative prices of US$7.12/lb nickel and US$21.32/lb cobalt;
- significant upside in an alternative case increases the after-tax NPV (8%) to US$1.5 billion (100% basis) using recent analyst commodity price forecasts of US$9.00/lb nickel, US$23.50/lb cobalt and higher input commodity prices; and
- NPV scenarios exclude the upside impact from the Moa JV expansion. Once completed by the end of 2024, the full expansion is expected to result in a higher NPV but shorten the life of mine by 3-5 years.

METALS UPDATE

Metals revenue(1) in Q1 2023 of $176.5 million was down 6% from $187.6 million in the same period last year. Approximately $15 million of cobalt revenue in Q1 2023 is attributable to the additional cobalt received and sold by Sherritt pursuant to the Cobalt Swap. Excluding the impact of the additional Cobalt Swap volume sold, total revenue was 14% lower primarily due to materially lower cobalt average-realized prices(2). Fertilizer revenue was 18% lower as a result of lower volume and average-realized price. Nickel revenue was relatively unchanged as the higher average-realized prices offset lower sales volume.

In Q1 2023, the average-realized prices for nickel and cobalt were $16.47/lb and $19.11/lb, 11% higher and 54% lower, respectively, compared to Q1 2022. Nickel sold at a slight premium to the reference price, while cobalt prices continued to reflect near-term softness in the market. Both nickel and cobalt average-realized prices benefited from a weaker Canadian dollar relative to the U.S. dollar.

Sherritt's share of finished nickel production in Q1 2023 totaled 3,483 tonnes, 10% lower than the 3,875 tonnes produced in Q1 2022 primarily due to lower mixed sulphide feed availability at the refinery.

Finished cobalt production for Q1 2023 was 367 tonnes, down 18% from the 446 tonnes produced in Q1 2022 consistent with lower nickel production and higher nickel-to-cobalt ratio.

NDCC(2) per pound of nickel sold increased to US$6.46/lb in Q1 2023 from US$3.42/lb in Q1 2022 placing Sherritt in the second cost quartile for HPAL nickel producers. The higher NDCC was primarily due to materially lower cobalt prices, higher MPR costs and lower net fertilizer by-product credits. Higher MPR costs primarily relate to higher opening inventory costs, lower production volumes and higher diesel prices. Input commodity prices were lower in Q1 2023 compared to Q4 2022 and are expected to remain lower than 2022 throughout the current year. The impact of the Cobalt Swap on NDCC was not significant.

POWER UPDATE

Power production of 158 GWh in Q1 2023 was 15% higher than the 137 GWh produced in Q1 2022. Power production in the current year period was higher primarily due to higher electricity production equipment availability as a result of the completion of maintenance activities in the prior year.

Unit operating costs(2) for the three months ended March 31, 2023 were $19.37/MWh, up 23%, from $15.70/MWh in the same period in 2022 primarily as a result of the timing of maintenance spending, partly offset by higher electricity production and sales volume. The Moa Swap has been beneficial in providing the Power business with the liquidity required to effectively manage maintenance spending and the operations of the business.

Subsequent to the quarter end, Sherritt successfully completed the drilling and testing of a new gas well for CUPET in the Puerto Escondido field and commenced drilling of a second well. The additional gas will be provided to Energas for use in power production starting in Q2.

WORKING CAPITAL

Cash and cash equivalents as at March 31, 2023 were $138.3 million, up from $123.9 million at December 31, 2022. During Q1 2023, Sherritt received $18.8 million in cash from the sale of cobalt to third-parties (Cobalt Swap); generated $15.7 million from the Fort Site primarily due to strong fertilizer pre-sales, offset by a $24.4 million payment for share-based compensation. In addition, Energas paid $6 million (33⅓% basis) to GNC, in Cuban pesos, in accordance with the Cobalt Swap. During the quarter, Sherritt drew $18.0 million on its revolving credit facility.

During the three months ended March 31, 2023, the syndicated revolving-term credit facility was amended to extend its maturity for one year from April 30, 2024 to April 30, 2025.

Subsequent to the quarter-end, Sherritt paid $9.4 million in interest on its second lien notes. At the interest payment date, the Corporation was not required to make a mandatory redemption of second lien notes as it did not meet the minimum liquidity threshold as defined in the indenture agreement.

(1) Metals revenue includes revenue for the Moa JV, Fort Site and Metals Marketing. A breakdown by division is included in the Combined Revenue section of 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.

Financial results

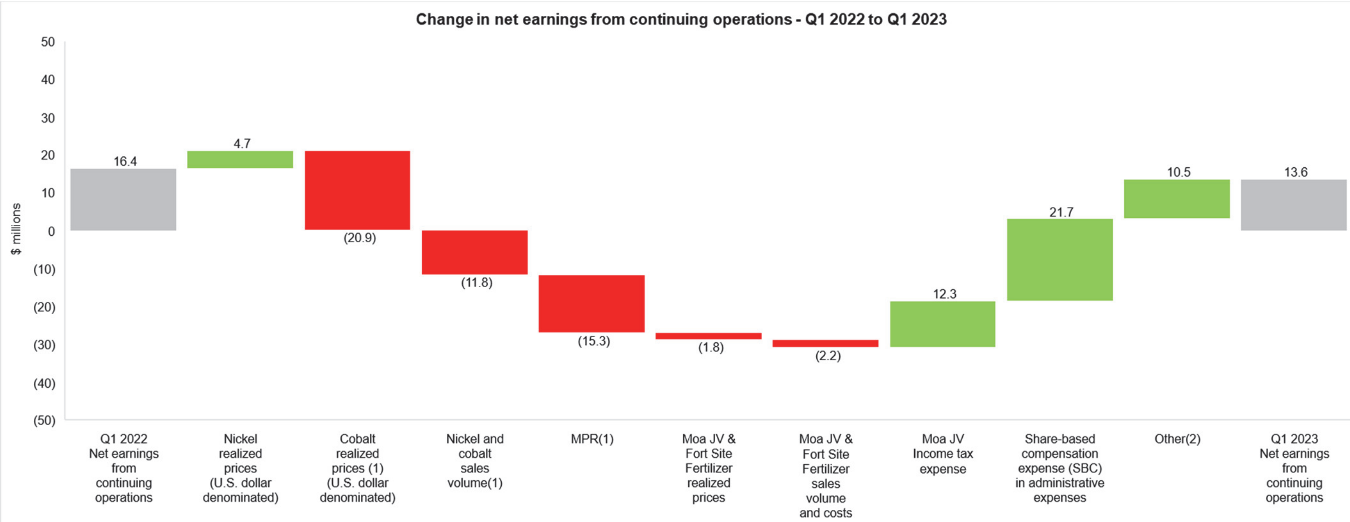
$ millions, except as otherwise noted, for the three months ended March 31		2023		2022	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**58.6**	$	34.1	72%
Combined revenue(1)		**189.5**		202.2	(6%)
Earnings from operations and joint venture		**21.6**		23.5	(8%)
Net earnings from continuing operations		**13.6**		16.4	(17%)
Loss from discontinued operations, net of tax		**(0.3)**		(0.7)	57%
Net earnings for the period		**13.3**		15.7	(15%)
Adjusted net earnings from continuing operations(1)		**12.7**		14.7	(14%)
Adjusted EBITDA(1)		**39.9**		58.5	(32%)
Net earnings from continuing operations ($ per share) (basic and diluted)	**$**	**0.03**	$	0.04	(25%)
Net earnings ($ per share) (basic and diluted)		**0.03**		0.04	(25%)
CASH					
Cash and cash equivalents (prior period, December 31, 2022)	**$**	**138.3**	$	123.9	12%
Cash provided by continuing operations for operating activities		**9.8**		5.6	75%
Combined free cash flow(1)		**58.6**		(1.7)	nm(2)
OPERATIONAL DATA					
COMBINED SPENDING ON CAPITAL(1)	**$**	**10.5**	$	17.3	(39%)
PRODUCTION VOLUMES					
Finished nickel (50% basis, tonnes)		**3,483**		3,875	(10%)
Finished cobalt (50% basis, tonnes)		**367**		446	(18%)
Fertilizer (tonnes)		**57,991**		63,088	(8%)
Electricity (gigawatt hours) (33⅓% basis)		**158**		137	15%
AVERAGE EXCHANGE RATE (CAD/US$)		**1.353**		1.266	7%
AVERAGE-REALIZED PRICES (CAD)(1)					
Nickel ($ per pound)	**$**	**16.47**	$	14.85	11%
Cobalt ($ per pound)		**19.11**		41.66	(54%)
Fertilizer ($ per tonne)		**566.93**		654.55	(13%)
Electricity ($ per megawatt hour)		**58.33**		54.73	7%
UNIT OPERATING COSTS(1)					
Nickel (NDCC) (US$ per pound)	**$**	**6.46**	$	3.42	89%
Electricity ($ per megawatt hour)		**19.37**		15.70	23%

(1) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section of this MD&A.
(2) Not meaningful (nm).

Revenue for the three months ended March 31, 2023, which excludes revenue from the Moa JV as it is accounted for under the equity method, was $58.6 million, 72% higher compared to the same period in the prior year primarily as a result of the Cobalt Swap agreement. In Q1 2023, consolidated revenue included $29.8 million of cobalt revenue associated with the Cobalt Swap. In the prior year quarter, Sherritt's 50% share of cobalt revenue was recognized by the Moa JV and included in share of earnings of a joint venture rather than consolidated revenue.

Combined revenue(1) which includes the Corporation's consolidated financial results and the results of its 50% share of the Moa JV, was $189.5 million in Q1 2023, 6% lower compared to $202.2 million in Q1 2022. Nickel revenue was relatively unchanged as lower sales volume was offset by higher average-realized prices. Cobalt revenue was 16% lower, as despite the inclusion of an additional 50% of cobalt sales under the Cobalt Swap agreement, lower average-realized prices more than offset the increased sales volume. Fertilizer revenue was 18% lower in Q1 2023 on lower sales volume and average-realized price.

The change in net earnings from continuing operations between Q1 2022 and Q1 2023 is detailed below:



(2) Mining, processing and refining (MPR) and cobalt by-product credits include the cost and cobalt revenue, respectively, on cobalt sold from Sherritt's 50% share of cobalt received under the Cobalt Swap.

(3) Other primarily relates to gains (losses) in net finance expense, administrative expenses excluding share-based compensation expense/recovery, Moa Joint Venture royalties, other contributions and foreign exchange gains/losses.

Earnings from continuing operations was impacted by 54% lower cobalt average-realized prices during the quarter compared to Q1 2022, higher MPR costs and lower nickel sales volumes. Higher MPR costs primarily relate to higher opening inventory costs, lower production volumes and higher diesel prices. Input commodity prices were lower in Q1 2023 compared to Q4 2022 and are expected to remain lower than 2022 throughout the current year. The impact of the Cobalt Swap on earnings was not significant.

Administrative expenses for the three months ended March 31, 2023 decreased by $20.4 million compared to the same period in the prior year primarily due to a $21.7 million decrease in share-based compensation expense. The expense in Q1 2023 was a result of a $0.04 increase in the Corporation's share price during the quarter versus a $0.39 increase in Q1 2022; in addition, the number of outstanding and vested shares outstanding at the end of Q1 2023 was significantly lower than at the end of Q1 2022.

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

CONSOLIDATED FINANCIAL POSITION

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

$ millions, except as noted, as at	**2023 March 31**	2022 December 31	Change
Working capital[1]	**$ 129.5**	$ 61.7	110%
Current ratio[2]	**1.36:1**	1.17:1	16%
Cash and cash equivalents	**$ 138.3**	$ 123.9	12%
Total assets	**1,553.0**	1,555.6	-
Loans and borrowings	**370.3**	350.9	6%
Total liabilities	**845.1**	860.7	(2%)
Shareholders' equity	**707.9**	694.9	2%

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

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

Significant factors influencing operations

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

NICKEL

Nickel average reference price declined steadily during the quarter, opening at US$14.15/lb, closing the quarter at US$10.48/lb and averaging US$11.77/lb. China is a key driver of nickel demand growth in the stainless steel and battery industries, but the slow but steady increase in demand after reopening from COVID was less than anticipated and weighed on prices, offsetting any positive price impact from tight Class I supply and low exchange inventory levels Global stainless steel production is expected to return to growth in 2023, after a decrease in 2022, driven by China even as Europe and the US encounter recessionary and economic slowdown pressures. Chemical salt demand, predominantly for nickel sulfate, is expected to continue its strong growth, with China accounting for 79% of the increase. The demand for nickel from batteries, especially from China, is expected to continue to rise significantly, from 442 kt in 2022 to 766 kt in 2025(1), driven by the transition to clean energy.

Global refined nickel production is forecast to rise by 13% to 3.56 Mt in 2023 and is expected to continue to grow at a steady pace, reaching 3.99 Mt by 2025(2). The increase in production will be primarily driven by Indonesia's HPAL (high pressure acid leach) and especially NPI (nickel pig iron) output. While class II material, such as ferronickel and NPI dominate the nickel production market, the demand for class I material (which the Moa JV produces), including cathodes, briquettes, powder, and pellets will lower carbon footprints and will remain important for industries looking to reduce their environmental impact.

In the short-term, nickel prices are expected to remain range-bound and be supported around current levels as the potential for a marginally oversupplied market is weighted against the potential for continued demand growth from stainless steel and lithium-ion battery consumption and the need to incentivize new projects for future supply.

COBALT

The average Argus Chemical Grade cobalt reference price declined steadily during the quarter, opening at US$20.90/lb, closing the quarter at US$16.78/lb averaging US$17.56/lb for Q1 2023 compared to Q4 2022's US$23.00/lb. Weak market sentiment due to the decreased demand in the 3C personal electronic segment coupled with strong Indonesia-based supply growth, brought prices down to near marginal production costs. Price support, albeit modest, arose from resilient EV sales and the continued Democratic Republic of the Congo (DRC) government mandated export restriction of CMOC Group Limited's (CMOC) Tenke Fungurme operation. A recent announcement by CMOC indicated that a consensus on royalties has been reached. This is expected to lift the restrictions and bring the stranded inventory to market, likely to result in further price pressure.

Although prices are under pressure, it is not due to lack of forecasted demand. Cobalt demand is expected to grow at an 9.4% CAGR from 2023 to 2027(3), with EV battery consumption driving much of this increase. Strong mined cobalt supply growth is expected to continue with an 11.6% CAGR until 2027(3), driven by copper projects in the DRC and HPAL MHP projects in Indonesia. With supply growth potentially outpacing demand growth, the cobalt market could remain oversupplied until 2027 and this would limit the ability for prices to increase significantly in the short-term to medium-term.

FERTILIZER

The prices of fertilizers have significantly decreased since the record high levels observed during the spring of 2022, which followed the Russian invasion of Ukraine. Fertilizer prices for 2023 are expected to remain reasonably consistent with those realized in Q1.

(1) Wood Mackenzie, Nickel Demand, March 2023
(2) CRU, Nickel Market Outlook, April 2023
(3) CUR, Cobalt Market Outlook, March 2023.

Review of operations

REPORTABLE SEGMENT UPDATE

As a result of the Cobalt Swap transaction, effective January 1, 2023, the former "Moa JV and Fort Site" reportable segment and the "Metals Other" reportable segment were combined into one new "Metals" segment, reflecting the Corporation's 50% interest in the operations of the Moa Joint Venture, its 100% interest in the utility and fertilizer operations (Fort Site), and the 100% interest in subsidiaries established to buy, market and sell Moa Joint Venture's nickel and cobalt production and the Corporation's cobalt inventory received under the Cobalt Swap (Metals Marketing). Information for the prior period was restated for comparative purposes to reflect the new Metals reportable segment.

METALS

$ millions (Sherritt's share), except as otherwise noted, for the three months ended March 31		**2023**		2022	Change
FINANCIAL HIGHLIGHTS					
Revenue[1]	**$**	**176.5**	$	187.6	(6%)
Cost of sales[1]		**144.5**		118.6	22%
Earnings from operations		**31.0**		67.1	(54%)
Adjusted EBITDA[2]		**44.5**		80.6	(45%)
CASH FLOW					
Cash provided by continuing operations for operating activities	**$**	**92.4**	$	19.9	364%
Free cash flow[2]		**82.8**		9.2	800%
PRODUCTION VOLUME (tonnes)					
Mixed Sulphides		**3,750**		4,126	(9%)
Finished Nickel		**3,483**		3,875	(10%)
Finished Cobalt		**367**		446	(18%)
Fertilizer		**57,991**		63,088	(8%)
NICKEL RECOVERY[3] (%)		**88%**		89%	(1%)
SALES VOLUME (tonnes)					
Finished Nickel		**3,344**		3,758	(11%)
Finished Cobalt		**731**		398	84%
Fertilizer		**29,879**		31,439	(5%)
AVERAGE REFERENCE PRICE (US$ per pound)					
Nickel[4]	**$**	**11.77**	$	11.97	(2%)
Cobalt[5]		**17.56**		35.90	(51%)
AVERAGE-REALIZED PRICES (CAD)[2]					
Nickel ($ per pound)	**$**	**16.47**	$	14.85	11%
Cobalt ($ per pound)		**19.11**		41.66	(54%)
Fertilizer ($ per tonne)		**566.93**		654.55	(13%)
UNIT OPERATING COST[2] (US$ per pound)					
Nickel - net direct cash cost	**$**	**6.46**	$	3.42	89%
SPENDING ON CAPITAL[2]					
Sustaining	**$**	**5.9**	$	15.7	(62%)
Growth		**3.7**		0.3	nm[6]
	$	**9.6**	$	16.0	(40%)

(1) The Financial Highlights, and cash flow amounts for Metals combine the operations of the Moa JV, Fort Site and Metals Marketing. Breakdowns of revenue, Adjusted EBITDA, and the components of free cash flow (cash provided (used) by continuing operations for operating activities and Property, plant and equipment expenditures) for each of these operations are included in the Combined Revenue, Adjusted EBITDA and Free cash flow reconciliations, respectively, in the Non-GAAP and other financial measures section of this MD&A.

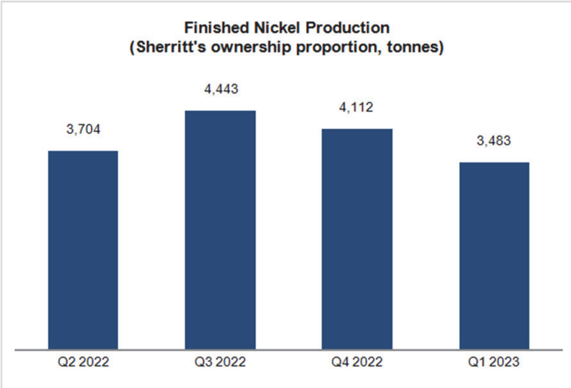
(2) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.

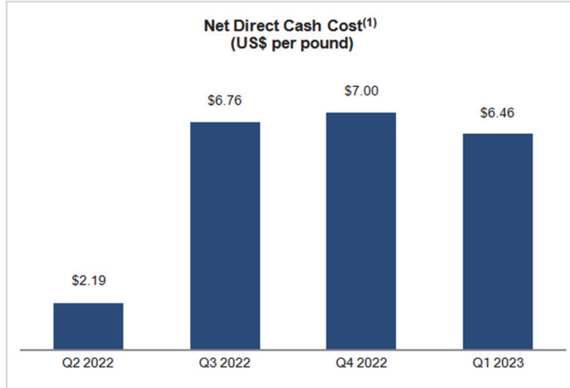
(3) The nickel recovery rate measures the amount of finished nickel that is produced compared to the original nickel content of the ore that was mined.

(4) The average nickel reference price for the year ended December 31, 2022 was impacted by the suspension of nickel trading and disruption events on the LME during the month of March 2022.

(5) Average standard-grade cobalt price published by Argus.

(6) nm = not meaningful





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

Metals revenue, cost of sales and NDCC[1] are composed of the following:

$ millions, except as otherwise noted, for the three months ended March 31	2023	2022	Change
REVENUE			
Nickel	**$ 121.4**	$ 123.0	(1%)
Cobalt	**30.8**	36.6	(16%)
Fertilizers	**16.9**	20.6	(18%)
Other	**7.4**	7.4	-
	$ 176.5	$ 187.6	(6%)
COST OF SALES[2]			
Mining, processing and refining (MPR)[3]	**$ 65.5**	$ 65.9	(1%)
Third-party feed costs	**5.6**	6.1	(8%)
Finished cobalt cost[4]	**32.3**	-	-
Fertilizers	**13.4**	13.0	3%
Selling costs	**5.9**	4.8	23%
Other	**8.3**	15.3	(46%)
	$ 131.0	$ 105.1	25%
NET DIRECT CASH COST[1] (US$ per pound of nickel)			
Mining, processing and refining costs[5]	**$ 8.12**	$ 6.58	23%
Third-party feed costs	**0.56**	0.58	(3%)
Cobalt by-product credits[5]	**(1.59)**	(3.48)	54%
Net fertilizer by-product credits	**(0.78)**	(0.94)	17%
Net impact of redirected cobalt[6]	**0.14**	-	-
Other[7]	**0.01**	0.68	(99%)
	$ 6.46	$ 3.42	89%

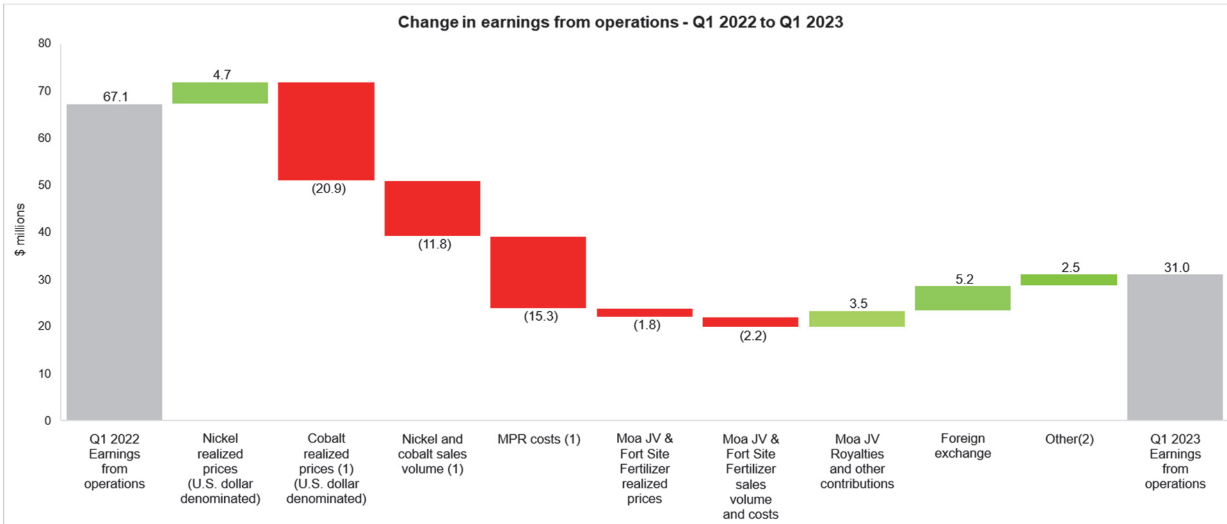
(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.
(2) Excludes depletion, depreciation and amortization.
(3) Effective January 1, 2023, MPR costs exclude the cost of cobalt volumes sold in accordance with the Cobalt Swap.
(4) Finished cobalt cost is based on the settlement value of the cobalt sold. The settlement value is based on an in-kind value of cobalt, calculated at the time of distribution as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and GNC in consideration of selling costs incurred by the Corporation.
(5) MPR and cobalt by-product credits include the cost and cobalt revenue, respectively, on cobalt sold from Sherritt's 50% share of cobalt received under the Cobalt Swap.
(6) "Impact of redirected cobalt" includes the finished cobalt cost less cobalt by-product credits per pound of nickel sold on the cobalt sold from GNC's redirected cobalt received by Sherritt under the Cobalt Swap.
(7) Includes the marketing costs, discounts, and other by-product credits.

The following table summarizes average prices for key input commodities for the Moa Joint Venture and Fort Site[1]:

For the three months ended March 31	2023	2022	Change
Sulphur (US$ per tonne)	**$ 293.30**	$ 346.14	(15%)
Diesel (US$ per litre)	**1.29**	0.66	95%
Fuel oil (US$ per tonne)	**452.78**	450.74	-
Natural gas cost ($ per gigajoule)	**3.39**	4.81	(30%)

(1) The above input commodity prices are the average prices incurred during the period reflected in either incorporated in cost of sales or inventory.

The following graph summarizes the change in earnings from operations for Metals from Q1 2022 to Q1 2023:



(1) MPR and cobalt by-product credits include the cost and cobalt revenue, respectively, on cobalt sold from Sherritt's 50% share of cobalt received under the Cobalt Swap.

(2) Other is primarily composed of sulphuric acid revenue and costs, third-party feed costs, selling costs, administrative costs and depletion, depreciation and amortization.

Metals revenue in Q1 2023 of $176.5 million was down 6% from $187.6 million in the same period last year. Approximately $15 million of cobalt revenue in Q1 2023 is attributable to the additional cobalt received and sold by Sherritt pursuant to the Cobalt Swap. Excluding the impact of the additional Cobalt Swap volume sold, total revenue was 14% lower primarily due to lower cobalt average-realized prices[1]. Fertilizer revenue was 18% lower as a result of lower volume and average-realized price. Nickel revenue was relatively unchanged as the higher average-realized prices offset lower sales volume.

In Q1 2023 the average-realized prices for nickel and cobalt were $16.47/lb and $19.11/lb, 11% higher and 54% lower, respectively, compared to the same period in the prior year. Nickel sold at a slight premium to the reference price, while cobalt prices continued to reflect near-term softness in the market. Both nickel and cobalt average-realized prices benefited from a weaker Canadian dollar relative to the U.S. dollar.

Mixed sulphides production at the Moa JV in Q1 2023 was 3,750 tonnes, down 9% from the 4,126 tonnes produced in Q1 2022. The variance was primarily related to lower ore grade and unplanned leach train maintenance due to feed characteristics. As the Moa JV continues to advance mine development to new ore bodies in 2023, some of the operational challenges related to feed characteristics in Q1 will be reduced.

Sherritt's share of finished nickel and cobalt production in Q1 2023 totaled 3,483 tonnes and 367 tonnes, 10% and 18% lower than amounts produced in Q1 2022, respectively. Q1 2023 finished production was impacted by lower mixed sulphide feed availability at the refinery.

Fertilizer production for the three months ended March 31, 2023 was 8% lower compared to Q1 2022, in line with metals production.

MPR costs were 23% higher, primarily due to the impact of higher opening inventory costs, lower production volumes and a 95% increase in diesel prices, partly offset by lower input costs for sulphur and natural gas which were down 15% and 30%, respectively. Input commodity prices for natural gas, sulphur, fuel oil and diesel were 36%, 30%, 13%, and 3% lower, respectively, in Q1 2023 compared to Q4 2022. Input commodity prices are expected to remain lower than 2022 throughout the current year.

NDCC[1] per pound of nickel sold increased to US$6.46/lb in Q1 2023 from US$3.42/lb in Q1 2022 placing Sherritt in the second cost quartile for HPAL nickel producers. The higher NDCC was primarily due to materially lower cobalt prices, higher MPR costs, and lower net fertilizer by-product credits. Higher MPR costs primarily relate to higher opening inventory costs, lower production volumes, and higher diesel prices. Input commodity prices were lower in Q1 2023 compared to Q4 2022 and are expected to remain lower than 2022 throughout the current year. The impact of the Cobalt Swap on NDCC was not significant.

Sustaining spending on capital[1] in Q1 2023 was $5.9 million, down by 62% from $15.7 million in Q1 2022 due primarily to timing of spending at both the Moa JV and Fort Site including the receipt of mining equipment in Moa in the prior year.

Growth spending on capital, which represents spending on the Joint Venture's expansion program, was $3.7 million, most of which was related to spending on the slurry preparation plant (SPP).

The increase in free cash flow[1] resulted in higher ending cash balances at the Moa JV in Q1 2023 as cash distributions to shareholders will not occur until the annual maximum cobalt volume distribution under the Cobalt Swap has been met. Cobalt Swap and normal course cash distributions are expected to commence mid-year 2023.

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

Moa JV expansion program update

Progress for the expansion program in Q1 2023 included:

Slurry Preparation Plant:

The SPP construction continues to progress and remains on budget and on time for expected completion in early 2024;

- structural steel is 80% erected and field assembly of major equipment is near completion with piping, electrical and instrumentation installation to commence in May; and
- the slurry and water return pipelines are 25% complete and are expected to be finished in Q4 2023.

Processing Plant:

The processing plant expansion is progressing on schedule for an expected year end-2024 completion;

- the Joint Venture received approval of the feasibility study from the Cuban authorities in Q1 for the Moa processing plant expansion;
- all significant contracts for long lead items for the Sixth Leach Train have been awarded or are in the process of being awarded and a detail project execution schedule is being finalized;
- engineering for the Fifth Sulphide Precipitation Train is ongoing and will be completed in Q2 2023; and
- preliminary engineering has been completed on the acid storage tanks and currently awaiting Cuban authorities' approval to construct.

Moa JV Life of mine/Updated NI 43-101 Technical Report

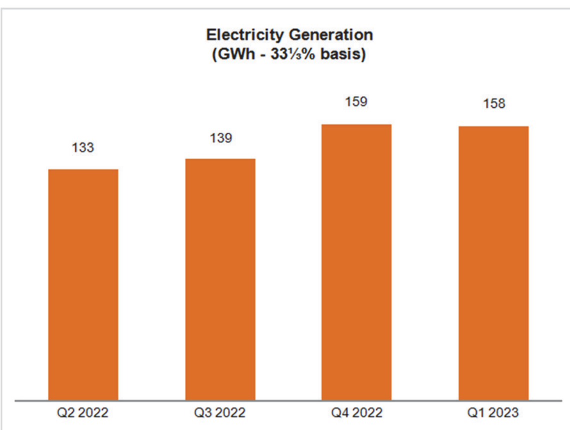
On March 31, 2023, Sherritt filed an updated National Instrument 43-101 Technical Report for the Moa Joint Venture indicating that current reserves are estimated to support a 26-year life of mine. Other highlights include:

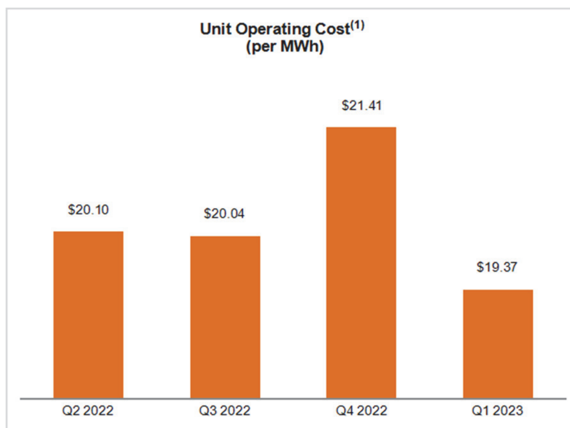
- Proven and Probable reserves increased to 1,182 kt of nickel and 144 kt of cobalt, an increase of 110% and 129%, respectively;
- the life of mine extends to 2048, an increase of 14 years, with total estimated metal recovery of 724 kt of nickel and 85 kt of cobalt;
- over the next 10 years, average annual finished metal production of 30 kt of nickel and 3.3 kt of cobalt from Moa is expected, excluding the impact of the Moa JV expansion program and refining third-party feeds;
- favourable economics in the base case scenario supports an after-tax NPV (8%) of US$812 million (100% basis) using conservative prices of US$7.12/lb nickel and US$21.32/lb cobalt;
- significant upside in an alternative case increases the after-tax NPV (8%) to US$1.5 billion (100% basis) using recent analyst commodity price forecasts of US$9.00/lb nickel, US$23.50/lb cobalt and higher input commodity prices.
- NPV scenarios exclude the upside impact from the Moa JV expansion. Once completed by the end of 2024, the full expansion is expected to result in a higher NPV but shorten the life of mine by 3-5 years.

POWER

$ millions (Sherritt's share, 33⅓% basis), except as otherwise noted, for the three months ended March 31		2023		2022	Change
FINANCIAL HIGHLIGHTS					
Revenue	$	**10.3**	$	9.0	14%
Cost of sales		**3.4**		6.0	(43%)
Earnings from operations		**5.9**		0.5	nm(3)
Adjusted EBITDA(1)		**6.4**		4.4	45%
CASH FLOW					
Cash provided by continuing operations for operating activities	$	**4.4**	$	8.7	(49%)
Free cash flow(1)		**3.7**		8.2	(55%)
PRODUCTION AND SALES VOLUME					
Electricity (GWh(2))		**158**		137	15%
AVERAGE-REALIZED PRICE(1)					
Electricity (per MWh(2))	$	**58.33**	$	54.73	7%
UNIT OPERATING COST(1)					
Electricity (per MWh(2))	$	**19.37**		15.70	23%
SPENDING ON CAPITAL(1)					
Sustaining	$	**0.7**	$	0.5	40%
	$	**0.7**	$	0.5	40%

(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).
(3) nm = not meaningful





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

Power revenue is composed of the following:

$ millions (33⅓% basis), for the three months ended March 31		2023		2022	Change
Electricity sales	$	**9.2**	$	7.5	23%
By-products and other		**1.1**		1.5	(27%)
	$	**10.3**	$	9.0	14%

Revenue for Q1 2023 of $10.3 million was 14% higher than Q1 2022 primarily due to higher production resulting in higher sales of 158 GWh compared to 137 GWh in the prior year period. Higher production was primarily due to greater equipment availability as a result of maintenance activities completed in the prior year. Q1 2023 revenue also benefited from higher average-realized price(1) due to the impact of a stronger U.S. dollar relative to the Canadian dollar compared to Q1 2022.

Unit operating costs[1] for the three months ended March 31, 2023 were $19.37/MWh, up 23%, from Q1 2022 primarily as a result of the timing of maintenance spending, partly offset by higher electricity production and sales volume. The Moa Swap has been beneficial in providing the Power business with the liquidity required to effectively manage maintenance spending and the operation of the business.

The Power business unit had $0.7 million spending on capital[1] in Q1 2023. Spending on capital is primarily driven by timing of maintenance activities.

Subsequent to the quarter end, Sherritt successfully completed the drilling and testing of a new gas well for CUPET in the Puerto Escondido field and commenced drilling on a second well. The additional gas will be provided to Energas for use in power production starting in Q2.

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

TECHNOLOGIES

$ millions, for the three months ended March 31		**2023**		2022	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**0.3**	$	0.3	-
Cost of sales		**4.8**		4.3	12%
Loss from operations		**(4.5)**		(4.0)	(13%)

During the three months ended March 31, 2023, Technologies continued to provide technical support, process optimization and technology development services to the Moa JV and the Fort Site and continued to support the Moa JV's expansion strategy. These activities included establishing an updated mineral reserves estimate and life of mine plan utilizing economic cut-off grade, finalizing the updated NI 43-101 Technical Report, supporting on-going process plant improvements and debottlenecking work at Moa and the Fort Site locations. Technologies also continued to progress on its commercialization activities around proprietary technologies and innovative industry solutions. As well in the quarter, Technologies:

- received a Natural Resources Canada (NRCan) funding commitment of $0.8 million to evaluate the possibility of using mixed hydroxide precipitate (MHP) as an additional feed material for producing high purity nickel and cobalt metals at the Fort Saskatchewan refinery;
- signed an agreement with Aurora Hydrogen to support the development of turquoise hydrogen production technology, including Aurora building a demonstration plant at the Sherritt Technologies facility. Hydrogen gas is used as a reagent at Sherritt's refinery; and
- signed an agreement with a major mining company to conduct batch testing on specific laterite opportunities to test applicability of Sherritt's next generation laterite (NGL) technology and advanced a proposal on the potential to jointly develop the technology.

For descriptions of ongoing commercialization projects, see the Corporation's MD&A for the year ended December 31, 2022 available on Sherritt's website of on SEDAR.com.

CORPORATE

$ millions, for the three months ended March 31		**2023**		2022	Change
FINANCIAL HIGHLIGHTS					
Administrative expenses	**$**	**5.8**	$	23.9	(76%)

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

Administrative expenses at Corporate for the three months ended March 31, 2023 were $18.1 million lower compared to the same period in the prior year primarily due to a $18.8 million decrease in share-based compensation expense. Share-based compensation expense during the current year period was lower than the prior period due to an 8% increase of $0.04 in the Corporation's share price since December 31, 2022, compared to a 103% increase of $0.39 during the same period in the prior year.

Outlook

2023 PRODUCTION VOLUMES, UNIT OPERATING COSTS AND SPENDING ON CAPITAL GUIDANCE

Production volumes, unit operating costs and spending on capital	Guidance for 2023 - Total	Year-to-date actuals - Total	Updated 2023 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	30,000 - 32,000	6,966	No change
Cobalt, finished	3,100 - 3,400	734	No change
Electricity (GWh, 33⅓% basis)	575 - 625	158	No change
Unit operating costs(1)			
Moa Joint Venture - NDCC (US$ per pound)	\$5.00 - \$5.50	\$6.46	No change
Electricity (unit operating cost, $ per MWh)	\$28.50 - \$30.00	\$19.37	No change
Spending on capital(1)($ millions)			
Sustaining			
Metals: Moa Joint Venture (50% basis), Fort Site (100% basis)	\$70.0	\$5.9	No change
Power (33⅓% basis)	\$4.4	\$0.7	No change
Growth			
Metals: Moa Joint Venture (50% basis)	\$20.0	\$3.7	No change
Spending on capital(2)	\$94.4	\$10.3	No change

(1) Non-GAAP and other financial measures. For additional information see the Non-GAAP and other financial measures section.
(2) Excludes spending on capital of the Metals Other, Oil and Gas, Technologies and Corporate segments.

Sherritt continues to monitor the volatility in cobalt prices. NDCC guidance, which remains unchanged, is based on a US$23.50/lb cobalt reference price. If the Q1 2023 average reference price of US$17.56/lb were to persist through the remainder of the year, NDCC guidance could increase by approximately US$0.85/lb, assuming all other assumptions remain constant.

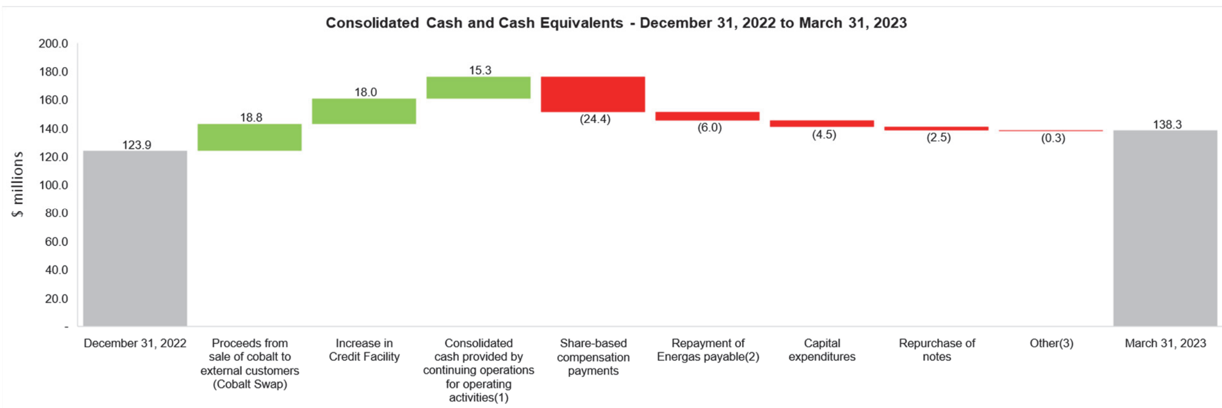
Liquidity

As at March 31, 2023, total available liquidity was $174.8 million, which is composed of cash and cash equivalents of $138.3 million and $36.5 million of available credit facilities and excludes restricted cash of $1.4 million. Refer to the Capital resources section for further details on the 8.50% second lien secured notes due 2026 (“Second Lien Notes”), the 10.75% unsecured PIK option notes due 2029 (“PIK Notes”) and the syndicated revolving-term credit facility (“Credit Facility”), including repurchases of the PIK Notes during the three months ended March 31, 2023.

The main factors that affect liquidity include realized sales prices, collection of receivables, production levels, cash production costs, working capital requirements, capital expenditure requirements, the timing of distributions from the Moa JV, the timing of cobalt sales and receipts, 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, 2023 increased by $14.4 million from December 31, 2022. The components of this change are shown below:



(1) Excludes proceeds from Cobalt Swap and share-based compensation payments presented separately above.
(2) The repayment of the Energas payable was made in Cuban pesos and did not impact cash in Canada.
(3) Other is composed of receipts of advances, loans receivable and other financial assets, repayment of other financial liabilities and cash used by discontinued operations.

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

$ millions, as at March 31, 2023	Cash	Cash equivalents	Total
Canada	$ 45.2	$ 0.2	$ 45.4
Cuba[(1)]	92.7	-	92.7
Other	0.2	-	0.2
	$ 138.1	$ 0.2	$ 138.3
The Corporation's share of cash and cash equivalents in the Moa JV, not included in the above balances:			$ 43.0

(1) As at March 31, 2023, $88.9 million of the Corporation’s cash and cash equivalents was held by Energas (December 31, 2022 - $96.7 million).

The Corporation’s share of cash and cash equivalents in the Moa JV increased since year end due to significant free cash flow generated at the equity accounted Moa JV in Q1 2023, as cash distributions to shareholders have not occurred during the period and will not occur until the annual maximum cobalt volume distribution under the Cobalt Swap has been met. Cobalt Swap and normal course cash distributions are expected to commence mid-year 2023.

SOURCES AND USES OF CASH

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

$ millions, for the three months ended March 31		2023		2022	Change
Cash provided by operating activities					
Cash provided by operating activities:					
Fort Site	$	**15.7**	$	(4.1)	483%
Metals Marketing[1]		**1.0**		(4.3)	123%
Power		**6.8**		9.3	(27%)
Technologies		**(4.6)**		(3.3)	(39%)
Oil and Gas		**2.8**		(1.3)	315%
Corporate[2]		**(6.5)**		(9.2)	29%
Distributions from Moa JV					
Proceeds from Cobalt Swap - Sherritt share		**9.4**		-	-
Proceeds from Cobalt Swap - GNC redirected share		**9.4**		-	-
Cash distributions		**-**		24.2	(100%)
Share-based compensation payments		**(24.4)**		(5.7)	(328%)
Other cash provided by operating activities		**0.2**		-	-
Cash provided by continuing operations		**9.8**		5.6	75%
Cash used by discontinued operations		**(0.1)**		(0.3)	67%
Cash provided by operating activities	$	**9.7**	$	5.3	83%
Cash used by investing activities	$	**(4.3)**	$	(3.5)	(23%)
Cash used by financing activities		**9.0**		(0.4)	2350%
Effect of exchange rate changes on cash and cash equivalents		**-**		(1.5)	100%
Increase (decrease) in cash and cash equivalents		**14.4**		(0.1)	14500%
Cash and cash equivalents:					
Beginning of the period	$	**123.9**	$	145.6	(15%)
End of the period	$	**138.3**	$	145.5	(5%)

(1) Excluding proceeds from the Cobalt Swap, presented separately above.
(2) Excluding distributions received from Moa JV, presented separately above.

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, 2023 compared to the same period in the prior year, primarily as a result of the following:

- Higher cash provided by operating activities at Fort Site primarily due to timing of payments to suppliers;
- Lower cash provided by operating activities at Power primarily due to higher production costs as a result of higher maintenance in the current period;
- Higher cash provided by operating activities at Oil and Gas primarily due to higher receipts on oil and gas service revenue;
- Lower cash used by operating activities at Corporate primarily due to no other contractual benefits payments in the current year, in addition to timing of working capital receipts and payments;
- In the current year period, distributions from the Moa JV were in the form of cobalt pursuant to the Cobalt Swap, for which the Corporation received $18.8 million in cash from the sale of cobalt (Sherritt and GNC's redirected share). An additional $13.2 million of proceeds from the sale of cobalt was received subsequent to period end. In the comparative period, $24.2 million of cash distributions was received. Normal course cash distributions from the Moa JV equally to each partner will resume once the Corporation has received a total value of cobalt and cash distributions of US$114.0 million pursuant to the Cobalt Swap expected by mid-year.

Included in investing and financing activities for the three months ended March 31, 2023 are expenditures on property, plant and equipment and intangible assets, repurchase of notes, increase in loans and borrowings.

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO ADJUSTED EBITDA

The Corporation's increase in cash and cash equivalents reconciles to Adjusted EBITDA[(1)] as follows for the three months ended March 31, 2023:

$ millions, for the three months ended March 31		2023
Adjusted EBITDA[(1)]	$	**39.9**
Add (deduct):		
Moa JV Adjusted EBITDA		**(45.0)**
Distributions from Moa JV		
Proceeds from Cobalt Swap - Sherritt share		**9.4**
Proceeds from Cobalt Swap - GNC redirected share		**9.4**
Interest received		**0.5**
Interest paid		**(1.5)**
Net change in non-cash working capital		**21.1**
Share-based compensation expense		**1.9**
Share-based compensation payments		**(24.4)**
Other[(2)]		**(1.5)**
Cash provided by continuing operations for operating activities per financial statements		**9.8**
Deduct:		
Cash used by discontinued operations		**(0.1)**
Repurchase of notes		**(2.5)**
Property, plant, equipment and intangible asset expenditures		**(4.5)**
Increase in loans, borrowings and other financial liabilities		**18.0**
Repayment of other financial liabilities		**(6.5)**
Other[(2)]		**0.2**
Change in cash and cash equivalents	$	**14.4**

(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 gain on disposal of property, plant, and equipment.

The Moa JV's Adjusted EBTIDA is based on revenue, cost of sales and other expenses recognized by the Moa JV based on the accrual method. Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements including anticipated nickel and cobalt prices, planned spending on capital at the Moa JV 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.

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), issue subscription receipts exchangeable for common shares and/or other securities, issue warrants exercisable to acquire common shares and/or other securities, issue units of securities comprised of more than one of equity securities, debt securities, subscription receipts and/or warrants, 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, 2023.

Canadian $ millions, as at March 31, 2023	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	$ 204.2	$ 204.2	$ -	$ -	$ -	$ -	$ -
Income taxes payable	0.9	0.9	-	-	-	-	-
8.50% second lien secured notes due 2026 (includes principal, interest and premium)	323.1	18.8	18.8	18.8	266.7	-	-
10.75% unsecured PIK option notes due 2029 (includes principal and interest)	141.2	-	-	-	-	-	141.2
Syndicated revolving-term credit facility	74.7	5.6	5.6	63.5	-	-	-
Provisions	193.0	18.2	8.7	1.2	0.2	0.9	163.8
Energas payable	106.0	26.5	14.8	29.1	23.9	11.7	-
Lease liabilities	14.7	2.7	2.4	2.1	1.3	1.3	4.9
Capital commitments	4.9	4.9	-	-	-	-	-
Total	$ 1,062.7	$ 281.8	$ 50.3	$ 114.7	$ 292.1	$ 13.9	$ 309.9

(1) Excludes the contractual obligations and commitments of the Moa JV, which are disclosed separately in Supplementary Information section below and non-recourse to the Corporation.

SECOND LIEN NOTES

As at March 31, 2023, the outstanding principal amount of the Second Lien Notes is $221.3 million.

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). 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, including cash distributions received by the Corporation from GNC pursuant to the Cobalt Swap and its assumption of the Energas CSA), which mandatory redemption shall be required to be made only if the Corporation has minimum liquidity of $75.0 million calculated in accordance with the Second Lien Notes Indenture. Expected mandatory excess cash flow redemptions have been included in the calculation of the effective interest rate of the Second Lien Notes.

Subsequent to period end, the Corporation paid interest of $9.4 million on the Second Lien Notes and did not make any mandatory redemption, as the minimum liquidity condition pursuant to the provisions of the indenture agreement was not met.

PIK NOTES

During the three months ended March 31, 2023, the Corporation repurchased $3.8 million of principal of the PIK notes at a cost of $2.5 million, resulting in a gain on repurchase of notes of $1.3 million.

During the three months ended March 31, 2023, in accordance with the terms of the indenture, the Corporation elected not to pay cash interest due in January of $3.8 million and added the payment-in-kind interest to the principal amount owed to noteholders.

As at March 31, 2023, the outstanding principal amount of the PIK Notes is $70.8 million.

CREDIT FACILITY

During the three months ended March 31, 2023, the Credit Facility was amended to extend its maturity for one year from April 30, 2024 to April 30, 2025, with no other changes to the terms, financial covenants or restrictions.

As at March 31, 2023, the Corporation was in compliance with all Credit Facility covenants.

As at March 31, 2023, the outstanding principal amount of the Credit Facility is $63.0 million.

COMMON SHARES

As at May 10, 2023, the Corporation had 397,288,680 common shares outstanding. An additional 6,612,673 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

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

Basis of presentation and critical accounting judgments

The condensed consolidated financial statements referenced in this MD&A have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34), as issued by the International Accounting Standards Board (IASB). Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB, have been omitted or condensed.

The condensed consolidated financial statements are prepared on a going concern basis, under the historical cost convention, except for certain financial assets and liabilities and cash-settled share-based payments, which have been measured at fair value. The going concern basis assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2022, except for amendments to IAS 12 and IAS 8, which was adopted effective January 1, 2023. For further information, see note 4 of the condensed consolidated financial statements for the three months ended March 31, 2023.

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, 2022.

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	**2023 Mar 31**	2022 Dec 30	2022 Sept 30	2022 Jun 30	2022 Mar 31	2021 Dec 31	2021 Sep 30	2021 Jun 30
Revenue	**$ 58.6**	$ 48.6	$ 30.2	$ 65.9	$ 34.1	$ 36.6	$ 20.7	$ 31.0
Share of earnings of Moa Joint Venture, net of tax	**29.9**	23.5	22.0	47.4	47.9	33.2	7.5	17.7
Net earnings (loss) from continuing operations	**13.6**	(7.3)	(26.9)	81.5	16.4	14.4	(15.5)	(10.4)
(Loss) earnings from discontinued operations, net of tax(1)	**(0.3)**	0.3	0.6	(0.4)	(0.7)	(0.3)	(0.7)	(0.3)
Net earnings (loss) for the period	**$ 13.3**	$ (7.0)	$ (26.3)	$ 81.1	$ 15.7	$ 14.1	$ (16.2)	$ (10.7)
Net earnings (loss) per share, basic ($ per share)								
Net earnings (loss) from continuing operations	**$ 0.03**	$ (0.02)	$ (0.07)	$ 0.21	$ 0.04	$ 0.04	$ (0.04)	$ (0.03)
Net earnings (loss)	**0.03**	(0.02)	(0.07)	0.20	0.04	0.04	(0.04)	(0.03)

(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 losses of 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 $1.3578 (Q4 2022) and period-end rates ranged between $1.2394 (Q2 2021) to $1.3707 (Q3 2022).

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 2023: $8.5 million revaluation gain on the GNC receivable, $7.6 million revaluation loss on the Energas payable, $1.3 million gain on repurchase of notes, $1.9 million of share-based compensation expense within cost of sales and administrative expenses and $0.9 million of unrealized foreign exchange losses in continuing operations;
- Q4 2022: $7.1 million gain on repurchase of notes, $4.0 million gain on modification of Cuban receivables, $2.4 million revaluation gain on the GNC receivable, $4.0 million revaluation loss on the Energas payable, $4.1 million of unrealized foreign exchange losses in continuing operations, $15.0 million loss on environmental rehabilitation provisions and $10.7 million of share-based compensation expense within cost of sales and administrative expenses;
- Q3 2022: $48.5 million revaluation loss on allowances for expected credit losses on Energas conditional sales agreement receivable, $4.6 million of unrealized foreign exchange gains in continuing operations and $2.6 million of share-based compensation recovery within cost of sales and administrative expenses;
- Q2 2022: $13.8 million gain on repurchase of notes, $17.2 million of share-based compensation recovery within cost of sales and administrative expenses and $3.8 million of unrealized foreign exchange gains in continuing operations;
- 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; and
- 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.

Off-balance sheet arrangements

As at March 31, 2023, the Corporation had no foreign exchange or commodity 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, 2023.

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

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

As at March 31, 2023, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the three months ended March 31, 2023, the Corporation did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Supplementary information

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation's net earnings (loss) and earnings (loss) per share from continuing operations for the three months ended March 31, 2023 from a change in selected key variables. The impact is measured by 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	$ 7	$ 0.02
Cobalt - Argus price per pound(1)	US$	5.00	4	0.01
Fertilizers - price per tonne(1)	$	50.00	1	-
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	(3)	(0.01)
Operating costs(1)				
Natural gas - cost per gigajoule (Moa JV and Fort Site)	$	1.00	(1)	-
Fuel oil - cost per tonne (Moa JV and Fort Site)	US$	50.00	(1)	-
Sulphur - cost per tonne (Moa JV 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 JV.

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 JV are included below.

Statements of financial position

Canadian $ millions, 100% basis, as at		2023 March 31		2022 December 31	Variance	
Assets						
Cash and cash equivalents	**$**	**86.0**	$	43.6	42.4	The increase in free cash flow resulted in higher ending cash balances as cash distributions to shareholders will not occur until the annual maximum cobalt volume distribution under the Cobalt Swap has been met. Cobalt Swap and normal course cash distributions are expected to commence mid-year 2023.
Other current assets		**41.0**		90.1	(49.1)	Decrease is primarily due to cash distributions to shareholders in the prior year and declared as dividends during the quarter.
Trade accounts receivable, net		**146.6**		178.0	(31.4)	Decrease is primarily due to lower nickel and cobalt sales volumes. Lower cobalt sales volumes were due to cobalt distributions under the Cobalt Swap Arrangement.
Inventories		**360.9**		399.1	(38.2)	Decrease is primarily due to the distribution of finished cobalt inventories pursuant to the Cobalt Swap.
Other non-current assets		**18.0**		16.8	1.2	
Property, plant and equipment		**1,095.2**		1,102.8	(7.6)	Decrease is primarily due to depletion, depreciation, and amortization, partially offset by an increase in the U.S. dollar relative to the Canadian dollar and capital additions.
Total assets		**1,747.7**		1,830.4	(82.7)	
Liabilities						
Trade accounts payable and accrued liabilities		**67.6**		87.9	(20.3)	Decrease is primarily due to timing of payments to suppliers and lower input commodity costs.
Income taxes payable		**5.9**		4.1	1.8	
Other current financial liabilities		**0.2**		0.2	-	
Loans and borrowings		**25.2**		26.0	(0.8)	
Environmental rehabilitation provisions		**83.6**		84.0	(0.4)	
Other non-current financial liabilities		**4.4**		4.6	(0.2)	
Deferred income taxes		**23.5**		23.7	(0.2)	
Total liabilities		**210.4**		230.5	(20.1)	
Net assets of Moa Joint Venture	**$**	**1,537.3**	$	1,599.9	(62.6)	
Proportion of Sherritt's ownership interest		**50%**		50%		
Total		**768.7**		800.0		
Intercompany capitalized interest elimination		**(43.8)**		(44.0)		
Investment in Moa Joint Venture	**$**	**724.9**	$	756.0		

Foreign currency translation differences are included in the financial information of the Moa JV presented in the financial statements and MD&A, as the Corporation's presentation currency is the Canadian dollar, while the Moa JV's functional currency is the U.S. dollar. During the three months ended March 31, 2023, the U.S. dollar increased in value relative to the Canadian dollar, resulting in higher assets and liabilities reported in Canadian dollars as compared to December 31, 2022.

Statements of comprehensive income

Canadian $ millions, 100% basis, for the three months ended March 31		**2023**		2022	Variance	
Revenue	$	**261.8**	$	336.2	(74.4)	Decrease is primarily due to a decrease in cobalt revenue primarily due to cobalt distributions pursuant to the Cobalt Swap, which are not recognized as revenue by the Moa JV.
Cost of sales		**(192.7)**		(201.5)	8.8	Decrease is primarily due to a decrease in cobalt cost of sales primarily due to cobalt distributions pursuant to the Cobalt Swap, which are not recognized as cost of sales by the Moa JV, partially offset by the impact of lower sales volumes and higher diesel costs.
Cobalt gain		**1.5**		0.0	1.5	
Administrative expenses		**(2.6)**		(2.6)	0.0	
Earnings from operations		**68.0**		132.1	(64.1)	
Financing income		**0.6**		0.1	0.5	
Financing expense		**(3.1)**		(6.7)	3.6	
Net finance expense		**(2.5)**		(6.6)	4.1	
Earnings before income tax		**65.5**		125.5	(60.0)	
Income tax expense		**(7.1)**		(31.7)	24.6	Decrease is primarily due to lower taxable earnings in 2023 as compared to 2022 at one of the operating companies of the Moa JV.
Net earnings and comprehensive income of Moa Joint Venture	**$**	**58.4**	$	93.8	(35.4)	
Proportion of Sherritt's ownership interest		**50%**		50%		
Total		**29.2**		46.9		
Intercompany elimination		**0.7**		1.0		
Share of earnings of Moa Joint Venture, net of tax	**$**	**29.9**	$	47.9		

For the three months ended March 31, 2023, Moa JV's revenue was positively impacted and cost of sales and other expenses were negatively impacted by a stronger average U.S. dollar relative to the Canadian dollar compared to the same periods in the prior year.

Moa JV commitments

The Moa JV's significant undiscounted commitments, which are non-recourse to the Corporation, are presented below on a 50% basis:

- Environmental rehabilitation commitments of $121.7 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of $33.8 million;
- Income taxes payable of $3.0 million;
- Lease liabilities of $0.4 million;
- Loans and borrowings of $13.7 million; and
- Property, plant and equipment commitments of $34.0 million. $5.5 million (50% basis) in spending on growth capital is expected in 2023, all of which has been committed, for the ordering of long-lead materials and equipment, and civil and mechanical construction.

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

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 JV 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	**2023**	2022	Change
Revenue by reportable segment			
Metals(1)	**$ 176.5**	$ 187.6	(6%)
Power	**10.3**	9.0	14%
Technologies	**0.3**	0.3	-
Oil and Gas	**2.1**	5.0	(58%)
Corporate	**0.3**	0.3	-
Combined revenue	**$ 189.5**	$ 202.2	(6%)
Adjustment for Moa Joint Venture	**(130.9)**	(168.1)	
Revenue per financial statements	**$ 58.6**	$ 34.1	72%

(1) Revenue of Metals for the three months ended March 31, 2023 is composed of revenue recognized by the Moa JV of $130.9 million (50% basis), which is equity-accounted and included in share of earnings of Moa JV, net of tax, coupled with revenue recognized by Fort Site of $13.6 million and revenue recognized by Metals Marketing of $32.0 million, which are included in consolidated revenue (for the three months ended March 31, 2022 - $168.1 million, $17.5 million and $2.0 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 JV. 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 segment 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							**2023**
	Metals[1]	Power	Techno-logies	Oil and Gas	Corporate	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	**$ 31.0**	**$ 5.9**	**$ (4.5)**	**$ (1.4)**	**$ (5.5)**	**$ (3.9)**	**$ 21.6**
Add:							
Depletion, depreciation and amortization	**2.3**	**0.5**	**-**	**0.1**	**0.3**	**-**	**3.2**
Adjustments for share of earnings of Moa Joint Venture:							
Depletion, depreciation and amortization	**11.2**	**-**	**-**	**-**	**-**	**-**	**11.2**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**0.4**	**0.4**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**3.5**	**3.5**
Adjusted EBITDA	**$ 44.5**	**$ 6.4**	**$ (4.5)**	**$ (1.3)**	**$ (5.2)**	**$ -**	**$ 39.9**

$ millions, for the three months ended March 31							2022
	Metals[1]	Power	Techno-logies	Oil and Gas	Corporate	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	$ 67.1	$ 0.5	$ (4.0)	$ 1.6	$ (23.6)	$ (18.1)	$ 23.5
Add (deduct):							
Depletion, depreciation and amortization	2.6	3.9	-	0.5	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 income	-	-	-	-	-	2.2	2.2
Income tax expense	-	-	-	-	-	15.9	15.9
Adjusted EBITDA	$ 80.6	$ 4.4	$ (4.0)	$ 0.8	$ (23.3)	$ -	$ 58.5

(1) Adjusted EBITDA of Metals for the three months ended March 31, 2023 is composed of Adjusted EBITDA at Moa JV of $45.0 million (50% basis), Adjusted EBITDA at Fort Site of $3.1 million, and Adjusted EBITDA at Metals Marketing of $(3.6) million (for the three months ended March 31, 2022 - $76.9 million, $4.3 million and $(0.6) 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 JV 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							**2023**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 121.4**	**$ 30.8**	**$ 16.9**	**$ 10.3**	**$ 10.1**	**$ (130.9)**	**$ 58.6**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(1.1)**			
Revenue for purposes of average-realized price calculation	**121.4**	**30.8**	**16.9**	**9.2**			
Sales volume for the period	**7.4**	**1.6**	**29.9**	**158**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	**$ 16.47**	**$ 19.11**	**$ 566.93**	**$ 58.33**			

$ millions, except average-realized price and sales volume, for the three months ended March 31							2022
	Metals						
	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			

(1) Other revenue includes revenue from the 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 Metals, 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.

Metals' 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; cobalt gain/loss; 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					**2023**
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 144.5**	**$ 3.4**	**$ 7.7**	**$ (96.3)**	**$ 59.3**
Less:					
Depletion, depreciation and amortization in cost of sales	**(13.5)**	**(0.5)**			
	131.0	**2.9**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(55.1)**	**-**			
Cobalt gain	**(0.5)**	**-**			
Impact of opening/closing inventory and other(2)	**(11.0)**	**-**			
Cost of sales for purposes of unit cost calculation	**64.4**	**2.9**			
Sales volume for the period	**7.4**	**158**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	**$ 8.74**	**$ 19.37**			
Unit operating cost (US$ per pound) (NDCC)(5)	**$ 6.46**				

$ millions, except unit cost and sales volume, for the three months ended March 31					2022
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 118.6	$ 6.0	$ 6.6	$ (100.8)	$ 30.4
Less:					
Depletion, depreciation and amortization in cost of sales	(13.5)	(3.9)			
	105.1	2.1			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(64.6)	-			
Impact of opening/closing inventory and other(2)	(4.7)	-			
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				

(1) Other is composed of the cost of sales of the 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:

		2023		2022
For the three months ended March 31	**$ millions**	**$/share**	$ millions	$/share
Net earnings from continuing operations	**$ 13.6**	**$ 0.03**	$ 16.4	$ 0.04
Adjusting items:				
Sherritt - Unrealized foreign exchange loss (gain) - continuing operations	**0.9**	**-**	(1.1)	-
Corporate - Gain on repurchase of notes	**(1.3)**	**-**	-	-
Corporate - Unrealized losses on commodity put options	**-**	**-**	(0.9)	-
Corporate - Realized loss on commodity put options	**-**	**-**	0.9	-
Metals (Moa JV) - Inventory obsolescence	**0.3**	**-**	-	-
Oil and Gas - Gain on disposal of property, plant and equipment	**-**	**-**	(1.3)	-
Oil and Gas and Power - Trade accounts receivable, net ACL revaluation	**-**	**-**	0.3	-
Power - Revaluation of Energas payable	**7.6**	**0.02**	-	-
Power - Revaluation of GNC receivable	**(8.5)**	**(0.02)**	-	-
Other[(1)]	**-**	**-**	0.5	-
Total adjustments, before tax	**$ (1.0)**	**$ -**	$ (1.6)	$ -
Tax adjustments	**0.1**	**-**	(0.1)	-
Adjusted net earnings from continuing operations	**$ 12.7**	**$ 0.03**	$ 14.7	$ 0.04

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

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 JV prior to payment and includes adjustments to accruals. The Metals segment's spending on capital includes the Fort Site's expenditures, plus the Corporation's 50% share of the Moa JV'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 JV 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 JV'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				Metals		Power		Other(1)		Combined total		Adjustment for Moa Joint Venture		Total derived from financial statements **2023**
Property, plant and equipment expenditures(2)			**$**	**9.6**	**$**	**0.7**	**$**	**-**	**$**	**10.3**	**$**	**(6.7)**	**$**	**3.6**
Intangible asset expenditures(2)				**-**		**-**		**0.9**		**0.9**		**-**		**0.9**
				9.6		**0.7**		**0.9**		**11.2**	**$**	**(6.7)**	**$**	**4.5**
Adjustments:														
Accrual adjustment						**-**		**(0.7)**		**(0.7)**				
Spending on capital			**$**	**9.6**	**$**	**0.7**	**$**	**0.2**	**$**	**10.5**				

$ millions, for the three months ended March 31		Metals		Power		Other(1)		Combined total		Adjustment for Moa Joint Venture		Total derived from financial statements 2022
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				

(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 Metals segment's free cash flow includes the Fort Site and Metals Marketing's free cash flow, plus the Corporation's 50% share of the Moa JV'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 JV.

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 JV, plus cash provided (used) by continuing operations for operating activities for the Corporation's 50% share of the Moa JV, less cash expenditures on property, plant and equipment and intangible assets for the Corporation's 50% share of the Moa JV. Distributions from the Moa JV 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	Metals(1)(2)	Power	Technologies	Oil and Gas	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements 2023**
Cash provided (used) by continuing operations for operating activities	**$ 92.4**	**$ 4.4**	**$ (5.7)**	**$ 1.0**	**$ (22.3)**	**$ 69.8**	**$ (60.0)**	**$ 9.8**
Less:								
Property, plant and equipment expenditures	**(9.6)**	**(0.7)**	**-**	**-**	**-**	**(10.3)**	**6.7**	**(3.6)**
Intangible expenditures	**-**	**-**	**-**	**(0.9)**	**-**	**(0.9)**	**-**	**(0.9)**
Free cash flow	**$ 82.8**	**$ 3.7**	**$ (5.7)**	**$ 0.1**	**$ (22.3)**	**$ 58.6**	**$ (53.3)**	**$ 5.3**

$ millions, for the three months ended March 31	Metals(1)(2)	Power	Technologies	Oil and Gas	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements** 2022
Cash provided (used) by continuing operations for operating activities	$ 19.9	$ 8.7	$ (3.5)	$ (1.7)	$ (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	$ 9.2	$ 8.2	$ (3.5)	$ (2.5)	$ (13.1)	$ (1.7)	$ 2.4	$ 0.7

(1) Cash provided (used) by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $60.2 million, $12.4 million and $19.8 million, respectively, for the three months ended March 31, 2023 (for the three months ended March 31, 2022 - $28.9 million, $(4.7) million and $(4.3) million, respectively).

(2) Property, plant and equipment expenditures for the Moa JV, Fort Site and Metals Marketing was $6.7 million, $2.9 million and nil, respectively, for the three months ended March 31, 2023 (for the three months ended March 31, 2022 - $7.1 million, $3.6 million and nil, respectively).

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as “believe”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “likely”, “may”, “will”, “could”, “should”, “suspect”, “outlook”, “potential”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements 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, optimizing mine planning and performance, extending the Moa life of mine, conversion of mineral resources to reserves, expansion program update as it relates to the Slurry Preparation Plant and Moa Processing Plant, commercializing Technologies projects and growing shareholder value; statements set out in the “Outlook” section of this MD&A and certain expectations regarding production volumes and increases, inventory levels, operating costs and capital spending and intensity; sales volumes; revenue, costs and earnings; the availability of additional gas supplies to be used for power generation; 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 under the Cobalt Swap, the anticipated repayment of all outstanding receivables through dividends, including in the form of finished cobalt or cash; and the timing, and amount of cobalt dividend distributions; distributions from the Corporation’s Moa Joint Venture in general; the anticipated second lien secured notes becoming due in 2026; the impact of the U.S. sanctions on Cuba; anticipated economic conditions in Cuba; sufficiency of working capital management and capital project funding; strengthening the Corporation’s capital structure 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; environmental risks and liabilities; compliance with applicable environmental laws and regulations; risks related to the U.S. government policy toward Cuba; and certain corporate objectives, goals and plans for 2023. 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, security market fluctuations and price volatility; level of liquidity and the related ability of the Moa Joint Venture to pay dividends; access to capital; access to financing; the risk to Sherritt’s entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa Joint Venture, 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; 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; political, economic and other risks of foreign operations; 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; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations; maintaining social license to grow and operate; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; risks to information technologies systems and cybersecurity; identification and management of growth opportunities; the ability to replace depleted mineral reserves; risk of future non-compliance with debt restrictions and covenants; 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; potential interruptions in transportation; uncertainty of gas supply for electrical generation; 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 the Corporation’s corporate structure; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; 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; legal contingencies; risks related to the Corporation’s accounting policies; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2023; and the 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, , procurement, construction, commissioning, 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 31, 2023 for the period ending December 31, 2022, 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, 2023 and 2022

Condensed consolidated statements of comprehensive income

Unaudited, Canadian $ millions, except per share amounts, for the three months ended March 31	Note		2023		2022
Revenue	5	$	**58.6**	$	34.1
Cost of sales	6		**(59.3)**		(30.5)
Administrative expenses	6		**(7.6)**		(28.0)
Share of earnings of Moa Joint Venture, net of tax	7		**29.9**		47.9
Earnings from operations and joint venture			**21.6**		23.5
Interest income on financial assets measured at amortized cost	8		**0.1**		3.8
Revaluation of allowances for expected credit losses	8		**-**		(0.8)
Other financing items	8		**1.3**		0.1
Financing expense	8		**(9.1)**		(9.9)
Net finance expense			**(7.7)**		(6.8)
Earnings before income tax			**13.9**		16.7
Income tax expense			**(0.3)**		(0.3)
Net earnings from continuing operations			**13.6**		16.4
Loss from discontinued operations, net of tax			**(0.3)**		(0.7)
Net earnings for the period		$	**13.3**	$	15.7
Other comprehensive loss					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations, net of tax			**(0.5)**		(9.7)
Items that will not be subsequently reclassified to profit or loss:					
Actuarial losses on pension plans, net of tax			**0.2**		(0.7)
Other comprehensive loss			**(0.3)**		(10.4)
Total comprehensive income		$	**13.0**	$	5.3
Net earnings per common share and net earnings from continuing operations per common share:					
Basic and diluted	9	$	**0.03**	$	0.04

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	2023 March 31	2022 December 31
ASSETS			
Current assets			
Cash and cash equivalents	10	**$ 138.3**	$ 123.9
Restricted cash		**1.4**	1.4
Advances, loans receivable and other financial assets	11	**92.5**	74.8
Trade accounts receivable, net	10	**182.6**	186.4
Inventories	12	**70.4**	37.7
Prepaid expenses		**3.9**	5.1
		489.1	429.3
Non-current assets			
Investment in Moa Joint Venture	7	**724.9**	756.0
Advances, loans receivable and other financial assets	11	**168.6**	207.1
Property, plant and equipment		**152.7**	148.6
Intangible assets		**13.9**	13.8
Other non-financial assets		**1.0**	0.8
Deferred income taxes		**2.8**	-
		1,063.9	1,126.3
Total assets		**$ 1,553.0**	$ 1,555.6
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Loans and borrowings	13	**$ 65.1**	$ 46.5
Trade accounts payable and accrued liabilities		**204.2**	209.7
Other financial liabilities	13, 15	**40.3**	81.8
Deferred revenue		**30.9**	12.9
Provisions	14	**18.2**	15.7
Income taxes payable		**0.9**	1.0
		359.6	367.6
Non-current liabilities			
Loans and borrowings	13	**305.2**	304.4
Other financial liabilities	13, 15	**75.0**	88.4
Other non-financial liabilities		**10.2**	9.4
Provisions	14	**91.8**	90.5
Deferred income taxes		**3.3**	0.4
		485.5	493.1
Total liabilities		**845.1**	860.7
Shareholders' equity			
Capital stock	18	**2,894.9**	2,894.9
Deficit		**(2,821.7)**	(2,835.0)
Reserves		**233.4**	233.4
Accumulated other comprehensive income		**401.3**	401.6
		707.9	694.9
Total liabilities and shareholders' equity		**$ 1,553.0**	$ 1,555.6

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	2023	2022
Operating activities			
Net earnings from continuing operations		**$ 13.6**	$ 16.4
Add (deduct):			
Depletion, depreciation and amortization	5, 6	**3.2**	7.3
Share-based compensation expense	6	**1.9**	26.6
Share of earnings of Moa Joint Venture, net of tax	7	**(29.9)**	(47.9)
Net finance expense	8	**7.7**	6.8
Income tax expense		**0.3**	0.3
Net change in non-cash working capital	17	**21.1**	(22.0)
Interest received		**0.5**	1.2
Interest paid		**(1.5)**	(0.5)
Income tax paid		**(0.2)**	(0.2)
Proceeds from Cobalt Swap	5	**18.8**	-
Distributions received from Moa Joint Venture	7	**-**	24.2
Share-based compensation payments		**(24.4)**	(5.7)
Other operating items		**(1.3)**	(0.9)
Cash provided by continuing operations		**9.8**	5.6
Cash used by discontinued operations		**(0.1)**	(0.3)
Cash provided by operating activities		**9.7**	5.3
Investing activities			
Property, plant and equipment expenditures	5	**(3.6)**	(4.1)
Intangible asset expenditures	5	**(0.9)**	(0.8)
Receipts of advances, loans receivable and other financial assets		**0.2**	0.1
Net proceeds from sale of property, plant and equipment		**-**	1.3
Cash used by continuing operations		**(4.3)**	(3.5)
Cash used by investing activities		**(4.3)**	(3.5)
Financing activities			
Repurchase of notes	13	**(2.5)**	-
Repayment of other financial liabilities		**(6.5)**	(0.4)
Increase in loans and borrowings	13	**18.0**	-
Cash provided (used) by continuing operations		**9.0**	(0.4)
Cash provided (used) by financing activities		**9.0**	(0.4)
Effect of exchange rate changes on cash and cash equivalents		**-**	(1.5)
Increase (decrease) in cash and cash equivalents		**14.4**	(0.1)
Cash and cash equivalents at beginning of the period		**123.9**	145.6
Cash and cash equivalents at end of the period	10	**$ 138.3**	$ 145.5

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, 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**
Total comprehensive income:					
Net earnings for the period	-	47.8	-	-	47.8
Foreign currency translation differences on foreign operations, net of tax	-	-	-	55.5	55.5
Actuarial gains on pension plans, net of tax	-	-	-	1.3	1.3
	-	47.8	-	56.8	104.6
Balance as at December 31, 2022	**$ 2,894.9**	**$ (2,835.0)**	**$ 233.4**	**$ 401.6**	**$ 694.9**
Total comprehensive income:					
Net earnings for the period	-	13.3	-	-	13.3
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(0.5)	(0.5)
Actuarial gains on pension plans, net of tax	-	-	-	0.2	0.2
	-	13.3	-	(0.3)	13.0
Balance as at March 31, 2023	**$ 2,894.9**	**$ (2,821.7)**	**$ 233.4**	**$ 401.3**	**$ 707.9**

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

Notes to the condensed consolidated financial statements

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Sherritt International Corporation ("Sherritt" or "the Corporation") is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt's Moa Joint Venture has a current estimated mine life of 26 years and has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by 20% or 6,500 tonnes of contained nickel and cobalt (100% basis). The Corporation's Power division, through its ownership in Energas S.A., is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Additionally, 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 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 10, 2023. The Corporation is listed on the Toronto Stock Exchange under the symbol "S".

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. References to "US$" are to United States (U.S.) dollars, to "CUP" are to Cuban pesos and to "€" are to euro.

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 MATERIAL 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, 2022.

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, 2022.

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which made amendments to IAS 12 Income Taxes ("IAS 12"). The amendment narrowed the scope of the IAS 12 recognition exemption related to the recognition of deferred tax when an entity accounts for transactions, such as leases or decommissioning obligations, by recognizing both an asset and a liability. The exemption no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The amendments apply for annual periods beginning on or after January 1, 2023. Effective January 1, 2023, the Corporation adopted these requirements. The application of this amendment did not have a material impact on the Corporation's condensed consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the IASB issued Definition of Accounting Estimates, which made amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment replaced the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting estimates are developed if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendment clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the current period's consolidated statements of comprehensive income (loss), or the consolidated statements of comprehensive income (loss) of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments apply for annual periods beginning on or after January 1, 2023. Effective January 1, 2023, the Corporation adopted these requirements. The application of this amendment did not have a material 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.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In October 2022, the IASB finalised issuance of Classification of Liabilities as Current or Non-Current, which made amendments to IAS 1 Presentation of Financial Statements. The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. Classification is unaffected by the expectations that the Corporation will exercise its right to defer settlement of a liability. Lastly, the amendment clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The Corporation is currently evaluating the impact of this standard on its condensed consolidated financial statements.

5. SEGMENTED INFORMATION

The Corporation revised the presentation of its segmented information during the three months ended March 31, 2023 as a result of a change in the information reviewed by the chief operating decision maker due to the Corporation's agreement with its Cuban partners to recover its total outstanding Cuban receivables over five years (the Cobalt Swap) (note 11). The former Moa JV and Fort Site reportable segment and Metals Other reportable segment were combined into one new Metals reportable segment, which includes all of the Corporation's mining, refining and sales of nickel and cobalt. Segmented information for the prior period was restated in the current period for comparative purposes to reflect the new Metals reportable segment.

Canadian $ millions, for the three months ended March 31							2023
	Metals(1)	Power	Tech-nologies	Oil and Gas	Corporate	Adjustments for Moa Joint Venture	Total
Revenue	$ 176.5	$ 10.3	$ 0.3	$ 2.1	$ 0.3	$ (130.9)	$ 58.6
Cost of sales	(144.5)	(3.4)	(4.8)	(2.9)	-	96.3	(59.3)
Cobalt gain	0.5	-	-	-	-	(0.5)	-
Administrative expenses	(1.5)	(1.0)	-	(0.6)	(5.8)	1.3	(7.6)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	-	29.9	29.9
Earnings (loss) from operations and joint venture	31.0	5.9	(4.5)	(1.4)	(5.5)	(3.9)	21.6
Interest income on financial assets measured at amortized cost							0.1
Revaluation of allowances for expected credit losses							-
Other financing items							1.3
Financing expense							(9.1)
Net finance expense							(7.7)
Earnings before income tax							13.9
Income tax expense							(0.3)
Net earnings from continuing operations							13.6
Loss from discontinued operations, net of tax							(0.3)
Net earnings for the period							$ 13.3

Supplementary information							
Depletion, depreciation and amortization	$ 13.5	$ 0.5	$ -	$ 0.1	$ 0.3	$ (11.2)	$ 3.2
Property, plant and equipment expenditures	9.6	0.7	-	-	-	(6.7)	3.6
Intangible asset expenditures	-	-	-	0.9	-	-	0.9

Canadian $ millions, as at March 31							2023
Non-current assets(2)	$ 640.0	$ 15.6	$ 0.7	$ 8.2	$ 6.0	$ (503.9)	$ 166.6
Total assets	1,191.0	391.2	1.0	27.0	46.3	(103.5)	1,553.0

Canadian $ millions, for the three months ended March 31	Metals(1)	Power	Technologies	Oil and Gas	Corporate	Adjustments for Moa Joint Venture	2022 (Restated) Total
Revenue	$ 187.6	$ 9.0	$ 0.3	$ 5.0	$ 0.3	$ (168.1)	$ 34.1
Cost of sales	(118.6)	(6.0)	(4.3)	(2.4)	-	100.8	(30.5)
Administrative expenses	(1.9)	(2.5)	-	(1.0)	(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	67.1	0.5	(4.0)	1.6	(23.6)	(18.1)	23.5
Interest income on financial assets measured at amortized cost							3.8
Revaluation of allowances for expected credit losses							(0.8)
Other financing items							0.1
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	$ 3.9	$ -	$ 0.5	$ 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 December 31	Metals(1)	Power	Technologies	Oil and Gas	Corporate	Adjustments for Moa Joint Venture	2022 (Restated) Total
Non-current assets(2)	$ 639.5	$ 15.4	$ 0.8	$ 8.1	$ 6.0	$ (507.4)	$ 162.4
Total assets	1,199.6	415.3	1.8	25.9	28.0	(115.0)	1,555.6

(1) Included in the Metals segment are the operations of the Corporation's 50% interest in the Moa Joint Venture, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan and 100% interest in subsidiaries which market and sell certain of Moa Joint Venture's nickel and cobalt production.

(2) 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	**2023 Total revenue**	2022 Total revenue
Cobalt	**$ 29.8**	$ -
Fertilizer(1)	**14.9**	18.2
Oil and gas service revenue	**2.1**	5.0
Power generation(2)	**9.2**	7.5
Other	**2.6**	3.4
	$ 58.6	$ 34.1

(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, 2022, 43% of fertilizer revenue was recorded in the second quarter, 29% was recognized in the fourth quarter and the remaining 28% 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, 2023 is $7.0 million of revenue from service concession arrangements ($5.8 million for the three months ended March 31, 2022).

Cobalt revenue

Cobalt revenue relates to cobalt sold by the Corporation to third parties from the cobalt volumes received through distributions under the Cobalt Swap (note 11) during the three months ended March 31, 2023. The Corporation received $18.8 million of cash from cobalt sales during the three months ended March 31, 2023, with the balance recorded in trade accounts receivable, net (note 10). $13.2 million of cash was received subsequent to period end.

Cobalt revenue is recognized consistent with the Corporation's revenue recognition policy as disclosed in the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2022.

6. EXPENSES

Cost of sales includes the following:

Canadian $ millions, for the three months ended March 31		**2023**		2022
Employee costs	**$**	**17.3**	$	16.1
Severance		**0.6**		0.4
Depletion, depreciation and amortization of property, plant and equipment and intangible assets		**2.8**		6.9
Raw materials and consumables		**15.9**		20.0
Finished cobalt[1]		**32.3**		-
Repairs and maintenance		**10.8**		10.3
Shipping and treatment costs		**0.8**		0.4
Gain on environmental rehabilitation provisions		**(1.4)**		(0.6)
Share-based compensation expense		**0.5**		3.5
Changes in inventories and other		**(20.3)**		(26.5)
	$	**59.3**	$	30.5

(1) Finished cobalt relates to the cost of finished cobalt distributed to the Corporation pursuant to the Cobalt Swap (note 11) and sold to external customers. The value is based on an in-kind value of cobalt, calculated as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and General Nickel Company ("GNC") in consideration of selling costs incurred by the Corporation.

Administrative expenses include the following:

Canadian $ millions, for the three months ended March 31		**2023**		2022
Employee costs	**$**	**4.9**	$	4.7
Severance		**-**		0.1
Depreciation		**0.4**		0.4
Share-based compensation expense		**1.4**		23.1
Consulting services and audit fees		**1.2**		0.7
Other		**(0.3)**		(1.0)
	$	**7.6**	$	28.0

7. JOINT ARRANGEMENTS

Investment in Moa Joint Venture

During the three months ended March 31, 2023, the Moa Joint Venture distributed 1,280 tonnes of finished cobalt (100% basis) to the Corporation with an in-kind value of $58.2 million (US$43.3 million) (100% basis) pursuant to the Cobalt Swap (note 11). Subsequent to period end, the Moa Joint Venture distributed an additional 240 tonnes of finished cobalt (100% basis), with an in-kind value of $9.4 million (US$7.0 million) (100% basis). The total volume of cobalt distributions during and subsequent to the three months ended March 31, 2023 represents 73% of the annual maximum cobalt volume to be distributed to the Corporation pursuant to the Cobalt Swap.

During the three months ended March 31, 2023, the Moa Joint Venture paid cash distributions of nil ($48.3 million on a 100% basis and $24.2 million on a 50% basis, respectively, for the three months ended March 31, 2022).

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		**2023 March 31**		2022 December 31
Assets				
Cash and cash equivalents	**$**	**86.0**	$	43.6
Other current assets		**41.0**		90.1
Trade accounts receivable, net		**146.6**		178.0
Inventories		**360.9**		399.1
Other non-current assets		**18.0**		16.8
Property, plant and equipment		**1,095.2**		1,102.8
Total assets		**1,747.7**		1,830.4
Liabilities				
Trade accounts payable and accrued liabilities		**67.6**		87.9
Income taxes payable		**5.9**		4.1
Other current financial liabilities		**0.2**		0.2
Loans and borrowings(1)		**25.2**		26.0
Environmental rehabilitation provisions		**83.6**		84.0
Other non-current financial liabilities		**4.4**		4.6
Deferred income taxes		**23.5**		23.7
Total liabilities		**210.4**		230.5
Net assets of Moa Joint Venture	**$**	**1,537.3**	$	1,599.9
Proportion of Sherritt's ownership interest		**50%**		50%
Total		**768.7**		800.0
Intercompany capitalized interest elimination		**(43.8)**		(44.0)
Investment in Moa Joint Venture	**$**	**724.9**	$	756.0

(1) Included in loans and borrowings is $9.3 million of current financial liabilities (December 31, 2022 - $11.3 million) and $15.9 million of non-current financial liabilities (December 31, 2022 - $14.7 million).

Notes to the condensed consolidated financial statements

Statements of comprehensive income

Canadian $ millions, 100% basis, for the three months ended March 31		**2023**		2022
Revenue	**$**	**261.8**	$	336.2
Cost of sales(1)		**(192.7)**		(201.5)
Cobalt gain(2)		**1.5**		-
Administrative expenses		**(2.6)**		(2.6)
Earnings from operations		**68.0**		132.1
Financing income		**0.6**		0.1
Financing expense		**(3.1)**		(6.7)
Net finance expense		**(2.5)**		(6.6)
Earnings before income tax		**65.5**		125.5
Income tax expense(3)		**(7.1)**		(31.7)
Net earnings and comprehensive income of Moa Joint Venture	**$**	**58.4**	$	93.8
Proportion of Sherritt's ownership interest		**50%**		50%
Total		**29.2**		46.9
Intercompany elimination		**0.7**		1.0
Share of earnings of Moa Joint Venture, net of tax	**$**	**29.9**	$	47.9

(1) Included in cost of sales for the three months ended March 31, 2023 is depreciation and amortization of $22.4 million ($21.8 million for the three months ended March 31, 2022).

(2) During the three months ended March 31, 2023, the Moa Joint Venture recognized a cobalt gain of $1.5 million, representing the difference between the in-kind value of cobalt distributed and the Moa Joint Venture's cost to produce finished cobalt distributed to the Corporation pursuant to the Cobalt Swap. Of the $1.5 million cobalt gain (100% basis) recognized by the Moa Joint Venture, $0.7 million (100% basis) was related to finished cobalt distributed to the Corporation and not yet sold to external customers, which is eliminated within the intercompany elimination (50% basis) above until sold to external customers.

(3) 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		**2023 March 31**		2022 December 31
Current assets(1)	**$**	**113.9**	$	118.0
Non-current assets		**11.6**		11.4
Current liabilities		**11.4**		8.3
Non-current liabilities		**62.4**		68.5
Net assets	**$**	**51.7**	$	52.6

(1) Included in current assets is $88.9 million of cash and cash equivalents (December 31, 2022 - $96.7 million).

Canadian $ millions, 33⅓% basis, for the three months ended March 31		**2023**		2022
Revenue	**$**	**10.3**	$	9.0
Expenses		**(11.3)**		(8.5)
Net (loss) earnings	**$**	**(1.0)**	$	0.5

8. NET FINANCE EXPENSE

Canadian $ millions, for the three months ended March 31	Note	2023	2022
Interest income on trade accounts receivable, net		**$ -**	$ 0.2
Interest income on advances and loans receivable		**0.1**	3.6
Interest income on financial assets measured at amortized cost		**0.1**	3.8
Revaluation of allowances for expected credit losses:			
Trade accounts receivable, net	10	**-**	(0.3)
Energas conditional sales agreement receivable	10	**-**	(0.5)
Revaluation of allowances for expected credit losses		**-**	(0.8)
Revaluation of GNC receivable	10	**8.5**	-
Revaluation of Energas payable	10	**(7.6)**	-
Gain on repurchase of notes	13	**1.3**	-
Unrealized gains on commodity put options		**-**	0.9
Realized losses on commodity put options		**-**	(0.9)
Other		**(0.9)**	0.1
Other financing items		**1.3**	0.1
Interest expense and accretion on loans and borrowings		**(8.0)**	(10.6)
Unrealized foreign exchange (loss) gain		**(0.9)**	1.1
Realized foreign exchange gain		**0.2**	-
Other interest expense and finance charges		**(0.3)**	(0.3)
Accretion expense on environmental rehabilitation provisions	14	**(0.1)**	(0.1)
Financing expense		**(9.1)**	(9.9)
Net finance expense		**$ (7.7)**	$ (6.8)

9. EARNINGS PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars, for the three months ended March 31	2023	2022
Net earnings from continuing operations	**$ 13.6**	$ 16.4
Loss from discontinued operations, net of tax	**(0.3)**	(0.7)
Net earnings for the period - basic and diluted	**$ 13.3**	$ 15.7
Weighted-average number of common shares - basic and diluted(1)	**397.3**	397.3
Net earnings from continuing operations per common share:		
Basic and diluted	**$ 0.03**	$ 0.04
Loss from discontinued operations, net of tax, per common share:		
Basic and diluted	**$ (0.00)**	$ (0.00)
Net earnings per common share:		
Basic and diluted	**$ 0.03**	$ 0.04

(1) The determination of the weighted-average number of common shares - diluted excludes 6.6 million shares related to stock options that were anti-dilutive for the three months ended March 31, 2023 (2.7 million for the three months ended March 31, 2022).

10. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents consist of:

Canadian $ millions, as at		2023 March 31		2022 December 31
Cash equivalents	$	**0.2**	$	0.2
Cash held in banks		**138.1**		123.7
	$	**138.3**	$	123.9

Cash and cash equivalents of the Corporation and its wholly-owned subsidiaries held in Canada was $45.4 million as at March 31, 2023 (December 31, 2022 - $20.3 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 $92.7 million as at March 31, 2023 (December 31, 2022 - $101.6 million).

As at March 31, 2023, $88.9 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2022 - $96.7 million). These funds are for use locally by the joint operation, including repayment of Energas' payable to GNC (note 13) and for payments under the Energas Payment Agreement (Moa Swap) to facilitate foreign currency payments for the operating and maintenance costs of Energas, as well as to cover future payments owed to Sherritt, including dividends.

Fair value measurement

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

Canadian $ millions, as at	Note	Hierarchy level		2023 March 31 Carrying value		2023 March 31 Fair value		2022 December 31 Carrying value		2022 December 31 Fair value
Liabilities:										
8.50% second lien secured notes due 2026(1)	13	1	$	**234.4**	$	**184.3**	$	233.6	$	185.9
10.75% unsecured PIK option notes due 2029(1)	13	1		**70.8**		**46.0**		70.8		38.9

(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		2023 March 31		2022 December 31
Trade accounts receivable	$	**160.1**	$	155.8
Allowance for expected credit losses		**(19.8)**		(19.5)
Accounts receivable from Moa Joint Venture		**18.6**		27.4
Other		**23.7**		22.7
	$	**182.6**	$	186.4

Aging of trade accounts receivable, net

Canadian $ millions, as at		2023 March 31		2022 December 31
Not past due	$	**176.6**	$	169.9
Past due no more than 30 days		**2.6**		4.4
Past due for more than 30 days but no more than 60 days		**0.2**		3.3
Past due for more than 60 days		**3.2**		8.8
	$	**182.6**	$	186.4

Allowance for expected credit losses

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

Canadian $ millions	As at 2022 December 31	Revaluation(1)	Foreign exchange and other non-cash items	As at 2023 March 31
		For the three months ended March 31, 2023		
Lifetime expected credit losses				
Trade accounts receivable, net	$ (19.5)	$ -	$ (0.3)	$ (19.8)

Canadian $ millions	As at 2021 December 31	Revaluation	Derecognition	Foreign exchange and other non-cash items	As at 2022 December 31
		For the year ended December 31, 2022			
Lifetime expected credit losses					
Trade accounts receivable, net	$ (21.8)	$ (0.4)	$ 2.2	$ 0.5	$ (19.5)
Energas conditional sales agreement(2)	(8.0)	(49.0)	57.0	-	-

(1) Revaluation of ACLs are recognized within net finance expense (note 8).

(2) Included in the $49.0 million revaluation loss presented above is a $48.5 million loss on revaluation of the ACL on the Energas CSA recognized during the year ended December 31, 2022 as a result of the Cobalt Swap signed by the Corporation with its Cuban partners to recover its total outstanding Cuban receivables over five years.

Fair value hierarchy

The GNC receivable and Energas payable are included in Level 3 of the fair value hierarchy.

The following significant unobservable inputs were used to determine the fair value of the GNC receivable as at March 31, 2023:

- Forecast in-kind cobalt prices from US$13/lb to US$23/lb. A $10 increase in forecast in-kind cobalt prices would increase the fair value by $8.1 million, while a $10 decrease in forecast in-kind cobalt prices would decrease the fair value by $7.0 million. The settlement of the GNC receivable is based on an in-kind value of cobalt, calculated as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and GNC in consideration of selling costs incurred by the Corporation.
- Discount rate of 12%. A 5 percentage point increase in the discount rate would decrease the fair value by $25.3 million, while a 5 percentage point decrease in the discount rate would increase the fair value by $29.3 million.

The following is a reconciliation of the fair value of the GNC receivable from December 31, 2022 to March 31, 2023 and the comparative period:

Canadian $ millions	Note	For the three months ended 2023 March 31	For the three months ended 2022 March 31
Balance, beginning of the period		$ 279.1	$ -
Revaluation of GNC receivable in net finance expense	8	8.5	-
Settlements		(29.1)	-
Balance, end of the period	11	$ 258.5	$ -

The following significant unobservable inputs were used to determine the fair value of the Energas payable as at March 31, 2023:

- Forecast in-kind cobalt prices from US$13/lb to US$23/lb. A $10 increase in forecast in-kind cobalt prices would increase the fair value by $2.3 million, while a $10 decrease in forecast in-kind cobalt prices would decrease the fair value by $1.8 million.
- Discount rate of 10%. A 5 percentage point increase in the discount rate would decrease the fair value by $9.0 million, while a 5 percentage point decrease in the discount rate would increase the fair value by $10.5 million.

The following is a reconciliation of the fair value of the Energas payable from December 31, 2022 to March 31, 2023 and the comparative period:

Canadian $ millions	Note		For the three months ended 2023 March 31		For the three months ended 2022 March 31
Balance, beginning of the period		$	82.6	$	-
Revaluation of Energas payable in net finance expense	8		7.6		-
Settlements			(6.0)		-
Balance, end of the period	13	$	84.2	$	-

11. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	Note		2023 March 31		2022 December 31
Advances and loans receivable					
GNC receivable(1)	10	$	258.5	$	279.1
Other financial assets					
Finance lease receivables			2.6		2.8
			261.1		281.9
Current portion of advances, loans receivable and other financial assets(2)			(92.5)		(74.8)
Non-current portion of advances, loans receivable and other financial assets		$	168.6	$	207.1

(1) As at March 31, 2023, the non-current portion of the GNC receivable agreement is $166.9 million (December 31, 2022 - $205.2 million).

(2) Included in the current portion of advances, loans receivable and other financial assets is the GNC receivable of $91.6 million (December 31, 2022 - $73.9 million).

GNC receivable

The principal balance of the GNC receivable as at March 31, 2023 is $338.9 million (December 31, 2022 - $368.0 million), reflecting settlements of $29.1 million during the three months ended March 31, 2023.

Subsequent to period end, the Moa Joint Venture distributed 240 tonnes of finished cobalt to the Corporation with an in-kind value of $9.4 million (US$7.0 million) (100% basis) (note 7), half of which will settle the GNC receivable during the three months ended June 30, 2023.

12. INVENTORIES

Canadian $ millions, as at		2023 March 31		2022 December 31
Raw materials	**$**	**0.1**	$	0.1
Materials in process		**0.6**		0.3
Finished products		**43.8**		14.6
		44.5		15.0
Spare parts and operating materials		**25.9**		22.7
	$	**70.4**	$	37.7

Finished products inventories as at March 31, 2023 includes $26.2 million of finished cobalt received by the Corporation pursuant to the Cobalt Swap (note 11) and not yet sold to external customers.

For the three months ended March 31, 2023, the cost of inventories included in cost of sales was $46.5 million ($14.1 million for the three months ended March 31, 2022).

13. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

			For the three months ended March 31, 2023			
			Cash flows	Non-cash changes		
Canadian $ millions	Note	As at 2022 December 31	Increase in other loans and borrowings	Repurchase of notes	Other	As at 2023 March 31
8.50% second lien secured notes due 2026	10	$ 233.6	**$ -**	**$ -**	**$ 0.8**	**$ 234.4**
10.75% unsecured PIK option notes due 2029	10	70.8	**-**	**(2.5)**	**2.5**	**70.8**
Syndicated revolving-term credit facility		46.5	**18.0**	**-**	**0.6**	**65.1**
		$ 350.9	**$ 18.0**	**$ (2.5)**	**$ 3.9**	**$ 370.3**
Current portion of loans and borrowings		(46.5)				**(65.1)**
Non-current portion of loans and borrowings		$ 304.4				**$ 305.2**

8.50% second lien secured notes due 2026 (“Second Lien Notes”)

As at March 31, 2023, the outstanding principal amount of Second Lien Notes is $221.3 million.

Other non-cash changes consists of interest and accretion of a 7% premium. This premium is due upon the earlier of optional redemption and maturity of the notes 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). 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, including cash distributions received by the Corporation from GNC pursuant to the Cobalt Swap and its assumption of the Energas CSA), which mandatory redemption shall be required to be made only if the Corporation has minimum liquidity of $75.0 million calculated in accordance with the Second Lien Notes Indenture. Expected mandatory excess cash flow redemptions have been included in the calculation of the effective interest rate of the Second Lien Notes.

Subsequent to period end, the Corporation paid interest of $9.4 million on the Second Lien Notes and did not make any mandatory redemption, as the minimum liquidity condition pursuant to the provisions of the indenture agreement was not met.

10.75% unsecured PIK option notes due 2029 (“PIK Notes”)

During the three months ended March 31, 2023, the Corporation repurchased $3.8 million of principal of the PIK Notes at a cost of $2.5 million, resulting in a gain on repurchase of notes of $1.3 million (note 8).

During the three months ended March 31, 2023, in accordance with the terms of the indenture, the Corporation elected not to pay cash interest due in January of $3.8 million and added the payment-in-kind interest to the principal amount owed to noteholders.

As at March 31, 2023, the outstanding principal amount of the PIK Notes is $70.8 million.

Other non-cash changes consist of the gain on repurchase of notes, net 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 (“Credit Facility”)

During the three months ended March 31, 2023, the Credit Facility was amended to extend its maturity for one year from April 30, 2024 to April 30, 2025, with no other changes to the terms, financial covenants or restrictions.

As at March 31, 2023, the outstanding principal amount of the Credit Facility is $63.0 million.

Other non-cash changes consist of accretion and a loss due to revisions of cash flows.

Other financial liabilities

Canadian $ millions, as at	Note	**2023 March 31**	2022 December 31
Energas payable(1)	10	**$ 84.2**	$ 82.6
Lease liabilities		**12.1**	12.6
Share-based compensation liability	15	**11.5**	34.6
Other financial liabilities(2)		**7.5**	40.4
		115.3	170.2
Current portion of other financial liabilities(2)		**(40.3)**	(81.8)
Non-current portion of other financial liabilities		**$ 75.0**	$ 88.4

(1) As at March 31, 2023, the non-current portion of the Energas payable is $59.7 million (December 31, 2022 - $68.2 million).

(2) As at March 31, 2023, the current portion of other financial liabilities includes the Energas payable of $24.5 million (December 31, 2022 - $14.4 million), a share-based compensation liability of $7.5 million (note 15) (December 31, 2022 - $28.2 million) and a $6.4 million other financial liability (December 31, 2022 - $37.2 million) to the Moa Joint Venture for cobalt distributions received pursuant to the Cobalt Swap (note 11) that have not yet been declared as dividends, which will be extinguished upon declaration as dividends.

Energas payable

During the three months ended March 31, 2023, $6.0 million of cash was paid by Energas to GNC in Cuban pesos. The outstanding principal balance of the Energas payable as at March 31, 2023 is $106.1 million (33⅓% basis) (December 31, 2022 - $112.1 million).

No interest accrues on Energas’ payable to GNC over the five-year period. In the event that the total outstanding receivables are not fully repaid by December 31, 2027, interest will accrue retroactively at 8.0% from January 1, 2023 on the unpaid principal amount, and the unpaid principal and interest amounts will become due and payable by Energas to GNC.

14. PROVISIONS

Canadian $ millions, as at		2023 March 31		2022 December 31
Environmental rehabilitation provisions	**$**	**106.9**	$	103.6
Other provisions		**3.1**		2.6
		110.0		106.2
Current portion of provisions		**(18.2)**		(15.7)
Non-current portion of provisions	**$**	**91.8**	$	90.5

Environmental rehabilitation provisions

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian $ millions	Note		For the three months ended 2023 March 31		For the year ended 2022 December 31
Balance, beginning of the period		**$**	**103.6**	$	103.8
Change in estimates			**2.2**		(0.4)
Gain on settlement of environmental rehabilitation provisions			**-**		(0.1)
Utilized during the period			**(0.1)**		(0.5)
Accretion	8		**0.1**		0.3
Effect of movement in exchange rates			**1.1**		0.5
Balance, end of the period		**$**	**106.9**	$	103.6

Other provisions

The following is a reconciliation of other provisions:

Canadian $ millions	Note		For the three months ended 2023 March 31		For the year ended 2022 December 31
Balance, beginning of the period		**$**	**2.6**	$	4.2
Change in estimates			**0.5**		-
Utilized during the period			**-**		(1.6)
Balance, end of the period		**$**	**3.1**	$	2.6

15. SHARE-BASED COMPENSATION PLANS

Equity-settled stock option plan

In February 2023, the Corporation’s Board of Directors approved the grant of stock options to executive officers with an exercise price of $0.53 and a maximum life of 7 years. The options vest and become exercisable in three equal amounts on the annual anniversary date of the grant of the options. The number of these options granted during the three months ended March 31, 2023 was 3,982,732 (nil during the three months ended March 31, 2022).

As at March 31, 2023, 6,612,673 stock options (March 31, 2022 – 2,701,741) remained outstanding for which the Corporation has recognized a nominal share-based compensation expense during the three months ended March 31, 2023 (nil for the three months ended March 31, 2022).

Inputs for measurement of grant date fair values

The fair value of the stock options at the grant date was measured using a Black-Scholes option valuation model. The following summarizes the weighted-average fair value measurement factors for options granted during the period:

Canadian $, except as noted, for the three months ended March 31		2023
Share price at grant date	$	0.53
Exercise price		0.53
Risk-free interest rate (based on 7-year Government of Canada bonds)		3.42%
Expected volatility		70%
Expected dividend yield		0%
Expected life of options		7 years
Weighted-average fair value of options granted during the period	$	0.36

Expected volatility is estimated based on the average historical share price volatility for a period equal to the expected life of the option. The expected life of the option is estimated to equal its legal life at the time of grant. The expected dividend yield is determined by comparing the expected dividend payment to the share price at grant date.

Cash-settled share-based compensation plans

The Corporation's liabilities for Restricted Share Units ("RSUs"), Performance Share Units ("PSUs") and Deferred Share Units ("DSUs") are measured at fair value at each reporting date until settlement based on the market value of the Corporation's shares, which is based on the 5-day volume-weighted average price (VWAP). RSUs and PSUs settle three years after grant date and DSUs settle following departure from the Board of Directors.

Restricted Share Units (RSUs)

In February 2023, the Corporation's Board of Directors approved the grant of RSUs to certain employees with a 3-year vesting period and no performance conditions, other than a service condition. The number of these RSUs granted during the three months ended March 31, 2023 was 3,896,948 (5,044,633 during the three months ended March 31, 2022).

Performance Share Units (PSUs)

In February 2023, 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 the Corporation's total shareholder return relative to individual constituents of a benchmark mining index (a market condition) (the "disaggregated RTSR performance condition") and a service condition. Performance will be based on the percentile return of the Corporation as compared to the constituents within the index. The value of PSUs that vest will vary from 0% to 200% based on the achievement of the market performance condition. The number of PSUs subject to this performance condition granted during the three months ended March 31, 2023 was 5,661,335 (5,044,633 during the three months ended March 31, 2022).

Cash payments for share-based units are primarily made in the first quarter of each year and are dependent upon the market value of the Corporation's shares on the settlement date, and in the case of PSUs, cash payments are also dependent upon the achievement of the market condition described above. The market value of the Corporation's shares as at March 31, 2023 and December 31, 2022 was $0.54 and $0.50, respectively.

A summary of the Corporation's RSUs and PSUs outstanding and vested as at March 31, 2023 is shown below. The Corporation's share-based compensation liabilities are measured based on the vested units at the end of each reporting period disclosed above, which reflects the completion of the service condition and best estimate of the number of units expected to vest.

As at March 31		2023
Grant year	**RSUs**	**PSUs**
2020	**87,596**	**87,596**
2021	**6,187,151**	**6,187,151**
2022	**5,175,725**	**5,175,725**
2023	**3,896,948**	**5,661,335**
Outstanding, end of the period	**15,347,420**	**17,111,807**
Vested, end of the period	**7,706,331**	**7,944,867**

A total of 5,916,876 DSUs are outstanding and vested as at March 31, 2023, granted between 2012 and 2023.

During the three months ended March 31, 2023, the Corporation recognized a share-based compensation expense of $1.9 million, during which time the market value of the Corporation's common shares increased by $0.04. During the three months ended March 31, 2022, the Corporation recognized a share-based compensation expense of $26.6 million, during which time the market value of the Corporation's common shares increased by $0.39.

Share-based compensation liability

Canadian $ millions, as at	Note	2023 March 31	2022 December 31
Share-based compensation liability	13	**$ 11.5**	$ 34.6
Current portion of share-based compensation liability		**(7.5)**	(28.2)
Non-current portion of share-based compensation liability		**$ 4.0**	$ 6.4

Share-based compensation expense

		For the three months ended	
Canadian $ millions	Note	2023 March 31	2022 March 31
Share-based compensation expense	6	**$ 1.9**	$ 26.6

Share-based compensation risk

The Corporation is exposed to financial risk related to share-based compensation costs. Potential fluctuations in the price of Sherritt's common shares would have an impact on share-based compensation expense. Based on balances as at March 31, 2023, a $0.10 decrease in the price of the Corporation's common shares could increase the Corporation's net earnings by approximately $2.8 million for cash-settled share-based units. A $0.10 increase in the price of the Corporation's common shares could decrease the Corporation's net earnings by approximately $2.9 million for cash-settled share-based units.

16. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at March 31	2023
Property, plant and equipment commitments	**$ 4.9**
Moa Joint Venture:	
Property, plant and equipment commitments(1)	**34.0**

(1) The Moa Joint Venture's property, plant and equipment commitments are non-recourse to the Corporation and presented on a 50% basis.

17. SUPPLEMENTAL CASH FLOW INFORMATION

Working capital is defined as the Corporation's current assets less current liabilities and was $129.5 million as at March 31, 2023 ($61.7 million - December 31, 2022).

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	2023	2022
Trade accounts receivable, net	**$ 3.2**	$ (65.2)
Inventories	**7.2**	(5.5)
Prepaid expenses	**1.2**	1.3
Trade accounts payable and accrued liabilities	**(9.2)**	32.0
Deferred revenue	**18.7**	15.4
	$ 21.1	$ (22.0)

Non-cash transactions

During the three months ended March 31, 2023, investing activities excluded $29.1 million of non-cash settlements of the GNC receivable (note 11), which was settled through receipts of finished cobalt pursuant to the Cobalt Swap.

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 2023 March 31		For the year ended 2022 December 31
	Number	Capital stock	Number	Capital stock
Balance, beginning of the period	**397,288,680**	**$ 2,894.9**	397,288,680	$ 2,894.9
Balance, end of the period	**397,288,680**	**$ 2,894.9**	397,288,680	$ 2,894.9

19. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

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 and sales volumes, cash production costs, distributions from the Moa Joint Venture, 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 and distributions from the Moa Joint Venture (including pursuant to the Cobalt Swap), 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 Second Lien Notes Indenture and Credit Facility 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.

Financial obligation maturity analysis

The Corporation's significant contractual commitments, obligations, and interest and principal repayments in respect of its financial liabilities, income taxes payable and provisions are presented in the following table. For amounts payable that are not fixed, including mandatory redemptions of the Second Lien Notes (note 13), the amount disclosed is determined by reference to the conditions existing as at March 31, 2023.

Canadian $ millions, as at March 31, 2023	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	$ 204.2	$ 204.2	$ -	$ -	$ -	$ -	$ -
Income taxes payable	0.9	0.9	-	-	-	-	-
8.50% second lien secured notes due 2026 (includes principal, interest and premium)	323.1	18.8	18.8	18.8	266.7	-	-
10.75% unsecured PIK option notes due 2029 (includes principal and interest)	141.2	-	-	-	-	-	141.2
Syndicated revolving-term credit facility	74.7	5.6	5.6	63.5	-	-	-
Provisions	193.0	18.2	8.7	1.2	0.2	0.9	163.8
Energas payable	106.0	26.5	14.8	29.1	23.9	11.7	-
Lease liabilities	14.7	2.7	2.4	2.1	1.3	1.3	4.9
Total	$ 1,057.8	$ 276.9	$ 50.3	$ 114.7	$ 292.1	$ 13.9	$ 309.9

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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