



Q1

2024 FIRST QUARTER REPORT

Sherritt International Corporation
For the three months ended March 31, 2024

Sherritt Reports First Quarter 2024 Results; Solid Performance from Power; Metals Achieved Strong Nickel Sales Volume; Slurry Preparation Plant Operating at Design Capacity

TORONTO – May 8, 2024 – 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, 2024. All amounts are in Canadian currency unless otherwise noted.

Leon Binedell, President and CEO of Sherritt commented, “The first quarter saw a continuation in depressed nickel market conditions, however more recently, conditions gradually improved and we are pleased to see the market gaining traction. These conditions contributed towards our success in reducing our opening nickel inventory with strong nickel sales. Our available liquidity in Canada improved from the year end, reversing the negative trend from the second half of 2023. We achieved this despite our previously disclosed expectations that the first quarter would be our highest NDCC quarter in 2024. We saw improved mining, processing and refining cost from the strong actions taken in response to market conditions including our restructuring early in the year and increased production year over year and expect improved operating performance and lower NDCC over the rest of the year in line with our guidance.”

Mr. Binedell continued, “Growing geopolitical competition over critical minerals has led to new sanctions being implemented on Russian produced metals and potential trade measures in the nickel market being contemplated against China and Indonesia. We are closely monitoring these developments and their implications for advancing the build-out of regionalized supply chains and influencing future pricing.

Against this market backdrop, Sherritt is in a strong position with its technical expertise and innovative processing solutions which are key differentiators and enablers towards our near-term strategic focus to expand midstream processing capacity of critical minerals for the EV supply chain in North America. I am excited by the recent advancements our team has made on our MHP midstream processing flowsheet, aimed to significantly reduce sodium sulphate effluent, a significant environmental challenge for the industry, while still ensuring low GHG emissions and energy intensity. We believe this project is an important step to help unlock the processing value chain for the North American EV sector while also providing a catalyst for future domestic mine production. We look forward to accelerating this project throughout 2024, with near-term efforts focused on site identification, customer and partnership arrangements, and further process development and project definition.”

FIRST QUARTER 2024 SELECTED DEVELOPMENTS

- Sherritt's share⁽¹⁾ of finished nickel and cobalt production at the Moa Joint Venture (“Moa JV”) was 3,597 tonnes and 342 tonnes, respectively.
- Sherritt's share of finished nickel and cobalt sales of 4,023 tonnes and 362 tonnes, respectively, exceeded production volumes with strong spot sales driving progress on reducing nickel inventory.
- Net direct cash cost (“NDCC”)⁽²⁾ was US\$7.24/lb due to higher-cost opening inventory sold and lower cobalt and fertilizer by-product credits. Importantly, mining, processing and refining (“MPR”) costs, the largest component of NDCC⁽²⁾, improved 13% compared to Q1 2023.
 - In March NDCC⁽²⁾ improved to an average of US\$6.82/lb and continues to trend lower.
 - Higher year-over-year NDCC⁽²⁾ was expected during the quarter and was factored into the Corporation's 2024 outlook for NDCC⁽²⁾ which Sherritt continues to expect will be within a range of US\$5.50 to US\$6.00/lb implying a 20% decrease from 2023.
- Electricity production was 210 GWh benefitting from increased gas supply and equipment availability.
- Electricity unit operating cost⁽²⁾ was \$17.12/MWh benefitting from higher electricity production and sales volume.
- Net loss from continuing operations of \$40.9 million, or \$(0.10) per share was primarily due to lower average-realized prices⁽²⁾ for nickel, cobalt and fertilizers, partly offset by higher nickel sales volumes.

- Adjusted net loss from continuing operations⁽²⁾ was \$24.6 million or \$(0.06) per share, which excludes a non-cash \$9.1 million revaluation loss on the net receivable pursuant to the Cobalt Swap on updates to valuation assumptions and \$3.5 million of severance costs on the restructuring.
- Adjusted EBITDA⁽²⁾ was \$(6.5) million.
- Available liquidity in Canada as at March 31, 2024 was \$67.9 million increasing from \$63.0 million as at December 31, 2023.
- The Moa JV received a \$20.0 million prepayment on a sales agreement for nickel deliveries in 2024.
- Continued implementation of an organization-wide restructuring and cost-cutting program to improve operational performance and respond to market conditions resulting in a reduction to the Corporation's Canadian operations headcount by approximately 10% which is expected to result in annualized cost savings of \$13.0 million.
- The overall timing and budget to reach targeted production remains unchanged for the Moa JV expansion. The Slurry Preparation Plant ("SPP") was commissioned and has been operating at design capacity since the end of January 2024, and phase two is on schedule for an expected end of year 2024 completion with commissioning and ramp up in 2025.
- Advanced the mixed hydroxide precipitate ("MHP") midstream processing flowsheet for production of nickel and cobalt sulphate while also reducing sodium sulphate effluent which is a key environmental challenge for the industry. Project focus in 2024 will be on site identification, customer and partnership arrangements, and further process development and project definition.
- Sherritt appointed Louise Blais and Steven Goldman to the Board of Directors in accordance with its succession planning with the retirements of Maryse Bélanger in March, and John Warwick, who will not seek reelection at the Corporation's annual meeting of shareholders in May.

(1) References to "Sherritt's share" is consistent with the Corporation's definition of reportable segments for financial statement purposes. Sherritt's share of "Metals" includes the Corporation's 50% interest in the Moa JV, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan ("Fort Site") and its 100% interests in subsidiaries established to buy, market and sell certain of the Moa JV's nickel and cobalt production and the Corporation's cobalt inventory received under the Cobalt Swap agreement ("Metals Marketing"). Sherritt's share of Power includes the Corporation's 33⅓% interest in Energas S.A. ("Energas"). References to Technologies and Oil and Gas includes the Corporation's 100% interest in these businesses. References to Fort Site directly is to the Corporation's interest in its 100% interest in the utility and fertilizer operations. For additional information on the Cobalt Swap, see Note 12 – Advances, loans receivable and other financial assets of the consolidated financial statements for the year ended December 31, 2023.

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

(3) Cobalt by-product credits include Sherritt's share of cobalt revenue per pound of nickel sold only.

DEVELOPMENTS SUBSEQUENT TO THE QUARTER

Subsequent to the quarter end:

- Sherritt received an additional \$10.0 million repayment from the Moa JV on the advances made for short-term working capital purposes at the Moa JV.
- Sherritt's syndicated revolving-term credit facility was amended to extend its maturity by one year from April 30, 2025 to April 30, 2026 and change the EBITDA-to-Interest Expense covenant as defined in the agreement. There were no other significant changes to the terms, financial covenants or restrictions.
- Sherritt completed a 10% workforce reduction at its Corporate office. Annual cost savings from employee costs and reductions to other Corporate office-related costs are expected to be \$2.0 million per year. This follows the 10% workforce reduction to the Corporation's Canadian operations earlier this year and is in addition to the 10% workforce reduction at Sherritt's Corporate office in 2021. Sherritt's cost-cutting measures demonstrate its ongoing commitment to cost optimization, streamlining operations, enhancing efficiencies, improving profitability and liquidity while ensuring proper resources for safe and effective operations and to advance future growth initiatives.
- Sherritt's Board of Directors continuously engages with shareholders and following its latest engagement, the Board has made the determination to accelerate its review of corporate costs and executive compensation which was planned to be conducted this year. Executive compensation will be assessed relative to peers to ensure it is aligned with the current size, scope and complexity of Sherritt as well as reviewed to ensure that it is strategic, fair, appropriate and competitive, and aligns with shareholder experience which is consistent with its review in 2022. The Board will complete this review by no later than September 30, 2024 and will report on the results of this review following its completion.

Q1 2024 FINANCIAL HIGHLIGHTS

\$ millions, except as otherwise noted, for the three months ended March 31	2024	2023	Change
Revenue	\$ 28.8	\$ 58.6	(51%)
Combined revenue ⁽¹⁾	127.7	187.4	(32%)
(Loss) earnings from operations and joint venture	(22.4)	21.6	(204%)
Net (loss) earnings from continuing operations	(40.9)	13.6	(401%)
Net (loss) earnings	(40.5)	13.3	(405%)
Adjusted EBITDA ⁽¹⁾	(6.5)	41.2	(116%)
Adjusted net (loss) earnings from continuing operations ⁽¹⁾	(24.6)	13.3	(285%)
Net (loss) earnings from continuing operations (\$ per share) (basic and diluted)	(0.10)	0.03	(433%)
Cash provided by continuing operations for operating activities	13.0	9.8	33%
Combined free cash flow ⁽¹⁾	15.8	35.7	(56%)
Average exchange rate (CAD/US\$)	1.349	1.353	N/A

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

\$ millions, as at	2024 March 31	2023 December 31	Change
Cash and cash equivalents			
Canada	\$ 37.5	\$ 21.5	74%
Cuba ⁽¹⁾	105.9	96.3	10%
Other	1.0	1.3	(23%)
	144.4	119.1	21%
Loans and borrowings	371.3	355.6	4%
The Corporation's share of cash and cash equivalents in the Moa Joint Venture, not included in the above balances:	\$ 11.2	\$ 5.9	90%

(1) As at March 31, 2024, \$103.1 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2023 - \$93.9 million).

Cash and cash equivalents as at March 31, 2024 were \$144.4 million, increasing from \$119.1 million as at December 31, 2023. During Q1 2024, Sherritt received \$11.3 million proceeds from operating activities from Fort Site including the impact of receipts from strong fertilizer pre-sales and timing of working capital payments and drew an additional \$11.0 million on its revolving credit facility due to timing of receipts and disbursements. These amounts were offset primarily by payments of \$3.7 million for property, plant and equipment and \$7.4 million on rehabilitation and closure costs related to legacy Oil and Gas Spain assets.

Sherritt also began receiving repayment of the advances made for short-term working capital purposes at the Moa JV with an initial repayment of \$3.0 million. Advances to the Moa JV under its credit facility with the Corporation are to the two non-Cuban operating companies of the Moa JV, are interest bearing at the Corporation's borrowing rates and are expected to be fully repaid during the first half of 2024. Sherritt does not expect to advance further amounts to the Moa JV under its credit facility in 2024.

Upon repayment of the advances outstanding by the Moa JV, and subject to the Moa JV's available liquidity to support operations and expected liquidity requirements, the joint venture will be eligible to commence payment of cobalt dividends pursuant to the Cobalt Swap. At current spot nickel prices and given the prioritization of the joint venture to repay its outstanding advances, as previously disclosed, the Corporation expects that under the Cobalt Swap, the cobalt dividends are anticipated to commence in the second half the year and will not meet the annual maximum amount in 2024. As defined by the agreement, any short fall in the annual minimum payment amount will be added to the following year.

As at March 31, 2024, total available liquidity in Canada, which is composed of cash and cash equivalents in Canada and available credit facilities of \$30.4 million was \$67.9 million increasing from \$63.0 million as at December 31, 2023.

Subsequent to the quarter end:

- Sherritt received an additional \$10.0 million repayment from the Moa JV on the advances made for short-term working capital purposes at the Moa JV.
- Sherritt's syndicated revolving-term credit facility was amended to extend its maturity by one year from April 30, 2025 to April 30, 2026 and change the EBITDA-to-Interest Expense covenant as defined in the agreement. The benchmark rate will transition to the CORRA after cessation of the bankers' acceptance benchmark rate. There were no other significant changes to the terms, financial covenants or restrictions.
- Sherritt paid interest of \$9.4 million on the Second Lien Notes and was not required to make any mandatory redemptions.

REVIEW OF OPERATIONS

Reportable segment update

As a result of the organization-wide restructuring in January 2024, the former Technologies reportable segment and Corporate reportable segment were combined into a single Corporate and Other reportable segment, which includes the Corporation's management of its joint operations and subsidiaries and general corporate activities related to public companies, including business and market development, growth and external technical services activities, as well as management of cash, publicly-traded debt and government relations. Segmented information for the prior year was restated for comparative purposes to reflect the new Corporate and Other reportable segment. In the current year period, expenses incurred to support and enhance Metals' operations and business and market development, formerly reported within Technologies, are recognized within the Metals reportable segment.

Metals

\$ millions (Sheritt's share), except as otherwise noted, for the three months ended March 31	2024	2023	Change
FINANCIAL HIGHLIGHTS⁽¹⁾			
Revenue	\$ 115.1	\$ 176.5	(35%)
Cost of sales	131.1	144.5	(9%)
(Loss) earnings from operations	(21.0)	31.0	(168%)
Adjusted EBITDA ⁽²⁾	(7.5)	44.5	(117%)
CASH FLOW⁽¹⁾			
Cash provided by continuing operations for operating activities	\$ 31.2	\$ 69.5	(55%)
Free cash flow ⁽²⁾	21.7	59.9	(64%)
PRODUCTION VOLUMES (tonnes)			
Mixed Sulphides	4,052	3,750	8%
Finished Nickel	3,597	3,483	3%
Finished Cobalt	342	367	(7%)
Fertilizers	57,064	57,991	(2%)
NICKEL RECOVERY⁽³⁾ (%)	85%	88%	(3%)
SALES VOLUMES (tonnes)			
Finished Nickel	4,023	3,344	20%
Finished Cobalt	362	731	(50%)
Fertilizer	23,909	29,879	(20%)
AVERAGE-REFERENCE PRICES (US\$ per pound)			
Nickel ⁽⁴⁾	\$ 7.52	\$ 11.77	(36%)
Cobalt ⁽⁴⁾	13.89	17.56	(21%)
AVERAGE REALIZED PRICE⁽²⁾			
Nickel (\$ per pound)	\$ 9.90	\$ 16.47	(40%)
Cobalt (\$ per pound)	14.51	19.11	(24%)
Fertilizer (\$ per tonne)	412.05	566.93	(27%)
UNIT OPERATING COSTS⁽²⁾ (US\$ per pound)			
Nickel - net direct cash cost	\$ 7.24	\$ 6.46	12%
SPENDING ON CAPITAL⁽²⁾			
Sustaining	\$ 7.4	\$ 5.9	25%
Expansion	2.0	3.7	(46%)
	9.4	9.6	(2%)

- (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) Reference sources: Nickel – London Metal Exchange. Cobalt - Average standard-grade cobalt price published per Argus.

Revenue

Metals revenue in Q1 2024 was \$115.1 million compared to \$176.5 million in Q1 2023. Revenue in the current year period was lower primarily due to lower average-realized prices⁽¹⁾ for nickel, cobalt and fertilizer and the timing of receipts and sales of cobalt by Sherritt under the Cobalt Swap agreement, partly offset by higher nickel sales volumes. In Q1 2024 the average-realized prices⁽¹⁾ for nickel, cobalt and fertilizers were \$9.90/lb, \$14.51/lb and \$412.05/tonne, 40%, 24% and 27% lower, respectively, compared to the same period in the prior year.

Nickel revenue in Q1 2024 was \$87.8 million compared to \$121.4 million in Q1 2023. Finished nickel sales volumes in Q1 2024 were 20% higher than Q1 2023 and exceeded production volumes as Metals reduced its opening inventory with strong spot sales.

Cobalt revenue in Q1 2024 was \$11.6 million compared to \$30.8 million in Q1 2023. Cobalt revenue on the Cobalt Swap sales was \$0.9 million in Q1 2024 compared to \$29.8 million in Q1 2023. Higher Moa JV cobalt revenue of \$10.7 million in Q1 2024 compared to \$1.0 million in Q1 2023, partly offsetting the lower Cobalt Swap revenue.

Fertilizer revenue in Q1 2024 was \$9.9 million compared to \$16.9 million in Q1 2023. Fertilizer sales volume was 20% lower on delayed demand ahead of the spring planting season.

Cobalt Swap sales

During Q1 2024, and for the remainder of 2024, Sherritt anticipates variances in cobalt sales volumes, revenue and cost of sales as a result of the timing of receipts of cobalt and their subsequent sale by Sherritt under the Cobalt Swap agreement. In 2023, Sherritt began receiving and selling 100% of the available cobalt in Q1 and received the annual maximum amount of cobalt (2,082 tonnes) by the end of Q2. In the current year, Sherritt expects to begin receiving cobalt under the Cobalt Swap in the second half of the year.

As a result, sales of cobalt will be recognized by the Moa JV at Sherritt's 50% share until such time as Sherritt begins receiving cobalt from the Cobalt Swap. While this will result in variances in cobalt sales volumes, revenue and cost of sales, it will not have a material impact on earnings from operations, average-realized prices⁽¹⁾, cobalt by-product credits, or NDCC⁽¹⁾.

Production

Mixed sulphides production at the Moa JV in Q1 2024 was 4,052 tonnes, up 8% from the 3,750 tonnes produced in Q1 2023 benefitting from lower unplanned maintenance activities, improved ore blends and grades and additional processing capacity and efficiencies resulting from the completion of the SPP.

Sherritt's share of finished nickel and cobalt production in Q1 2024 was 3,597 tonnes and 342 tonnes, 3% higher and 7% lower, respectively, than Q1 2023. Finished nickel production during the quarter increased due to higher nickel rich third-party feed processed partly offset by weather-related shipping delays in delivering Moa mixed sulphides feed to the refinery and reduced production rates to mitigate feed contaminants. Finished cobalt production was lower consistent with higher nickel-to-cobalt ratio in available feed processed. The delayed shipment of mixed sulphides was received at the refinery in April.

Fertilizer production in Q1 2024 of 57,064 tonnes was 2% lower compared to Q1 2023.

NDCC⁽¹⁾

NDCC⁽¹⁾ per pound of nickel sold was US\$7.24/lb in Q1 2024 compared to US\$6.46/lb in Q1 2023; however, NDCC⁽¹⁾ was 8% lower than in Q4 2023 improving quarter over quarter. During Q1 2024, NDCC⁽¹⁾ was impacted by higher-cost opening inventory sold in addition to lower cobalt and fertilizer by-product credits⁽²⁾. NDCC⁽¹⁾ improved to average US\$6.82/lb during the last month of the quarter and continues to trend lower. Importantly, mining, processing and refining costs per pound of nickel sold ("MPR/lb"), the largest cost component of NDCC⁽¹⁾, improved 13% from Q1 2023. Lower MPR/lb costs were primarily due to lower sulphur, natural gas and diesel prices, lower maintenance costs and the impact of higher nickel sales volumes, partly offset by the higher opening inventory costs. The Cobalt Swap did not have a significant impact on NDCC⁽¹⁾ in either of the comparative periods.

Higher year-over-year NDCC⁽¹⁾ was expected during the first quarter and factored into the Corporation's 2024 outlook for NDCC⁽¹⁾ which Sherritt continues to expect will be within a range of US\$5.50 to US\$6.00/lb implying a 20% decrease from 2023.

Spending on capital⁽¹⁾

Sustaining spending on capital in Q1 2024 was \$7.4 million, compared to \$5.9 million in Q1 2023 with modestly higher spending during the current year quarter.

Growth spending on capital in Q1 2024 was \$2.0 million most of which was related to spending on the second phase of the Moa JV expansion.

- (1) Non-GAAP financial measures. For additional information see the Non-GAAP and other financial measures section of this press release.
- (2) Cobalt by-product credits include Sherritt's share of cobalt revenue per pound of nickel sold only.

Expansion program and strategic developments

Moa JV expansion program update

The first phase of the Moa JV expansion program, the SPP, was commissioned and has been operating at design capacity since the end of January.

The second phase, the Processing Plant, is underway and

- civil construction and structural erection is nearing completion;
- piping installation will commence in the second quarter; and
- in response to lower nickel prices, the joint venture optimized the timing of certain capital spending items shifting some phase two spending to beyond 2024. Deferring the ordering of equipment and materials for the Fifth Sulphide Precipitation Train beyond 2024 is an additional opportunity that was identified during the quarter to optimize the timing of near-term spending without any expected impact on the timing of the ramp up of mixed sulphide precipitate production from the expansion.

The overall timing and budget to reach target production remains unchanged and is on schedule for an expected end of year 2024 completion with commissioning and ramp up in 2025. With completion of phase two of the expansion, annual mixed sulphide precipitate production is expected to increase by approximately 20% of contained nickel and cobalt and is expected to fill the refinery to nameplate capacity to maximize profitability from the joint venture's own mine feed, displacing lower margin third-party feeds and increasing overall finished nickel and cobalt production.

Strategic developments

Sherritt's technical expertise and innovative processing solutions are key differentiators and enablers towards the Corporation's near-term strategic focus to expand midstream processing capacity of critical minerals for the electric vehicle supply chain in North America.

During the quarter, Sherritt advanced its MHP midstream processing flowsheet for production of nickel and cobalt sulphate while also reducing sodium sulphate effluent which is a key environmental challenge for the industry. Project focus in 2024 will be on site identification, customer and partnership arrangements, and further process development and project definition.

Power

\$ millions (Sherritt Share, 33⅓% basis), except as otherwise noted, for the three months ended March 31					2024	2023	Change
FINANCIAL HIGHLIGHTS							
Revenue		\$	12.0	\$	10.3	17%	
Cost of sales			4.0		3.4	18%	
Earnings from operations			7.1		5.9	20%	
Adjusted EBITDA ⁽¹⁾			7.6		6.4	19%	
CASH FLOW							
Cash provided by continuing operations for operating activities		\$	9.7	\$	4.4	120%	
Free cash flow ⁽¹⁾			7.1		3.7	92%	
PRODUCTION AND SALES							
Electricity (GWh ⁽²⁾)			210		158	33%	
AVERAGE-REALIZED PRICE⁽¹⁾							
Electricity (per MWh ⁽²⁾)		\$	51.25	\$	58.33	(12%)	
UNIT OPERATING COST⁽¹⁾							
Electricity (per MWh)		\$	17.12	\$	19.37	(12%)	
SPENDING ON CAPITAL⁽¹⁾							
Sustaining		\$	2.6	\$	0.7	271%	

(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").

Revenue for Q1 2024 of \$12.0 million was 17% higher than Q1 2023 primarily due to higher production resulting in higher sales of 210 GWh compared to 158 GWh in the prior year period, partly offset by lower average-realized price⁽¹⁾. Higher production was a result of higher gas availability as a result of the two wells that went into production at the end of the second quarter of 2023 and better equipment availability.

As a key partner in supporting the Cuban government's plans to increase power production, Sherritt continues to work with its Cuban partners to drill additional wells which will increase gas supply for additional electricity production.

Unit operating costs⁽¹⁾ for the three months ended March 31, 2024 were \$17.12/MWh, 12% lower than Q1 2023 primarily as a result of higher electricity production and sales volume relative to maintenance costs during the periods.

Spending on capital⁽¹⁾ of \$2.6 million in Q1 2024 was primarily driven by timing of maintenance activities at Varadero.

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

OUTLOOK

2024 guidance for production volumes, unit operating costs and spending on capital remains unchanged.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast May 9, 2024 at 10:00 a.m. Eastern Time to review its first quarter 2024 results. Dial-in and webcast details are as follows:

North American callers, please dial: 1 (800) 717-1738 Passcode: 00402

International callers, please dial: 1 (289) 514-5100 Passcode: 00402

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, 2024 are available at www.sherritt.com and should be read in conjunction with this news release. Financial and operating data can also be viewed in the investor relations section of Sherritt's website or on SEDAR+ at www.sedarplus.ca.

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 net earnings/loss from continuing operations per share, spending on capital, combined cash provided (used) by continuing operations for operating activities 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.

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 25 years and has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by approximately 20% of contained nickel and cobalt. 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. 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; the Moa Joint Venture expansion program update as it relates to the Slurry Preparation Plant and the Processing Plant; statements set out in the “Outlook” section of this press release; certain expectations regarding production volumes and increases, inventory levels, operating costs, capital spending and intensity; sales volumes; revenue, costs and earnings; the availability of additional gas supplies to be used for power generation; the effect of maintenance challenges at the Moa mine, refinery and fertilizer operations; the timing of repayments of the revolving line of credit by the Moa JV, the amount and timing of dividend distributions from the Moa JV, including in the form of finished cobalt or cash under the Cobalt Swap, sales of finished cobalt and associated receipts related to cobalt received pursuant to the Cobalt Swap; growing shareholder value; expected annualized employee and other Corporate office-related cost savings; 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; nickel, cobalt and fertilizer production results and realized prices; current and future demand products produced by Sherritt; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; revenues and net operating results; environmental risks and liabilities; compliance with applicable environmental laws and regulations; 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; risks related to the U.S. government policy toward Cuba; current and future economic conditions in Cuba; the level of liquidity and access to funding; Sherritt share price volatility; and certain corporate objectives, goals and plans for 2024. 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, commodity risks related to the production and sale of nickel cobalt and fertilizers; security market fluctuations and price volatility; level of liquidity of Sherritt, including access to capital and financing; the ability of the Moa Joint Venture to pay dividends; the risk to Sherritt’s entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa JV; 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, including the impact of geopolitical events on global prices for nickel, cobalt, fertilizers, or certain other commodities; 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; risk of future non-compliance with debt restrictions and covenants; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; 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; 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; risks associated with the Corporation’s joint venture partners; variability in production at Sherritt’s operations in Cuba; risks associated with mining, processing and refining activities; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; the possibility of equipment and other failures; potential interruptions in transportation; uncertainty of gas supply for electrical generation; reliance on key personnel and skilled workers; growth opportunity risks; 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; foreign exchange and pricing risks; credit risks; 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 2024; 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, 2024 and the Annual Information Form of the Corporation dated March 21, 2024 for the period ending December 31, 2023, which is available on SEDAR+ at www.sedarplus.ca.

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 consolidated financial statements for the three months ended March 31, 2024.

Combined revenue

The Corporation uses combined revenue as a measure to help management assess the Corporation's financial performance across its core operations. Combined revenue includes the Corporation's consolidated revenue, less Oil and Gas revenue, and includes the revenue of the Moa JV within the Metals reportable segment on a 50% basis. Revenue of the Moa JV is included in share of earnings of Moa Joint Venture, net of tax, as a result of the equity method of accounting and excluded from the Corporation's consolidated revenue.

Revenue at Oil and Gas is excluded from Combined revenue as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and CUPET, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or revenue generation potential. The exclusion of revenue at Oil and Gas from Combined revenue represented a change in the composition of Combined revenue during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and revenue generation potential and the prior year measure has been restated for comparative 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	2024	2023	Change
Revenue by reportable segment			
Metals ⁽¹⁾	\$ 115.1	\$ 176.5	(35%)
Power	12.0	10.3	17%
Corporate and Other	0.6	0.6	-
Combined revenue	\$ 127.7	\$ 187.4	(32%)
Adjustment for Moa Joint Venture	(104.2)	(130.9)	
Adjustment for Oil and Gas	5.3	2.1	152%
Revenue per financial statements	\$ 28.8	\$ 58.6	(51%)

- (1) Revenue of Metals for the three months ended March 31, 2024 is composed of revenue recognized by the Moa JV of \$104.2 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 \$8.9 million and revenue recognized by Metals Marketing of \$2.0 million, which are included in consolidated revenue (for the three months ended March 31, 2023 - \$130.9 million, \$15.2 million and \$30.4 million, respectively).

Adjusted EBITDA

The Corporation defines Adjusted EBITDA as (loss) earnings from operations and joint venture, which excludes net finance expense, income tax 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.

Earnings/loss from operations at Oil and Gas (net of depletion, depreciation and amortization, if applicable) is deducted from/added back to Adjusted EBITDA as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and CUPET, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or cash generation potential. The adjustment for earnings/loss from operations at Oil and Gas (net of depletion, depreciation and amortization, if applicable) represented a change in the composition of Adjusted EBITDA during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and cash generation potential and the prior year measure has been restated for comparative purposes.

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 (loss) earnings from operations and joint venture per the financial statements to Adjusted EBITDA:

\$ millions, for the three months ended March 31							2024
	Metals ⁽¹⁾	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture		Total
(Loss) earnings from operations and joint venture per financial statements	\$ (21.0)	\$ 7.1	\$ (2.3)	\$ (7.0)	\$ 0.8		\$ (22.4)
Add:							
Depletion, depreciation and amortization	2.4	0.5	-	0.4	-		3.3
Oil and Gas loss from operations, net of depletion, depreciation and amortization	-	-	2.3	-	-		2.3
Adjustments for share of earnings of Moa Joint Venture:							
Depletion, depreciation and amortization	11.1	-	-	-	-		11.1
Net finance income	-	-	-	-	(1.2)		(1.2)
Income tax expense	-	-	-	-	0.4		0.4
Adjusted EBITDA	\$ (7.5)	\$ 7.6	\$ -	\$ (6.6)	\$ -		\$ (6.5)

\$ millions, for the three months ended March 31							2023 (Restated)
	Metals ⁽¹⁾	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total	
Earnings (loss) from operations and joint venture per financial statements	\$ 31.0	\$ 5.9	\$ (1.4)	\$ (10.0)	\$ (3.9)	\$ 21.6	
Add (deduct):							
Depletion, depreciation and amortization	2.3	0.5	0.1	0.3	-	3.2	
Oil and Gas loss from operations, net of depletion, depreciation and amortization	-	-	1.3	-	-	1.3	
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	\$ -	\$ (9.7)	\$ -	\$ 41.2	

(1) Adjusted EBITDA of Metals for the three months ended March 31, 2024 is composed of Adjusted EBITDA at Moa JV of \$(2.0) million (50% basis), Adjusted EBITDA at Fort Site of \$(4.9) million, and Adjusted EBITDA at Metals Marketing of \$(0.6) million (for the three months ended March 31, 2023 - \$45.0 million, \$3.1 million and \$(3.6) million, respectively).

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given segment. The average-realized price for power excludes by-product and other 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							2024
	Metals				Other ⁽¹⁾	Adjustment for Moa Joint Venture	Total
	Nickel	Cobalt	Fertilizer	Power			
Revenue per financial statements	\$ 87.8	\$ 11.6	\$ 9.9	\$ 12.0	\$ 11.7	\$ (104.2)	\$ 28.8
Adjustments to revenue:							
By-product and other revenue	-	-	-	(1.4)			
Revenue for purposes of average-realized price calculation	87.8	11.6	9.9	10.6			
Sales volume for the period	8.9	0.8	23.9	210			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price ⁽²⁾⁽³⁾⁽⁴⁾	\$ 9.90	\$ 14.51	\$ 412.05	\$ 51.25			

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

2023

	Metals				Adjustment for Moa Joint Venture		Total
	Nickel	Cobalt	Fertilizer	Power	Other ⁽¹⁾		
Revenue per financial statements	\$ 121.4	\$ 30.8	\$ 16.9	\$ 10.3	\$ 10.1	\$ (130.9)	\$ 58.6
Adjustments to revenue:							
By-product and other 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			

(1) Other revenue includes revenue from the Oil and Gas and Corporate and Other 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.

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

2024

	Metals		Power		Adjustment for Moa Joint Venture		Total
Cost of sales per financial statements	\$	131.1	\$	4.0	\$	8.3	\$ 27.5
Less:							
Depletion, depreciation and amortization in cost of sales		(13.5)		(0.5)			
		117.6		3.5			
Adjustments to cost of sales:							
Cobalt by-product, fertilizer and other revenue		(27.3)		-			
Impact of opening/closing inventory and other ⁽²⁾		(3.4)		-			
Cost of sales for purposes of unit cost calculation		86.9		3.5			
Sales volume for the period		8.9		210			
Volume units		Millions of pounds		Gigawatt hours			
Unit operating cost ⁽³⁾⁽⁴⁾	\$	9.80	\$	17.12			
Unit operating cost (US\$ per pound) (NDCC) ⁽⁵⁾	\$	7.24					

\$ 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				

(1) Other is composed of the cost of sales of the Oil and Gas and Corporate and Other reportable segments.

(2) Other is primarily composed of royalties and other contributions, sales discounts, effect of average exchange rate changes 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 the Corporation's current or future operational performance. These adjusting items include, but are not limited to, inventory write-downs/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 that have not occurred in the past two years and are not expected to recur in the next two years. 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 current or future operational performance.

Net earnings/loss from continuing operations at Oil and Gas is deducted from/added back to adjusted earnings/loss from continuing operations as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and CUPET, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or future operational performance. The adjustment for net earnings/loss from continuing operations at Oil and Gas represented a change in the composition of adjusted net earnings/loss from continuing operations during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and future operational performance and the prior year measure has been restated for comparative purposes.

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 current or future operational performance by adjusting for items or transactions that are not reflective of its current or future operational performance.

The table below reconcile net (loss) earnings from continuing operations and net (loss) earnings from continuing operations per share, both per the financial statements, to adjusted net (loss) earnings from continuing operations and adjusted net (loss) earnings from continuing operations per share, respectively:

For the three months ended March 31	2024		2023	
	\$ millions	\$/share	\$ millions	\$/share
Net (loss) earnings from continuing operations	\$ (40.9)	\$ (0.10)	\$ 13.6	\$ 0.03
Adjusting items:				
Sherritt - Unrealized foreign exchange loss - continuing operations	-	-	0.9	-
Sherritt's share - Severance related to restructuring	3.5	0.01	-	-
Corporate and Other - Gain on repurchase of notes	-	-	(1.3)	-
Metals - Moa JV - Inventory write-down/obsolescence	0.9	-	0.3	-
Metals - Fort Site - Inventory write-down/obsolescence	0.9	-	-	-
Power - Loss (gain) on revaluation of GNC receivable	10.5	0.02	(8.5)	(0.02)
Power - (Gain) loss on revaluation of Energas payable	(1.4)	-	7.6	0.02
Oil and Gas - Net loss from continuing operations, net of unrealized foreign exchange gain/loss	2.3	0.01	0.9	-
Total adjustments, before tax	\$ 16.7	\$ 0.04	\$ (0.1)	-
Tax adjustments	(0.4)	-	(0.2)	-
Adjusted net (loss) earnings from continuing operations	\$ (24.6)	\$ (0.06)	\$ 13.3	\$ 0.03

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 Metals 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

	Metals	Power	Other ⁽¹⁾	Combined total	Adjustment for Moa Joint Venture	2024 Total derived from financial statements
Property, plant and equipment expenditures ⁽²⁾	\$ 9.5	\$ 2.6	\$ -	\$ 12.1	\$ (8.4)	\$ 3.7
Intangible asset expenditures ⁽²⁾	-	-	0.2	0.2	-	0.2
	9.5	2.6	0.2	12.3	(8.4)	3.9
Adjustments:						
Accrual adjustment	(0.1)	-	(0.1)	(0.2)		
Spending on capital	\$ 9.4	\$ 2.6	\$ 0.1	\$ 12.1		

\$ millions, for the three months ended March 31

	Metals	Power	Other ⁽¹⁾	Combined total	Adjustment for Moa Joint Venture	2023 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		

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

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

Combined cash provided (used) by continuing operations for operating activities and combined free cash flow

The Corporation defines cash provided (used) by continuing operations for operating activities by segment as cash provided (used) by continuing operations for operating activities for each segment calculated in accordance with IFRS and adjusted to remove the impact of cash provided (used) by wholly-owned subsidiaries. Combined cash provided (used) by continuing operations for operating activities is the aggregate of each segment's cash provided (used) by continuing operations for operating activities including the Corporation's 50% share of the Moa JV's cash provided (used) by continuing operations for operating activities, which is accounted for using the equity method of accounting and excluded from consolidated cash provided (used) by continuing operations for operating activities.

The Corporation defines free cash flow for each segment as cash provided (used) by continuing operations for operating activities by segment, less cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets. 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.

The Corporate and Other segment's cash used by continuing operations for operating activities is adjusted to exclude distributions received from Moa JV. Distributions from the Moa JV excluded from Corporate and Other 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.

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.

Combined cash provided (used) by continuing operations for operating activities and combined free cash flow are 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, and in the case of combined free cash flow, after funding cash capital requirements, to service current and future working capital needs and service debt.

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

\$ millions, for the three months ended March 31									2024					
	Metals ⁽¹⁾⁽²⁾		Power		Oil and Gas		Corporate and Other		Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements			
Cash provided (used) by continuing operations for operating activities	\$	31.2	\$	9.7	\$	(4.0)	\$	(8.8)	\$	28.1	\$	(15.1)	\$	13.0
Less:														
Property, plant and equipment expenditures		(9.5)		(2.6)		-		-		(12.1)		8.4		(3.7)
Intangible expenditures		-		-		(0.2)		-		(0.2)		-		(0.2)
Free cash flow	\$	21.7	\$	7.1	\$	(4.2)	\$	(8.8)	\$	15.8	\$	(6.7)	\$	9.1

\$ millions, for the three months ended March 31 2023
(Restated)

	Metals ⁽¹⁾⁽²⁾	Power	Oil and Gas	Corporate and Other	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Cash provided (used) by continuing operations for operating activities	\$ 69.5	\$ 4.4	\$ 1.0	\$ (28.0)	\$ 46.9	\$ (37.1)	\$ 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	\$ 59.9	\$ 3.7	\$ 0.1	\$ (28.0)	\$ 35.7	\$ (30.4)	\$ 5.3

- (1) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was \$15.1 million, \$11.3 million and \$4.8 million, respectively, for the three months ended March 31, 2024 (for the three months ended March 31, 2023 - \$37.3 million, \$12.4 million and \$19.8 million, respectively).
- (2) Property, plant and equipment expenditures for the Moa JV, Fort Site and Metals Marketing was \$8.5 million, \$1.0 million and nil, respectively, for the three months ended March 31, 2024 (for the three months ended March 31, 2023 - \$6.7 million, \$2.9 million and nil, respectively).

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2024

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 8, 2024, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three months ended March 31, 2024 and Sherritt's audited consolidated financial statements and the MD&A for the year ended December 31, 2023. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR+ at www.sedarplus.ca 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 subsidiaries and joint arrangements, 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 allow 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.

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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 25 years and has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by approximately 20% of contained nickel and cobalt. 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. Sherritt's common shares are listed on the Toronto Stock Exchange under the symbol "S".

Sherritt manages its metals, power, 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
Metals - Moa Joint Venture ("Moa JV")	Joint venture	50%	Equity method
Metals - Metals Marketing	Subsidiaries	100%	Consolidation
Power	Joint operation	33⅓%	Share of assets, liabilities revenues and expenses
Oil and Gas	Subsidiaries	100%	Consolidation

The Fort Site operations and Corporate and Other reportable segment 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, net of tax, 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.

As a result of the organization-wide restructuring in January 2024, the former Technologies reportable segment and Corporate reportable segment were combined into a single Corporate and Other reportable segment, which includes the Corporation's management of its joint operations and subsidiaries and general corporate activities related to public companies, including business and market development, growth and external technical services activities, as well as management of cash, publicly-traded debt and government relations. Segmented information for the prior year was restated for comparative purposes to reflect the new Corporate and Other reportable segment. In the current year period, expenses incurred to support and enhance Metals' operations and business and market development, formerly reported within Technologies, are recognized within the Metals reportable segment.

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 certain of the Moa JV's nickel and cobalt production and the Corporation's cobalt inventories received under the Cobalt Swap agreement.

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

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

Corporate and Other: Head office activities, joint venture management, business and market development, and growth and external technical services 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, 2024.

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 net earnings/loss from continuing operations per share, combined spending on capital, combined cash provided (used) by continuing operations for operating activities 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 46.

Highlights

FIRST QUARTER 2024 SELECTED DEVELOPMENTS

- Sherritt's share⁽¹⁾ of finished nickel and cobalt production at the Moa Joint Venture ("Moa JV") was 3,597 tonnes and 342 tonnes, respectively.
- Sherritt's share of finished nickel and cobalt sales of 4,023 tonnes and 362 tonnes, respectively, exceeded production volumes with strong spot sales driving progress on reducing nickel inventory.
- Net direct cash cost ("NDCC")⁽²⁾ was US\$7.24/lb due to higher-cost opening inventory sold and lower cobalt and fertilizer by-product credits. Importantly, mining, processing and refining ("MPR") costs, the largest component of NDCC⁽²⁾, improved 13% compared to Q1 2023.
 - In March NDCC⁽²⁾ improved to an average of US\$6.82/lb and continues to trend lower.
 - Higher year-over-year NDCC⁽²⁾ was expected during the quarter and was factored into the Corporation's 2024 outlook for NDCC⁽²⁾ which Sherritt continues to expect will be within a range of US\$5.50 to US\$6.00/lb implying a 20% decrease from 2023.
- Electricity production was 210 GWh benefitting from increased gas supply and equipment availability.
- Electricity unit operating cost⁽²⁾ was \$17.12/MWh benefitting from higher electricity production and sales volume.
- Net loss from continuing operations of \$40.9 million, or \$(0.10) per share was primarily due to lower average-realized prices⁽²⁾ for nickel, cobalt and fertilizers, partly offset by higher nickel sales volumes.
- Adjusted net loss from continuing operations⁽²⁾ was \$24.6 million or \$(0.06) per share, which excludes a non-cash \$9.1 million revaluation loss on the net receivable pursuant to the Cobalt Swap on updates to valuation assumptions and \$3.5 million of severance costs on the restructuring.
- Adjusted EBITDA⁽²⁾ was \$(6.5) million.
- Available liquidity in Canada as at March 31, 2024 was \$67.9 million increasing from \$63.0 million as at December 31, 2023.
- The Moa JV received a \$20.0 million prepayment on a sales agreement for nickel deliveries in 2024.
- Continued implementation of an organization-wide restructuring and cost-cutting program to improve operational performance and respond to market conditions resulting in a reduction to the Corporation's Canadian operations headcount by approximately 10% which is expected to result in annualized cost savings of \$13.0 million.
- The overall timing and budget to reach targeted production remains unchanged for the Moa JV expansion. The Slurry Preparation Plant ("SPP") was commissioned and has been operating at design capacity since the end of January 2024, and phase two is on schedule for an expected end of year 2024 completion with commissioning and ramp up in 2025.
- Advanced the mixed hydroxide precipitate ("MHP") midstream processing flowsheet for production of nickel and cobalt sulphate while also reducing sodium sulphate effluent which is a key environmental challenge for the industry. Project focus in 2024 will be on site identification, customer and partnership arrangements, and further process development and project definition.
- Sherritt appointed Louise Blais and Steven Goldman to the Board of Directors in accordance with its succession planning with the retirements of Maryse Bélanger in March, and John Warwick, who will not seek reelection at the Corporation's annual meeting of shareholders in May.

(1) References to "Sherritt's Share" is consistent with the Corporation's definition of reportable segments for financial statement purposes. Sherritt's Share of "Metals" includes the Corporation's 50% interest in the Moa JV, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan ("Fort Site") and its 100% interests in subsidiaries established to buy, market and sell certain of Moa JV's nickel and cobalt production and the Corporation's cobalt inventory received under the Cobalt Swap agreement ("Metals Marketing"). Sherritt's Share of Power includes the Corporation's 33⅓% interest in Energas S.A. ("Energas"). References to Technologies and Oil and Gas includes the Corporation's 100% interest in these businesses. References to Fort Site directly is to the Corporation's interest in its 100% interest in the utility and fertilizer operations.

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

DEVELOPMENTS SUBSEQUENT TO THE QUARTER

Subsequent to the quarter end:

- Sherritt received an additional \$10.0 million repayment from the Moa JV on the advances made for short-term working capital purposes at the Moa JV.
- Sherritt's syndicated revolving-term credit facility was amended to extend its maturity by one year from April 30, 2025 to April 30, 2026 and change the EBITDA-to-Interest Expense covenant as defined in the agreement. There were no other significant changes to the terms, financial covenants or restrictions.
- Sherritt completed a 10% workforce reduction at its Corporate office. Annual cost savings from employee costs and reductions to other Corporate office-related costs are expected to be \$2.0 million per year. This follows the 10% workforce reduction to the Corporation's Canadian operations earlier this year and is in addition to the 10% workforce reduction at Sherritt's Corporate office in 2021. Sherritt's cost-cutting measures demonstrate its ongoing commitment to cost optimization, streamlining operations, enhancing efficiencies, improving profitability and liquidity while ensuring proper resources for safe and effective operations and to advance future growth initiatives.
- Sherritt's Board of Directors continuously engages with shareholders and following its latest engagement, the Board has made the determination to accelerate its review of corporate costs and executive compensation which was planned to be conducted this year. Executive compensation will be assessed relative to peers to ensure it is aligned with the current size, scope and complexity of Sherritt as well as reviewed to ensure that it is strategic, fair, appropriate and competitive, and aligns with shareholder experience which is consistent with its review in 2022. The Board will complete this review by no later than September 30, 2024 and will report on the results of this review following its completion.

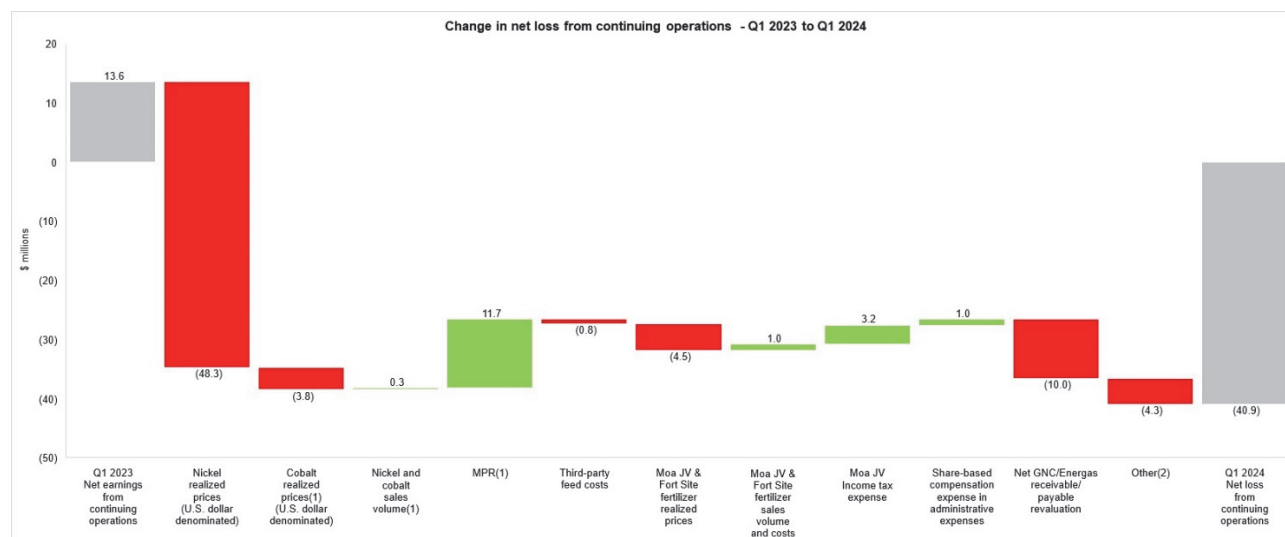
Financial results

\$ millions, except as otherwise noted, for the three months ended March 31

	2024	2023	Change
FINANCIAL HIGHLIGHTS			
Revenue	\$ 28.8	\$ 58.6	(51%)
Combined revenue ⁽¹⁾	127.7	187.4	(32%)
(Loss) earnings from operations and joint venture	(22.4)	21.6	(204%)
Net (loss) earnings from continuing operations	(40.9)	13.6	(401%)
Earnings (loss) from discontinued operations, net of tax	0.4	(0.3)	233%
Net (loss) earnings for the period	(40.5)	13.3	(405%)
Adjusted net (loss) earnings from continuing operations ⁽¹⁾	(24.6)	13.3	(285%)
Adjusted EBITDA ⁽¹⁾	(6.5)	41.2	(116%)
Net (loss) earnings from continuing operations (\$ per share) (basic and diluted)	\$ (0.10)	\$ 0.03	(433%)
Net (loss) earnings (\$ per share) (basic and diluted)	(0.10)	0.03	(433%)
CASH			
Cash and cash equivalents (prior period, December 31, 2023)	\$ 144.4	\$ 119.1	21%
Cash provided by continuing operations for operating activities	13.0	9.8	33%
Combined free cash flow ⁽¹⁾	15.8	35.7	(56%)
OPERATIONAL DATA			
COMBINED SPENDING ON CAPITAL⁽¹⁾	\$ 12.1	\$ 10.5	15%
PRODUCTION VOLUMES			
Mixed sulphides (50% basis, tonnes)	4,052	3,750	8%
Finished nickel (50% basis, tonnes)	3,597	3,483	3%
Finished cobalt (50% basis, tonnes)	342	367	(7%)
Fertilizer (tonnes)	57,064	57,991	(2%)
Electricity (gigawatt hours) (33⅓% basis)	210	158	33%
AVERAGE EXCHANGE RATE (CAD/US\$)	1.349	1.353	-
AVERAGE-REALIZED PRICES (CAD)⁽¹⁾			
Nickel (\$ per pound)	\$ 9.90	\$ 16.47	(40%)
Cobalt (\$ per pound)	14.51	19.11	(24%)
Fertilizer (\$ per tonne)	412.05	566.93	(27%)
Electricity (\$ per megawatt hour)	51.25	58.33	(12%)
UNIT OPERATING COSTS⁽¹⁾			
Nickel (NDCC) (US\$ per pound)	\$ 7.24	\$ 6.46	12%
Electricity (\$ per megawatt hour)	17.12	19.37	(12%)

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

The change in net earnings from continuing operations between Q1 2023 and Q1 2024 is detailed below:



- (1) MPR costs 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 primarily relates to changes in Moa Joint Venture royalties, net costs and revenue on sold cobalt from General Nickel Company S.A. ("GNC") under the Cobalt Swap agreement, foreign exchange gains/losses, depletion, depreciation, amortization, electricity revenue and costs, oil and gas revenue and costs, severance costs and administrative expenses excluding share-based compensation expense/recovery.

Consolidated revenue for the three months ended March 31, 2024, which excludes revenue from the Moa JV as it is accounted for under the equity method, was \$28.8 million in Q1 2024, compared to \$58.6 million in Q1 2023. Revenue in the current year period was lower primarily due to the timing of receipts and sales of cobalt by Sherritt under the Cobalt Swap agreement⁽¹⁾. Cobalt revenue related to the Cobalt Swap was \$0.9 million in Q1 2024 compared to \$29.8 million in Q1 2023. Sherritt's fertilizer revenue was \$5.4 million in Q1 2024 compared to \$10.5 million in Q1 2023 due to lower sales volumes and average-realized prices⁽²⁾.

Combined revenue⁽²⁾ which includes the Corporation's consolidated revenue and the revenue of its 50% share of the Moa JV, was \$127.7 million in Q1 2024, compared to \$187.4 million in Q1 2023, primarily as a result of lower consolidated revenue as discussed above, and lower nickel revenue. Sherritt's share of nickel revenue was \$87.8 million in Q1 2024 compared to \$121.4 million in Q1 2023 primarily due to lower average-realized prices⁽²⁾, partly offset by higher sales volume on strong spot sales as Metals successfully began reducing its nickel inventory. In Q1 2024, the average-realized prices⁽²⁾ for nickel, cobalt and fertilizers were 40%, 24% and 27% lower, respectively, compared to Q1 2023. While cobalt revenue by Sherritt was lower, combined revenue includes \$10.7 million as Sherritt's share of Moa JV cobalt revenue compared to \$1.0 million in Q1 2023 partly offsetting the lower Cobalt Swap revenue.

The net loss from continuing operations was primarily due to lower average-realized prices⁽²⁾ for nickel, cobalt and fertilizers as well as lower cobalt and fertilizer sales volumes, partly offset by higher nickel sales volumes and lower MPR costs per pound of nickel sold. MPR costs benefitted from lower input commodity prices, including sulphur, natural gas and diesel which were 38%, 22% and 16% lower, respectively, as well as lower maintenance costs, than in Q1 2023. The impact of the lower Cobalt Swap sales on net loss from continuing operations in the current year quarter was not significant.

Administrative expenses for the three months ended March 31, 2024 increased by \$3.8 million compared to the same period in the prior year primarily due to \$3.5 million of severance expenses related to the Corporation's restructuring in Q1 2024, of which \$2.7 million was recognized by the Corporation within administrative expenses and \$0.8 million (50% basis) was recognized by the Moa JV as well as Technologies employee costs to support and enhance Metals' operations, business and market development, and growth and external technical services activities, which were previously presented within cost of sales prior to Technologies' restructuring, partially offset by \$1.0 million of lower share-based compensation expense as a result of a \$0.01 decrease in the Corporation's share price during the quarter compared to a \$0.04 increase in Q1 2023.

- (1) For additional information on the Cobalt Swap, see Note 12 – Advances, loans receivable and other financial assets of the consolidated financial statements for the year ended December 31, 2023.
- (2) 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 condensed consolidated statements of financial position:

\$ millions, except as noted, as at	2024	2023	Change
	March 31	December 31	
Working capital ⁽¹⁾	\$ 93.5	\$ 111.7	(16%)
Current ratio ⁽²⁾	1.31:1	1.39:1	(6%)
Cash and cash equivalents	\$ 144.4	\$ 119.1	21%
Total assets	1,381.9	1,390.6	(1%)
Loans and borrowings	371.3	355.6	4%
Total liabilities	792.6	777.0	2%
Shareholders' equity	589.3	613.6	(4%)

(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.

Cash and cash equivalents as at March 31, 2024 were \$144.4 million, increasing from \$119.1 million as at December 31, 2023. During Q1 2024, Sherritt received \$11.3 million proceeds from operating activities from Fort Site including the impact of receipts from strong fertilizer pre-sales and timing of working capital payments and drew an additional \$11.0 million on its revolving credit facility due to timing of receipts and disbursements. These amounts were offset primarily by payments of \$3.7 million for property, plant and equipment and \$7.4 million on rehabilitation and closure costs related to legacy Oil and Gas Spain assets.

Sherritt also began receiving repayment of the advances made for short-term working capital purposes at the Moa JV with an initial repayment of \$3.0 million. Advances to the Moa JV under its credit facility with the Corporation are to the two non-Cuban operating companies of the Moa JV, are interest bearing at the Corporation's borrowing rates and are expected to be fully repaid during the first half of 2024. Sherritt does not expect to advance further amounts to the Moa JV under its credit facility in 2024.

Upon repayment of the advances outstanding by the Moa JV, and subject to the Moa JV's available liquidity to support operations and expected liquidity requirements, the joint venture will be eligible to commence payment of cobalt dividends pursuant to the Cobalt Swap. At current spot nickel prices and given the prioritization of the joint venture to repay its outstanding advances, as previously disclosed, the Corporation expects that under the Cobalt Swap, the cobalt dividends are anticipated to commence in the second half the year and will not meet the annual maximum amount in 2024. As defined by the agreement, any short fall in the annual minimum payment amount will be added to the following year.

As at March 31, 2024, total available liquidity in Canada, which is composed of cash and cash equivalents in Canada and available credit facilities of \$30.4 million was \$67.9 million increasing from \$63.0 million as at December 31, 2023.

Subsequent to the quarter end:

- Sherritt received an additional \$10.0 million repayment from the Moa JV on the advances made for short-term working capital purposes at the Moa JV.
- Sherritt's syndicated revolving-term credit facility was amended to extend its maturity by one year from April 30, 2025 to April 30, 2026 and change the EBITDA-to-Interest Expense covenant as defined in the agreement. The benchmark rate will transition to the CORRA after cessation of the bankers' acceptance benchmark rate. There were no other significant changes to the terms, financial covenants or restrictions.
- Sherritt paid interest of \$9.4 million on the Second Lien Notes and was not required to make any mandatory redemptions.

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

In Q1 2024, nickel prices remained depressed, ending the quarter at US\$7.50/lb, a 1% increase from an opening price of US\$7.39/lb. The global surplus, fueled by new facilities in Indonesia and the conversion of Class II to Class I nickel, has constrained prices. Marginal producers in New Caledonia and Australia have ceased operations, significantly reducing the surplus. Meanwhile, Indonesia's elections and delayed mining permit approvals have prompted a reassessment of near-term supply, leading to increased price volatility with prices peaking at US\$8.24/lb in mid-March before dropping back.

In 2024, global nickel demand is projected to reach 3.5 million tonnes ("Mt"), propelled by stainless steel and battery applications. China is grappling with deflation amid a property crisis, increasing expectations of government intervention to reduce lending rates and increase stimulus which should boost manufacturing and construction, and benefit new energy and battery sectors. China's sustained growth along with a rebound in Indonesia, is set to boost global stainless steel output by 6% to 61.9 Mt⁽¹⁾. Despite challenges, Europe anticipates a 4% growth, with strike-induced supply constraints steadying stainless steel prices. Conversely, the US expects a 1% decline in stainless steel output amidst a high interest rate environment dampening private investment but bolstered by public investment. Demand for precursor cathode active materials ("p-CAM") predominantly from electric vehicles ("EVs") is projected to drive a 22% increase in nickel consumption to 577 thousand tonnes ("kt") this year, and a further growth to 689 kt by 2025, supported by new capacity in Europe, North America, and Indonesia. Overall, global primary nickel demand is forecast to increase by 13% in 2024 and 9% in 2025⁽¹⁾.

Uncertainty looms over New Caledonia's nickel operations, while ex-Indonesian nickel supply is anticipated to continue to decrease at current prices. Furthermore, the conversion of Indonesian supply into Class I nickel, along with fast-track approval by the London Metal Exchange ("LME") for Chinese brands, has continued to increase Class I inventories, with an addition of 13 thousand tonnes to LME and about 5 hundred tonnes to Shanghai Futures Exchange ("SHFE") inventories in Q1 2024.

In the short term, the surplus of both Class I and Class II nickel is anticipated to persist, exerting downward pressure on prices. However, supply reductions from higher cost operations will partially offset this surplus while sustained demand growth from stainless steel and lithium-ion battery consumption, along with the necessity to incentivize environmentally sustainable supply, could offer upside potential. Geopolitical influences on the nickel market continue to intensify with the U.S. and U.K. issuing new sanctions on Russian produced metals, and Western allies discussing potential trade measures against China and Indonesia regarding nickel. These growing geopolitical tensions, and the already enacted government policies and incentives in North American and Europe, are considerably influencing the build out of supply chains and will likely significantly influence future pricing.

COBALT

Q1 2024 Argus Chemical Grade cobalt price closed at US\$14.25/lb, unchanged from the Q4 2023 closing price. Prices remained mostly range-bound, with a downward trend influenced by the Congolese copper and Indonesian nickel miners ramping up production amidst softening battery demand, resulting in a surplus of cobalt. Additionally, SRB, the China state-owned State Reserve Bureau, intervened in the market once again to support prices.

In China, although prices are declining from a weak consumer demand, modest growth in global device shipments in 2024 is anticipated, aided by destocking efforts and improved consumption. Cobalt demand from these sectors is projected to increase by 7%, reversing two years of decline⁽²⁾.

The evolving battery landscape, including emerging cobalt-free chemistries, is affecting near-term demand while continued copper and nickel production, primarily from Asian producers, is increasing the supply of cobalt through additional by-product output. Consequently, CRU forecasts the cobalt market to remain oversupplied until 2028⁽²⁾, potentially constraining significant price increases in the short to medium term. Increasing consumer preference for responsibly sourced cobalt could accrue benefits to cobalt producers outside the Democratic Republic of the Congo, Indonesia and China.

FERTILIZER

Sufficient nitrogen fertilizer supply and a mild winter in the northern hemisphere has resulted in low natural gas prices which has led to weak fertilizer prices. Granular ammonium sulfate prices in 2024 is expected to be approximately 10% below 2023 levels.

(1) Wood Mackenzie, Nickel Short Term Outlook March 2024.

(2) CRU, Cobalt Market Outlook February 2024 Report.

Review of operations

METALS

\$ millions (Sherritt's share), except as otherwise noted, for the three months ended March 31

	2024	2023	Change
FINANCIAL HIGHLIGHTS⁽¹⁾			
Revenue	\$ 115.1	\$ 176.5	(35%)
Cost of sales	131.1	144.5	(9%)
(Loss) earnings from operations	(21.0)	31.0	(168%)
Adjusted EBITDA ⁽²⁾	(7.5)	44.5	(117%)
CASH FLOW⁽¹⁾			
Cash provided by continuing operations for operating activities ⁽²⁾	\$ 31.2	\$ 69.5	(55%)
Free cash flow ⁽²⁾	21.7	59.9	(64%)
PRODUCTION VOLUME (tonnes)			
Mixed Sulphides	4,052	3,750	8%
Finished Nickel	3,597	3,483	3%
Finished Cobalt	342	367	(7%)
Fertilizer	57,064	57,991	(2%)
NICKEL RECOVERY⁽³⁾ (%)			
	85%	88%	(3%)
SALES VOLUME (tonnes)			
Finished Nickel	4,023	3,344	20%
Finished Cobalt	362	731	(50%)
Fertilizer	23,909	29,879	(20%)
AVERAGE REFERENCE PRICE (US\$ per pound)			
Nickel ⁽⁴⁾	\$ 7.52	\$ 11.77	(36%)
Cobalt ⁽⁴⁾	13.89	17.56	(21%)
AVERAGE-REALIZED PRICES⁽²⁾			
Nickel (\$ per pound)	\$ 9.90	\$ 16.47	(40%)
Cobalt (\$ per pound)	14.51	19.11	(24%)
Fertilizer (\$ per tonne)	412.05	566.93	(27%)
UNIT OPERATING COST⁽²⁾ (US\$ per pound)			
Nickel - net direct cash cost	\$ 7.24	\$ 6.46	12%
SPENDING ON CAPITAL⁽²⁾			
Sustaining	\$ 7.4	\$ 5.9	25%
Growth	2.0	3.7	(46%)
	\$ 9.4	\$ 9.6	(2%)

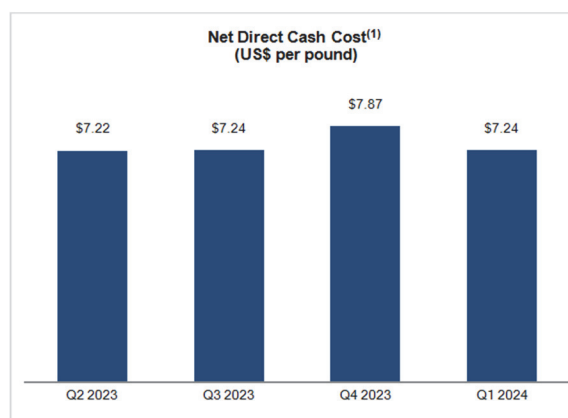
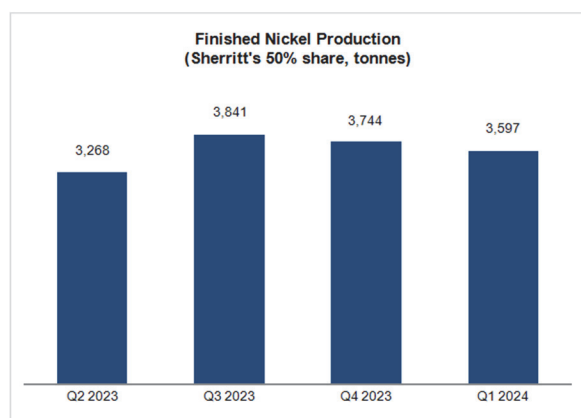
(1) The amounts included in the Financial Highlights and Cash Flow sections for Metals above include the combined results of the Moa JV, Fort Site and Metals Marketing. Breakdowns of revenue, Adjusted EBITDA, and the components of free cash flow (cash provided (used) by continuing operations for operating 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) Reference source: Nickel - LME. Cobalt - Average standard-grade cobalt price published by Argus.

Management's discussion and analysis



(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		2024	2023	Change
REVENUE				
Nickel	\$	87.8	\$ 121.4	(28%)
Cobalt		11.6	30.8	(62%)
Fertilizers		9.9	16.9	(41%)
Other		5.8	7.4	(22%)
	\$	115.1	\$ 176.5	(35%)
COST OF SALES⁽²⁾				
Mining, processing and refining (MPR) ⁽³⁾	\$	83.4	\$ 65.5	27%
Third-party feed costs		7.4	5.6	32%
Finished cobalt cost ⁽⁴⁾		0.8	32.3	(98%)
Fertilizers		8.2	13.4	(39%)
Selling costs		7.3	5.9	24%
Other		10.5	8.3	27%
	\$	117.6	\$ 131.0	(10%)
NET DIRECT CASH COST⁽¹⁾ (US\$ per pound of nickel)				
Mining, processing and refining costs ⁽⁵⁾	\$	7.03	\$ 8.12	(13%)
Third-party feed costs		0.62	0.56	11%
Cobalt by-product credits ⁽⁵⁾		(0.93)	(1.59)	42%
Net fertilizer by-product credits		(0.14)	(0.43)	67%
Net impact of redirected cobalt ⁽⁶⁾		-	0.14	(100%)
Other ⁽⁷⁾		0.66	(0.34)	294%
	\$	7.24	\$ 6.46	12%

(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 and impairment of property, plant and equipment.

(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) Net 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.

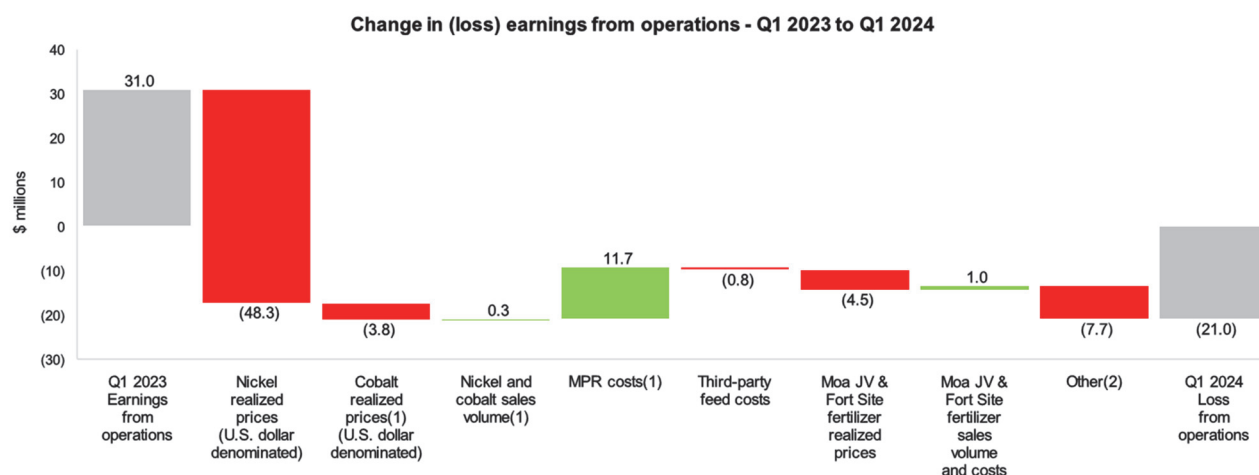
(7) Includes the marketing costs, discounts/premiums, and other by-product credits.

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	2024	2023	Change
Sulphur (US\$ per tonne)	\$ 182.01	\$ 293.30	(38%)
Diesel (US\$ per litre)	1.08	1.29	(16%)
Fuel oil (US\$ per tonne)	478.51	452.78	6%
Natural gas cost (\$ per gigajoule)	2.66	3.39	(22%)

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

The following graph summarizes the change in (loss) earnings from operations for Metals from Q1 2023 to Q1 2024:



- (1) MPR and cobalt by-product credits include the costs 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, selling costs, royalty costs, administrative costs, net costs and revenue on sold cobalt redirected from GNC to Sherritt under the Cobalt Swap agreement, depletion, depreciation and amortization.

Revenue

Metals revenue in Q1 2024 was \$115.1 million compared to \$176.5 million in Q1 2023. Revenue in the current year period was lower primarily due to lower average-realized prices⁽¹⁾ for nickel, cobalt and fertilizer and the timing of receipts and sales of cobalt by Sherritt under the Cobalt Swap agreement, partly offset by higher nickel sales volumes. In Q1 2024 the average-realized prices⁽¹⁾ for nickel, cobalt and fertilizers were \$9.90/lb, \$14.51/lb and \$412.05/tonne, 40%, 24% and 27% lower, respectively, compared to the same period in the prior year.

Nickel revenue in Q1 2024 was \$87.8 million compared to \$121.4 million in Q1 2023. Finished nickel sales volumes in Q1 2024 were 20% higher than Q1 2023 and exceeded production volumes as Metals reduced its opening inventory with strong spot sales.

Cobalt revenue in Q1 2024 was \$11.6 million compared to \$30.8 million in Q1 2023. Cobalt revenue on the Cobalt Swap sales was \$0.9 million in Q1 2024 compared to \$29.8 million in Q1 2023. Higher Moa JV cobalt revenue of \$10.7 million in Q1 2024 compared to \$1.0 million in Q1 2023, partly offsetting the lower Cobalt Swap revenue.

Fertilizer revenue in Q1 2024 was \$9.9 million compared to \$16.9 million in Q1 2023. Fertilizer sales volume was 20% lower on delayed demand ahead of the spring planting season.

Cobalt Swap sales

During Q1 2024, and for the remainder of 2024, Sherritt anticipates variances in cobalt sales volumes, revenue and cost of sales as a result of the timing of receipts of cobalt and their subsequent sale by Sherritt under the Cobalt Swap agreement. In 2023, Sherritt began receiving and selling 100% of the available cobalt in Q1 and received the annual maximum amount of cobalt (2,082 tonnes) by the end of Q2. In the current year, Sherritt expects to begin receiving cobalt under the Cobalt Swap in the second half of the year.

As a result, sales of cobalt will be recognized by the Moa JV at Sherritt's 50% share until such time as Sherritt begins receiving cobalt from the Cobalt Swap. While this will result in variances in cobalt sales volumes, revenue and cost of sales, it will not have a material impact on earnings from operations, average-realized prices⁽¹⁾, cobalt by-product credits, or NDCC⁽¹⁾.

Production

Mixed sulphides production at the Moa JV in Q1 2024 was 4,052 tonnes, up 8% from the 3,750 tonnes produced in Q1 2023 benefitting from lower unplanned maintenance activities, improved ore blends and grades and additional processing capacity and efficiencies resulting from the completion of the SPP.

Sherritt's share of finished nickel and cobalt production in Q1 2024 was 3,597 tonnes and 342 tonnes, 3% higher and 7% lower, respectively, than Q1 2023. Finished nickel production during the quarter increased due to higher nickel rich third-party feed processed partly offset by weather-related shipping delays in delivering Moa mixed sulphides feed to the refinery and reduced production rates to mitigate feed contaminants. Finished cobalt production was lower consistent with higher nickel-to-cobalt ratio in available feed processed. The delayed shipment of mixed sulphides was received at the refinery in April.

Fertilizer production in Q1 2024 of 57,064 tonnes was 2% lower compared to Q1 2023.

NDCC⁽¹⁾

NDCC⁽¹⁾ per pound of nickel sold was US\$7.24/lb in Q1 2024 compared to US\$6.46/lb in Q1 2023; however, NDCC⁽¹⁾ was 8% lower than in Q4 2023 improving quarter over quarter. During Q1 2024, NDCC⁽¹⁾ was impacted by higher-cost opening inventory sold in addition to lower cobalt and fertilizer by-product credits⁽²⁾. NDCC⁽¹⁾ improved to average US\$6.82/lb during the last month of the quarter and continues to trend lower. Importantly, mining, processing and refining costs per pound of nickel sold ("MPR/lb"), the largest cost component of NDCC⁽¹⁾, improved 13% from Q1 2023. Lower MPR/lb costs were primarily due to lower sulphur, natural gas and diesel prices, lower maintenance costs and the impact of higher nickel sales volumes, partly offset by the higher opening inventory costs. The Cobalt Swap did not have a significant impact on NDCC⁽¹⁾ in either of the comparative periods.

Higher year-over-year NDCC⁽¹⁾ was expected during the first quarter and factored into the Corporation's 2024 outlook for NDCC⁽¹⁾ which Sherritt continues to expect will be within a range of US\$5.50 to US\$6.00/lb implying a 20% decrease from 2023.

Spending on capital⁽¹⁾

Sustaining spending on capital in Q1 2024 was \$7.4 million, compared to \$5.9 million in Q1 2023 with modestly higher spending during the current year quarter.

Growth spending on capital in Q1 2024 was \$2.0 million most of which was related to spending on the second phase of the Moa JV expansion.

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

(2) Cobalt by-product credits include Sherritt's share of cobalt revenue per pound of nickel sold only.

Expansion program and strategic developments

Moa JV expansion program update

The first phase of the Moa JV expansion program, the SPP, was commissioned and has been operating at design capacity since the end of January.

The second phase, the Processing Plant, is underway and

- civil construction and structural erection is nearing completion;
- piping installation will commence in the second quarter; and
- in response to lower nickel prices, the joint venture optimized the timing of certain capital spending items shifting some phase two spending to beyond 2024. Deferring the ordering of equipment and materials for the Fifth Sulphide Precipitation Train beyond 2024 is an additional opportunity that was identified during the quarter to optimize the timing of near-term spending without any expected impact on the timing of the ramp up of mixed sulphide precipitate production from the expansion.

The overall timing and budget to reach target production remains unchanged and is on schedule for an expected end of year 2024 completion with commissioning and ramp up in 2025. With completion of phase two of the expansion, annual mixed sulphide precipitate production is expected to increase by approximately 20% of contained nickel and cobalt and is expected to fill the refinery to nameplate capacity to maximize profitability from the joint venture's own mine feed, displacing lower margin third-party feeds and increasing overall finished nickel and cobalt production.

Strategic developments

Sherritt's technical expertise and innovative processing solutions are key differentiators and enablers towards the Corporation's near-term strategic focus to expand midstream processing capacity of critical minerals for the electric vehicle supply chain in North America.

During the quarter, Sherritt advanced its MHP midstream processing flowsheet for production of nickel and cobalt sulphate while also reducing sodium sulphate effluent which is a key environmental challenge for the industry. Project focus in 2024 will be on site identification, customer and partnership arrangements, and further process development and project definition.

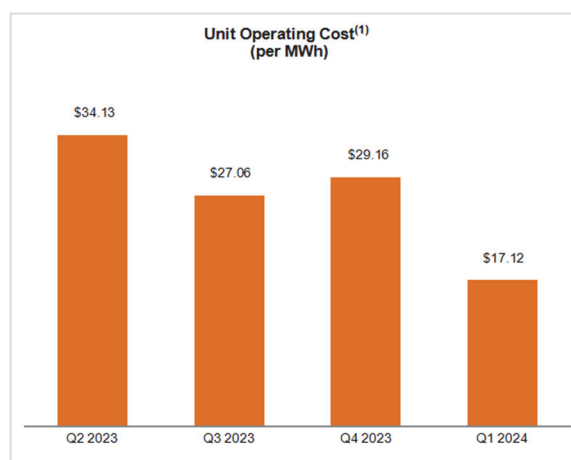
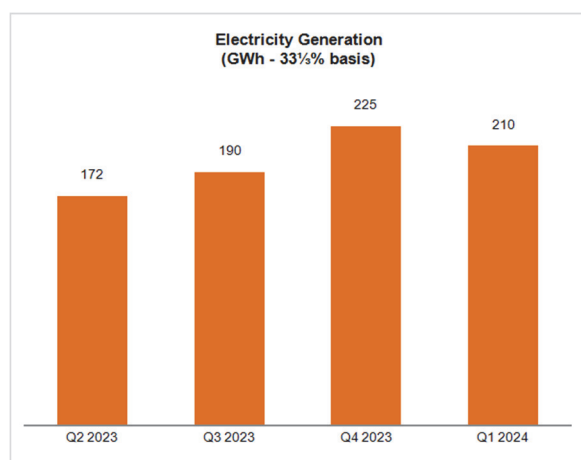
POWER

\$ millions (Sherritt's share, 33⅓% basis), except as otherwise noted, for the three months ended March 31

	2024	2023	Change
FINANCIAL HIGHLIGHTS			
Revenue	\$ 12.0	\$ 10.3	17%
Cost of sales	4.0	3.4	18%
Earnings from operations	7.1	5.9	20%
Adjusted EBITDA ⁽¹⁾	7.6	6.4	19%
CASH FLOW			
Cash provided by continuing operations for operating activities ⁽¹⁾	\$ 9.7	\$ 4.4	120%
Free cash flow ⁽¹⁾	7.1	3.7	92%
PRODUCTION AND SALES VOLUME			
Electricity (GWh ⁽²⁾)	210	158	33%
AVERAGE-REALIZED PRICE⁽¹⁾			
Electricity (per MWh ⁽²⁾)	\$ 51.25	\$ 58.33	(12%)
UNIT OPERATING COST⁽¹⁾			
Electricity (per MWh ⁽²⁾)	\$ 17.12	19.37	(12%)
SPENDING ON CAPITAL⁽¹⁾			
Sustaining	\$ 2.6	\$ 0.7	271%

(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).



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

Management's discussion and analysis

Power revenue is composed of the following:

\$ millions (33⅓% basis), for the three months ended March 31	2024	2023	Change
Electricity sales	\$ 10.7	\$ 9.2	16%
By-products and other	1.3	1.1	18%
	\$ 12.0	\$ 10.3	17%

Revenue for Q1 2024 of \$12.0 million was 17% higher than Q1 2023 primarily due to higher production resulting in higher sales of 210 GWh compared to 158 GWh in the prior year period, partly offset by lower average-realized price⁽¹⁾. Higher production was a result of higher gas availability as a result of the two wells that went into production at the end of the second quarter of 2023 and better equipment availability.

As a key partner in supporting the Cuban government's plans to increase power production, Sherritt continues to work with its Cuban partners to drill additional wells which will increase gas supply for additional electricity production.

Unit operating costs⁽¹⁾ for the three months ended March 31, 2024 were \$17.12/MWh, 12% lower than Q1 2023 primarily as a result of higher electricity production and sales volume relative to maintenance costs during the periods.

Spending on capital⁽¹⁾ of \$2.6 million in Q1 2024 was primarily driven by timing of maintenance activities at Varadero.

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

CORPORATE AND OTHER

\$ millions, for the three months ended March 31	2024	2023 (Restated)	Change
EXPENSES			
Administrative expenses	\$ 7.0	\$ 5.8	21%

Corporate and Other's administrative expenses are primarily composed of employee costs, severance expenses, share-based compensation expenses (recoveries), legal fees, third-party consulting and audit fees incurred to support head office activities, joint venture management, business and market development, and growth and external technical services activities.

Administrative expenses at Corporate and Other for the three months ended March 31, 2024 were \$1.2 million higher compared to the prior period primarily due to \$0.9 million of severance expenses related to the restructuring of Technologies to reduce its scale in line with a narrower focus to deliver essential support and enhancements to internal operations and business development opportunities, partially offset by lower audit fees.

In addition, employee costs incurred by the former Technologies reportable segment for business development, growth and external technical services for the three months ended March 31, 2024 have been classified as administrative expenses following Technologies' restructuring, while in the comparative period, employee costs incurred by the former Technologies reportable segment were presented within cost of sales given Technologies' development and commercialization of proprietary technologies for customers.

Outlook

2024 guidance for production volumes, unit operating costs and spending on capital remain unchanged.

	Guidance for 2024 - Total	Year-to-date actuals - Total	Updated 2024 guidance - Total
Production volumes, unit operating costs and spending on capital			
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	30,000 – 32,000	7,194	No change
Cobalt, finished	3,100 – 3,400	684	No change
Electricity (GWh, 33⅓% basis)	775 – 825	210	No change
Unit operating costs⁽¹⁾			
Metals – NDCC (US\$ per pound)	\$5.50 – \$6.00	\$7.24	No change
Electricity (unit operating cost, \$ per MWh)	\$32.50 – \$34.00	\$17.12	No change
Spending on capital⁽¹⁾ (\$ millions)			
Sustaining			
Metals: Moa Joint Venture (50% basis), Fort Site (100% basis)	\$40.0	\$7.4	No change
Power (33⅓% basis)	\$5.5	\$2.6	No change
Growth			
Metals: Moa Joint Venture (50% basis)	\$15.0	\$2.0	No change
Spending on capital ⁽²⁾	\$60.5	\$12.0	No change

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

(2) Excludes spending on capital of the Metals Marketing, Oil and Gas and Corporate and Other segments.

Liquidity

As at March 31, 2024, total available liquidity was \$174.8 million, which is composed of cash and cash equivalents of \$144.4 million, of which \$37.5 million is in Canada, and \$30.4 million of available credit facilities and excludes restricted cash of \$1.4 million.

The main factors that affect liquidity include realized sales prices, timing of collection of receivables, production levels, cash production costs, working capital requirements, capital and environmental rehabilitation expenditure requirements, the timing of distributions from the Moa JV (including pursuant to the Cobalt Swap), advances from/to the Moa JV, the timing of cobalt sales and receipts, the timing of dividends from Energas in Canada, repayments of non-current loans and borrowings, credit capacity and debt and equity capital market conditions.

During the three months ended March 31, 2024, Sherritt began receiving repayment of the advances made for short-term working capital purposes at the Moa JV with an initial repayment of \$3.0 million. Subsequent to period end, the Moa JV repaid an additional \$10.0 million on its advance from the Corporation. Advances to the Moa JV under its credit facility with the Corporation are to the two non-Cuban operating companies of the Moa JV, are interest bearing at the Corporation's borrowing rates and are expected to be fully repaid during the first half of 2024. Sherritt does not expect to advance further amounts to the Moa JV under its credit facility in 2024.

Upon repayment of the amounts outstanding by the Moa JV, and subject to the Moa JV's available liquidity to support operations and expected liquidity requirements, the joint venture will be eligible to commence payment of cobalt dividends pursuant to the Cobalt Swap. At current spot nickel prices, and given the prioritization of the joint venture to repay its outstanding advances, as previously disclosed, the Corporation expects that under the Cobalt Swap, the cobalt dividends are anticipated to commence in the second half of the year and will not meet the annual maximum amount in 2024. As previously disclosed and as defined by the agreement, any short fall in the annual minimum payment will be added to the following year.

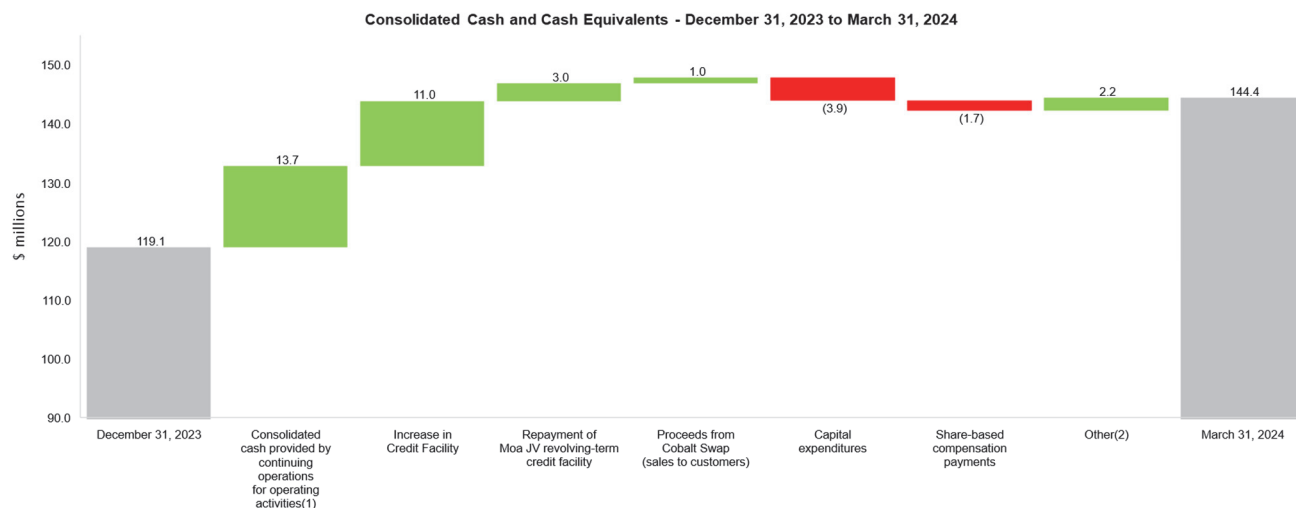
In 2024, the Corporation expects to receive dividends from Energas in Canada and expects that amounts will be higher than in 2023, when \$1.4 million of dividends in Canada were received during the year.

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 and debt and equity capital markets. 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").

Management's discussion and analysis

During the three months ended March 31, 2024, the Corporation completed a restructuring which resulted in a reduction of its workforce by approximately 10% across the Canadian operations, with annual employee cost savings of \$13.0 million expected to be realized, and the Moa JV signed a sales agreement for nickel deliveries in 2024 with a \$20.0 million prepayment received, improving the Moa JV's available liquidity. Subsequent to period end, the Corporation completed a 10% workforce reduction at its Corporate office. Annual cost savings from employee costs and reductions to other Corporate office-related costs are expected to be \$2.0 million per year.

Cash and cash equivalents as at March 31, 2024 increased by \$25.3 million from December 31, 2023. The components of this change are shown below:



(1) Excludes proceeds from Cobalt Swap and share-based compensation payments presented separately above.

(2) Other is composed of the effect of exchange rate changes on cash and cash equivalents, repayment of other financial liabilities, other finance charges and cash used by discontinued operations.

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

\$ millions, as at March 31, 2024	Cash		Cash equivalents		Total
Canada	\$	37.3	\$	0.2	\$ 37.5
Cuba ⁽¹⁾		105.9		-	105.9
Other		1.0		-	1.0
	\$	144.2	\$	0.2	\$ 144.4

The Corporation's share of cash and cash equivalents in the Moa JV, not included in the above balances: \$ 11.2

(1) As at March 31, 2024, \$103.1 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2023 - \$93.9 million).

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 condensed consolidated statements of cash flow.

\$ millions, for the three months ended March 31	2024	2023	Change
Cash provided by operating activities			
Cash provided (used) by operating activities ⁽¹⁾ :			
Fort Site	\$ 11.6	\$ 15.7	(26%)
Metals Marketing ⁽²⁾	3.8	1.0	280%
Power	9.7	6.8	43%
Oil and Gas	(3.9)	2.8	(239%)
Corporate and Other	(7.5)	(11.1)	32%
Distributions from Moa JV			
Proceeds from Cobalt Swap - Sherritt share	0.5	9.4	(95%)
Proceeds from Cobalt Swap - GNC redirected share	0.5	9.4	(95%)
Share-based compensation payments	(1.7)	(24.4)	93%
Other cash provided by operating activities	-	0.2	(100%)
Cash provided by continuing operations	13.0	9.8	33%
Cash used by discontinued operations	(0.1)	(0.1)	-
Cash provided by operating activities	\$ 12.9	\$ 9.7	33%
Cash used by investing activities	\$ (0.6)	\$ (4.3)	86%
Cash provided by financing activities	10.5	9.0	17%
Effect of exchange rate changes on cash and cash equivalents	2.5	-	-
Increase in cash and cash equivalents	25.3	14.4	76%
Cash and cash equivalents:			
Beginning of the period	\$ 119.1	\$ 123.9	(4%)
End of the period	\$ 144.4	\$ 138.3	4%

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

(2) Excluding proceeds from the Cobalt Swap, 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, 2024 compared to the same period in the prior year, primarily as a result of the following:

- Lower cash provided by operating activities at Fort Site primarily due to the timing of working capital payments;
- Higher cash provided by operating activities at Metals Marketing primarily due to timing of customer receipts;
- Higher cash provided by operating activities at Power primarily due to higher production, partially offset by higher maintenance costs;
- Higher cash used by operating activities at Oil and Gas primarily due to higher cash expenditures for liabilities settled on environmental rehabilitation provisions for legacy Spanish Oil and Gas assets and lower receipts on oil and gas service revenue due to timing;
- Lower cash used by operating activities at Corporate and Other primarily due to lower audit fees and timing of working capital payments;
- Lower and normalized cash used for share-based compensation payments following the payments for share-based units which vested in 2023 and were granted in 2020. The share-based units granted in 2020 and paid in 2023 were impacted by the increase in the Corporation's share price during the vesting period; and
- Lower proceeds from Cobalt Swap, as there were no cobalt distributions in the current period and distributions are expected to commence in the second half of 2024. In the prior period, the Corporation received significant distributions of cobalt which were sold to customers.

Included in investing and financing activities for the three months ended March 31, 2024 are expenditures on property, plant and equipment and intangible assets, repayments from the Moa JV on its advance from the Corporation and an increase in the Credit Facility.

RECONCILIATION OF ADJUSTED EBITDA TO CHANGE IN CASH AND CASH EQUIVALENTS

The Corporation's Adjusted EBITDA⁽¹⁾ reconciles to the change in cash and cash equivalents as follows:

\$ millions, for the three months ended March 31	2024
Adjusted EBITDA ⁽¹⁾	\$ (6.5)
Add (deduct) non-cash items:	
Moa JV Adjusted EBITDA ⁽¹⁾	2.0
Oil and Gas loss from operations, net of depletion, depreciation and amortization	(2.3)
Finished cobalt cost of sales	0.8
Share-based compensation expense	0.3
Inventory write-down/obsolescence	0.9
Loss on environmental rehabilitation provisions	3.6
Net change in non-cash working capital	23.0
Interest received	1.6
Interest paid	(1.8)
Distributions from Moa JV	
Proceeds from Cobalt Swap - Sherritt share	0.5
Proceeds from Cobalt Swap - GNC redirected share	0.5
Liabilities settled for environmental rehabilitation provisions	(7.4)
Share-based compensation payments	(1.7)
Other ⁽²⁾	(0.5)
Cash provided by continuing operations for operating activities per financial statements	13.0
Add (deduct):	
Cash used by discontinued operations	(0.1)
Property, plant, equipment and intangible asset expenditures	(3.9)
Increase in loans, borrowings and other financial liabilities	11.0
Receipts of advances, loans receivable and other financial assets	3.3
Other ⁽²⁾	(1.0)
Change in cash and cash equivalents	\$ 25.3

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

(2) Other is composed of repayment of other financial liabilities, income taxes paid and effect of exchange rate changes on cash and cash equivalents.

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. Determinants of liquidity include 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, 2024.

Canadian \$ millions, as at March 31, 2024	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	\$ 162.3	\$ 162.3	\$ -	\$ -	\$ -	\$ -	-
Income taxes payable	3.0	3.0	-	-	-	-	-
Second Lien Notes (includes principal, interest and premium)	304.3	18.8	18.8	266.7	-	-	-
PIK Notes (includes principal and interest)	112.6	-	4.2	8.4	8.4	8.4	83.2
Credit Facility	76.0	6.4	69.6	-	-	-	-
Other non-current financial liabilities	1.3	-	-	0.1	-	0.3	0.9
Provisions	209.1	18.1	0.7	5.0	12.7	10.0	162.6
Energas payable ⁽²⁾	97.3	14.3	14.2	16.6	52.2	-	-
Lease liabilities	13.2	2.7	2.2	1.4	1.4	1.3	4.2
Capital commitments	3.1	3.1	-	-	-	-	-
Total	\$ 982.2	\$ 228.7	\$ 109.7	\$ 298.2	\$ 74.7	\$ 20.0	\$ 250.9

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

(2) Repayment of the Energas payable is from Energas to GNC in Cuban pesos in Cuba and does not impact cash in Canada.

SECOND LIEN NOTES

As at March 31, 2024, the outstanding principal amount of Second Lien Notes is \$221.3 million (December 31, 2023 - \$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 in the first half and second half of each year (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 as at the interest payment dates in April and October of each year, 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.

For the two-quarter period ended December 31, 2023, Excess Cash Flow, as defined in the Second Lien Notes Indenture, was negative.

As at March 31, 2024, the Corporation was in compliance with all Second Lien Notes covenants.

Subsequent to period end, the Corporation paid interest of \$9.4 million on the Second Lien Notes and was not required to make any mandatory redemptions as Excess Cash Flow for the two-quarter period ended December 31, 2023 was negative. In addition, the minimum liquidity provision of the indenture agreement was not met as at April 30, 2024.

PIK NOTES

As at March 31, 2024, the outstanding principal amount of the PIK Notes is \$66.9 million (December 31, 2023 - \$63.4 million).

During the three months ended March 31, 2024, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest due in January 2024 of \$3.4 million and added the payment-in-kind interest to the principal amount owed to noteholders. The Corporation also expects to elect to add the payment-in-kind interest due in October 2024 to the principal amount.

As at March 31, 2024, the Corporation was in compliance with all PIK Notes covenants.

CREDIT FACILITY

As at March 31, 2024, the outstanding principal amount of the Credit Facility is \$69.0 million (December 31, 2023 - \$58.0 million).

Subsequent to period end, the Credit Facility was amended to (i) extend its maturity for one year from April 30, 2025 to April 30, 2026 and (ii) change the EBITDA-to-Interest Expense covenant, as defined in the agreement, to not less than 1:1 and 1.5:1 for the quarters ended June 30, 2024 and September 30, 2024, respectively, and not less than 2:1 thereafter. The interest rate of bankers' acceptance plus 4.00% remains unchanged until the bankers' acceptance benchmark rate ceases to be published after June 28, 2024, after which the interest rate will transition to CORRA plus 4.00%. There were no other significant changes to the terms, financial covenants or restrictions subsequent to period end.

As at March 31, 2024, the Corporation was in compliance with all Credit Facility covenants.

COMMON SHARES

As at May 8, 2024, the Corporation had 397,288,680 common shares outstanding. An additional 9,855,313 common shares are issuable upon exercise of outstanding stock options granted to employees 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, 2023, except for the adoption of the amendments to IAS 1, which was adopted effective January 1, 2024. For further information, see note 4 of the condensed consolidated financial statements for the three months ended March 31, 2024.

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, 2023.

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	2024 Mar 31	2023 Dec 31	2023 Sept 30	2023 Jun 30	2023 Mar 31	2022 Dec 31	2022 Sept 30	2022 Jun 30
Revenue	\$ 28.8	\$ 34.8	\$ 36.4	\$ 93.5	\$ 58.6	\$ 48.6	\$ 30.2	\$ 65.9
Share of (loss) earnings of Moa Joint Venture, net of tax	(12.3)	(14.5)	(5.0)	11.5	29.9	23.5	22.0	47.4
Net (loss) earnings from continuing operations	(40.9)	(53.4)	(24.8)	0.3	13.6	(7.3)	(26.9)	81.5
Earnings (loss) from discontinued operations, net of tax ⁽¹⁾	0.4	-	-	-	(0.3)	0.3	0.6	(0.4)
Net (loss) earnings for the period	\$ (40.5)	\$ (53.4)	\$ (24.8)	\$ 0.3	\$ 13.3	\$ (7.0)	\$ (26.3)	\$ 81.1
Net (loss) earnings per share, basic (\$ per share)								
Net (loss) earnings from continuing operations	\$ (0.10)	\$ (0.13)	\$ (0.06)	\$ 0.00	\$ 0.03	\$ (0.02)	\$ (0.07)	\$ 0.21
Net (loss) earnings	(0.10)	(0.13)	(0.06)	0.00	0.03	(0.02)	(0.07)	0.20

(1) Earnings (loss) from discontinued operations, net of tax, relates to expenses 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 \$1.2768 (Q2 2022) to \$1.3624 (Q4 2023) and period-end rates ranged between \$1.2886 (Q2 2022) 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 2024: \$3.6 million non-cash loss on environmental rehabilitation provisions and \$3.5 million of severance expense related to the restructuring (Sherritt's share). In addition, the Corporation's net loss includes net non-cash revaluations of \$(9.1) million pursuant to the Cobalt Swap;
- Q4 2023: \$20.0 million loss on environmental rehabilitation provisions. The net impact of the Cobalt Swap on the Corporation's net loss was not material;
- Q3 2023: \$7.3 million write-down of inventory, \$6.8 million loss on environmental rehabilitation provisions and \$0.9 million unrealized foreign exchange gains in continuing operations. The net impact of the Cobalt Swap on the Corporation's net loss was not material;
- Q2 2023: \$2.2 million gain on repurchase of notes. The net impact of the Cobalt Swap on the Corporation's net earnings was not material;
- Q1 2023: \$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. The net impact of the Cobalt Swap on the Corporation's net earnings was not material;
- 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; and
- 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.

Off-balance sheet arrangements

As at March 31, 2024, the Corporation had no off-balance sheet 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 16 of the Corporation's condensed consolidated financial statements for the three months ended March 31, 2024.

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, 2024, 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, 2024, 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 loss and loss per share from continuing operations for the three months ended March 31, 2024 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	Approximate change in quarterly net (loss) earnings (CAD\$ millions)		Approximate change in quarterly basic (loss) earnings per share (EPS)	
	Increase	Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)
Prices				
Nickel - LME price per pound ⁽¹⁾	US\$ 1.00	\$ 9	\$ 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 (loss) earnings 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 (loss) income line items to their respective comparative periods for the Moa JV are included below.

Statements of financial position

Canadian \$ millions, 100% basis, as at	2024 March 31	2023 December 31	Variance	
Assets				
Cash and cash equivalents	\$ 22.4	\$ 11.8	10.6	Increase is primarily due to cash provided by operating activities, partially offset by spending on capital and repayments of the credit facility with the Corporation.
Income taxes receivable	6.6	6.4	0.2	
Other current assets	21.2	20.9	0.3	
Trade accounts receivable, net	76.0	82.6	(6.6)	
Inventories	414.9	424.7	(9.8)	Decrease is due to nickel and cobalt sales volumes exceeding production volumes during the quarter.
Other non-current assets	23.3	23.3	-	
Property, plant and equipment	1,097.9	1,089.1	8.8	Increase is due to spending on capital, partially offset by depletion, depreciation and amortization.
Total assets	1,662.3	1,658.8	3.5	
Liabilities				
Trade accounts payable and accrued liabilities	114.5	117.4	(2.9)	
Income taxes payable	1.7	2.8	(1.1)	
Other current financial liabilities	27.4	30.4	(3.0)	
Other current non-financial liabilities	18.8	-	18.8	Increase is primarily due to a payment received for deliveries of nickel over the course of the year.
Loans and borrowings	21.6	23.5	(1.9)	
Environmental rehabilitation provisions	80.2	84.9	(4.7)	
Other non-current financial liabilities	3.5	3.7	(0.2)	
Deferred income taxes	18.0	18.3	(0.3)	
Total liabilities	285.7	281.0	4.7	
Net assets of Moa Joint Venture	\$ 1,376.6	\$ 1,377.8	(1.2)	
Proportion of Sherritt's ownership interest	50%	50%		
Total	688.3	688.9		
Intercompany capitalized interest elimination	(43.0)	(42.2)		
Investment in Moa Joint Venture	\$ 645.3	\$ 646.7		

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. As at March 31, 2024, 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, 2023.

Statements of comprehensive (loss) income

Canadian \$ millions, 100% basis, for the three months ended March 31

	2024	2023	Variance	
Revenue	\$ 208.5	\$ 261.8	(53.3)	Decrease is primarily due to a decrease in nickel revenue, due to lower average-realized nickel price, partially offset by higher nickel sales volumes, and higher cobalt revenue. Cobalt revenue increased in the current year primarily due to cobalt sold by the Moa JV. In the prior year, cobalt revenue was recognized by the Corporation pursuant to the Cobalt Swap.
Cost of sales	(231.8)	(192.7)	(39.1)	Increase is primarily due to an increase in cobalt cost of sales due to cobalt sales recognized by the Moa JV in the current year, which were recognized by the Corporation in the prior year pursuant to the Cobalt Swap. The increase in cobalt cost of sales was partially offset by lower sulphur prices.
Cobalt gain	-	1.5	(1.5)	Cobalt gain in the prior year represents the difference between the Moa JV's cost to produce finished cobalt internally and the in-kind value of cobalt distributed under the Cobalt Swap. There was no cobalt gain in the current year period given no cobalt distributions in the current year period.
Administrative expenses	(2.8)	(2.6)	(0.2)	
(Loss) earnings from operations	(26.1)	68.0	(94.1)	
Financing income	0.2	0.6	(0.4)	
Financing expense	(1.6)	(3.1)	1.5	
Net finance expense	(1.4)	(2.5)	1.1	
(Loss) earnings before income tax	(27.5)	65.5	(93.0)	
Income tax expense	(0.7)	(7.1)	6.4	Decrease is primarily due to lower taxable earnings in 2024 as compared to 2023 at one of the operating companies of the Moa JV.
Net (loss) earnings and comprehensive (loss) income of Moa Joint Venture	\$ (28.2)	\$ 58.4	(86.6)	
Proportion of Sherritt's ownership interest	50%	50%		
Total	(14.1)	29.2		
Intercompany elimination	1.8	0.7		
Share of (loss) earnings of Moa Joint Venture, net of tax	\$ (12.3)	\$ 29.9		

For the three months ended March 31, 2024, Moa JV's revenue was negatively impacted and cost of sales and other expenses were positively impacted by a weaker 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 \$126.2 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of \$57.3 million;
- Loans and borrowings of \$11.7 million; and
- Property, plant and equipment commitments of \$36.8 million, which includes \$8.2 million of commitments for growth capital for the ordering of long-lead materials and equipment, and civil and mechanical construction.

Property, plant and equipment commitments also 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 core operations. Combined revenue includes the Corporation's consolidated revenue, less Oil and Gas revenue, and includes the revenue of the Moa JV within the Metals reportable segment on a 50% basis. Revenue of the Moa JV is included in share of earnings of Moa Joint Venture, net of tax, as a result of the equity method of accounting and excluded from the Corporation's consolidated revenue.

Revenue at Oil and Gas is excluded from Combined revenue as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and CUPET, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or revenue generation potential. The exclusion of revenue at Oil and Gas from Combined revenue represented a change in the composition of Combined revenue during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and revenue generation potential and the prior year measure has been restated for comparative 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	2024	2023	Change
Revenue by reportable segment			
Metals ⁽¹⁾	\$ 115.1	\$ 176.5	(35%)
Power	12.0	10.3	17%
Corporate and Other	0.6	0.6	-
Combined revenue	\$ 127.7	\$ 187.4	(32%)
Adjustment for Moa Joint Venture	(104.2)	(130.9)	
Adjustment for Oil and Gas	5.3	2.1	152%
Revenue per financial statements	\$ 28.8	\$ 58.6	(51%)

- (1) Revenue of Metals for the three months ended March 31, 2024 is composed of revenue recognized by the Moa JV of \$104.2 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 \$8.9 million and revenue recognized by Metals Marketing of \$2.0 million, which are included in consolidated revenue (for the three months ended March 31, 2023 - \$130.9 million, \$15.2 million and \$30.4 million, respectively).

Adjusted EBITDA

The Corporation defines Adjusted EBITDA as (loss) earnings from operations and joint venture, which excludes net finance expense, income tax 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.

Earnings/loss from operations at Oil and Gas (net of depletion, depreciation and amortization, if applicable) is deducted from/added back to Adjusted EBITDA as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and CUPET, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or cash generation potential. The adjustment for earnings/loss from operations at Oil and Gas (net of depletion, depreciation and amortization, if applicable) represented a change in the composition of Adjusted EBITDA during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and cash generation potential and the prior year measure has been restated for comparative purposes.

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 (loss) earnings from operations and joint venture per the financial statements to Adjusted EBITDA:

\$ millions, for the three months ended March 31

\$ millions, for the three months ended March 31							2024
	Metals ⁽¹⁾	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total	
(Loss) earnings from operations and joint venture per financial statements	\$ (21.0)	\$ 7.1	\$ (2.3)	\$ (7.0)	\$ 0.8	\$ (22.4)	
Add:							
Depletion, depreciation and amortization	2.4	0.5	-	0.4	-	3.3	
Oil and Gas loss from operations, net of depletion, depreciation and amortization	-	-	2.3	-	-	2.3	
Adjustments for share of earnings of Moa Joint Venture:							
Depletion, depreciation and amortization	11.1	-	-	-	-	11.1	
Net finance income	-	-	-	-	(1.2)	(1.2)	
Income tax expense	-	-	-	-	0.4	0.4	
Adjusted EBITDA	\$ (7.5)	\$ 7.6	\$ -	\$ (6.6)	\$ -	\$ (6.5)	

Management's discussion and analysis

\$ millions, for the three months ended March 31							2023 (Restated)
	Metals ⁽¹⁾	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total	
Earnings (loss) from operations and joint venture per financial statements	\$ 31.0	\$ 5.9	\$ (1.4)	\$ (10.0)	\$ (3.9)	\$ 21.6	
Add (deduct):							
Depletion, depreciation and amortization	2.3	0.5	0.1	0.3	-	3.2	
Oil and Gas loss from operations, net of depletion, depreciation and amortization	-	-	1.3	-	-	1.3	
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	\$ -	\$ (9.7)	\$ -	\$ 41.2	

(1) Adjusted EBITDA of Metals for the three months ended March 31, 2024 is composed of Adjusted EBITDA at Moa JV of \$(2.0) million (50% basis), Adjusted EBITDA at Fort Site of \$(4.9) million, and Adjusted EBITDA at Metals Marketing of \$(0.6) million (for the three months ended March 31, 2023 - \$45.0 million, \$3.1 million and \$(3.6) million, respectively).

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given segment. The average-realized price for power excludes by-product and other 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							2024
	Metals				Other ⁽¹⁾	Adjustment for Moa Joint Venture	Total
	Nickel	Cobalt	Fertilizer	Power			
Revenue per financial statements	\$ 87.8	\$ 11.6	\$ 9.9	\$ 12.0	\$ 11.7	\$ (104.2)	\$ 28.8
Adjustments to revenue:							
By-product and other revenue	-	-	-	(1.4)			
Revenue for purposes of average-realized price calculation	87.8	11.6	9.9	10.6			
Sales volume for the period	8.9	0.8	23.9	210			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price ⁽²⁾⁽³⁾⁽⁴⁾	\$ 9.90	\$ 14.51	\$ 412.05	\$ 51.25			

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

2023

	Metals				Other ⁽¹⁾	Adjustment for Moa Joint Venture	Total
	Nickel	Cobalt	Fertilizer	Power			
Revenue per financial statements	\$ 121.4	\$ 30.8	\$ 16.9	\$ 10.3	\$ 10.1	\$ (130.9)	\$ 58.6
Adjustments to revenue:							
By-product and other 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			

(1) Other revenue includes revenue from the Oil and Gas and Corporate and Other 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.

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

2024

	Metals	Power	Other ⁽¹⁾	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	\$ 131.1	\$ 4.0	\$ 8.3	\$ (115.9)	\$ 27.5
Less:					
Depletion, depreciation and amortization in cost of sales	(13.5)	(0.5)			
	117.6	3.5			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(27.3)	-			
Impact of opening/closing inventory and other ⁽²⁾	(3.4)	-			
Cost of sales for purposes of unit cost calculation	86.9	3.5			
Sales volume for the period	8.9	210			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost ⁽³⁾⁽⁴⁾	\$ 9.80	\$ 17.12			
Unit operating cost (US\$ per pound) (NDCC) ⁽⁵⁾	\$ 7.24				

Management's discussion and analysis

\$ 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				

(1) Other is composed of the cost of sales of the Oil and Gas and Corporate and Other reportable segments.

(2) Other is primarily composed of royalties and other contributions, sales discounts, effect of average exchange rate changes 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 the Corporation's current or future operational performance. These adjusting items include, but are not limited to, inventory write-downs/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 that have not occurred in the past two years and are not expected to recur in the next two years. 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 current or future operational performance.

Net earnings/loss from continuing operations at Oil and Gas is deducted from/added back to adjusted earnings/loss from continuing operations as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and CUPET, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or future operational performance. The adjustment for net earnings/loss from continuing operations at Oil and Gas represented a change in the composition of adjusted net earnings/loss from continuing operations during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and future operational performance and the prior year measure has been restated for comparative purposes.

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 current or future operational performance by adjusting for items or transactions that are not reflective of its current or future operational performance.

The table below reconcile net (loss) earnings from continuing operations and net (loss) earnings from continuing operations per share, both per the financial statements, to adjusted net (loss) earnings from continuing operations and adjusted net (loss) earnings from continuing operations per share, respectively:

For the three months ended March 31	2024		2023	
	\$ millions	\$/share	\$ millions	\$/share
Net (loss) earnings from continuing operations	\$ (40.9)	\$ (0.10)	13.6	0.03
Adjusting items:				
Sherritt - Unrealized foreign exchange loss - continuing operations	-	-	0.9	-
Sherritt's share - Severance related to restructuring	3.5	0.01	-	-
Corporate and Other - Gain on repurchase of notes	-	-	(1.3)	-
Metals - Moa JV - Inventory write-down/obsolescence	0.9	-	0.3	-
Metals - Fort Site - Inventory write-down/obsolescence	0.9	-	-	-
Power - Loss (gain) on revaluation of GNC receivable	10.5	0.02	(8.5)	(0.02)
Power - (Gain) loss on revaluation of Energas payable	(1.4)	-	7.6	0.02
Oil and Gas - Net loss from continuing operations, net of unrealized foreign exchange gain/loss	2.3	0.01	0.9	-
Total adjustments, before tax	\$ 16.7	\$ 0.04	\$ (0.1)	-
Tax adjustments	(0.4)	-	(0.2)	-
Adjusted net (loss) earnings from continuing operations	\$ (24.6)	\$ (0.06)	13.3	0.03

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							2024	
	Metals		Power		Other ⁽¹⁾	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures ⁽²⁾	\$	9.5	\$	2.6	\$ -	\$ 12.1	\$ (8.4)	\$ 3.7
Intangible asset expenditures ⁽²⁾		-		-	0.2	0.2	-	0.2
		9.5		2.6	0.2	12.3	\$ (8.4)	\$ 3.9
Adjustments:								
Accrual adjustment		(0.1)		-	(0.1)	(0.2)		
Spending on capital	\$	9.4	\$	2.6	\$ 0.1	\$ 12.1		

Management's discussion and analysis

\$ millions, for the three months ended March 31

						2023 Total derived from financial statements
	Metals	Power	Other ⁽¹⁾	Combined total	Adjustment for Moa Joint Venture	
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		

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

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

Combined cash provided (used) by continuing operations for operating activities and combined free cash flow

The Corporation defines cash provided (used) by continuing operations for operating activities by segment as cash provided (used) by continuing operations for operating activities for each segment calculated in accordance with IFRS and adjusted to remove the impact of cash provided (used) by wholly-owned subsidiaries. Combined cash provided (used) by continuing operations for operating activities is the aggregate of each segment's cash provided (used) by continuing operations for operating activities including the Corporation's 50% share of the Moa JV's cash provided (used) by continuing operations for operating activities, which is accounted for using the equity method of accounting and excluded from consolidated cash provided (used) by continuing operations for operating activities.

The Corporation defines free cash flow for each segment as cash provided (used) by continuing operations for operating activities by segment, less cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets. 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.

The Corporate and Other segment's cash used by continuing operations for operating activities is adjusted to exclude distributions received from Moa JV. Distributions from the Moa JV excluded from Corporate and Other 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.

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.

Combined cash provided (used) by continuing operations for operating activities and combined free cash flow are 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, and in the case of combined free cash flow, after funding cash capital requirements, to service current and future working capital needs and service debt.

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

\$ millions, for the three months ended March 31

2024

	Metals ⁽¹⁾⁽²⁾	Power	Oil and Gas	Corporate and Other	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Cash provided (used) by continuing operations for operating activities	\$ 31.2	\$ 9.7	\$ (4.0)	\$ (8.8)	\$ 28.1	\$ (15.1)	\$ 13.0
Less:							
Property, plant and equipment expenditures	(9.5)	(2.6)	-	-	(12.1)	8.4	(3.7)
Intangible expenditures	-	-	(0.2)	-	(0.2)	-	(0.2)
Free cash flow	\$ 21.7	\$ 7.1	\$ (4.2)	\$ (8.8)	\$ 15.8	\$ (6.7)	\$ 9.1

\$ millions, for the three months ended March 31

2023
(Restated)

	Metals ⁽¹⁾⁽²⁾	Power	Oil and Gas	Corporate and Other	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Cash provided (used) by continuing operations for operating activities	\$ 69.5	\$ 4.4	\$ 1.0	\$ (28.0)	\$ 46.9	\$ (37.1)	\$ 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	\$ 59.9	\$ 3.7	\$ 0.1	\$ (28.0)	\$ 35.7	\$ (30.4)	\$ 5.3

- (1) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was \$15.1 million, \$11.3 million and \$4.8 million, respectively, for the three months ended March 31, 2024 (for the three months ended March 31, 2023 - \$37.3 million, \$12.4 million and \$19.8 million, respectively).
- (2) Property, plant and equipment expenditures for the Moa JV, Fort Site and Metals Marketing was \$8.5 million, \$1.0 million and nil, respectively, for the three months ended March 31, 2024 (for the three months ended March 31, 2023 - \$6.7 million, \$2.9 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; the Moa Joint Venture expansion program update as it relates to the Slurry Preparation Plant and the Processing Plant; statements set out in the "Outlook" section of this MD&A and certain expectations regarding production volumes and increases, inventory levels, operating costs, capital spending and intensity; sales volumes; revenue, costs and earnings; the availability of additional gas supplies to be used for power generation; the effect of maintenance challenges at the Moa mine, refinery and fertilizer operations; the timing of repayments of the revolving line of credit by the Moa JV, the amount and timing of dividend distributions from the Moa JV, including in the form of finished cobalt or cash under the Cobalt Swap, sales of finished cobalt and associated receipts related to cobalt received pursuant to the Cobalt Swap; the amount and timing of dividend distributions from Energas; growing shareholder value; expected annualized employee and other Corporate office-related cost savings; 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 EVs 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 2024. 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 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; risk of future non-compliance with debt restrictions and covenant; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; 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; 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; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba; risks associated with mining, processing and refining activities; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; the possibility of equipment and other failures; potential interruptions in transportation; uncertainty of gas supply for electrical generation; reliance on key personnel and skilled workers; growth opportunity risks; 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; 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 2024; 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 21, 2024 for the period ending December 31, 2023, which is available on SEDAR+ at www.sedarplus.ca.

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, 2024 and 2023

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Condensed consolidated statements of comprehensive (loss) income

Unaudited, Canadian \$ millions, except per share amounts, for the three months ended March 31	Note	2024	2023
Revenue	5	\$ 28.8	\$ 58.6
Cost of sales	6	(27.5)	(59.3)
Administrative expenses	6	(11.4)	(7.6)
Share of (loss) earnings of Moa Joint Venture, net of tax	7	(12.3)	29.9
(Loss) earnings from operations and joint venture		(22.4)	21.6
Interest income on financial assets measured at amortized cost	8	0.6	0.1
Other financing items	8	(9.2)	1.3
Financing expense	8	(9.3)	(9.1)
Net finance expense		(17.9)	(7.7)
(Loss) earnings before income tax		(40.3)	13.9
Income tax expense		(0.6)	(0.3)
Net (loss) earnings from continuing operations		(40.9)	13.6
Earnings (loss) from discontinued operations, net of tax		0.4	(0.3)
Net (loss) earnings for the period		\$ (40.5)	\$ 13.3
Other comprehensive income (loss)			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences on foreign operations, net of tax		16.0	(0.5)
Items that will not be subsequently reclassified to profit or loss:			
Actuarial (losses) gains on pension plans, net of tax		(0.1)	0.2
Other comprehensive income (loss)		15.9	(0.3)
Total comprehensive (loss) income		\$ (24.6)	\$ 13.0
Net (loss) earnings from continuing operations per common share:			
Basic and diluted	9	\$ (0.10)	\$ 0.03
Net (loss) earnings per common share:			
Basic and diluted	9	\$ (0.10)	\$ 0.03

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	2024 March 31	2023 December 31
ASSETS			
Current assets			
Cash and cash equivalents		\$ 144.4	\$ 119.1
Restricted cash		1.4	1.4
Advances, loans receivable and other financial assets	11	68.5	79.8
Trade accounts receivable, net	10	128.3	151.1
Inventories		45.6	39.8
Prepaid expenses		8.5	7.8
		396.7	399.0
Non-current assets			
Investment in Moa Joint Venture	7	645.3	646.7
Advances, loans receivable and other financial assets	11	167.8	170.2
Property, plant and equipment		155.7	159.2
Intangible assets		14.8	14.5
Other non-financial assets		0.6	0.6
Deferred income taxes		1.0	0.4
		985.2	991.6
Total assets		\$ 1,381.9	\$ 1,390.6
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Loans and borrowings	12	\$ 68.3	\$ 56.8
Trade accounts payable and accrued liabilities		162.3	169.2
Other financial liabilities	12	19.6	22.5
Deferred revenue		31.9	12.2
Provisions		18.1	24.4
Income taxes payable		3.0	2.2
		303.2	287.3
Non-current liabilities			
Loans and borrowings	12	303.0	298.8
Other financial liabilities	12	72.8	74.6
Other non-financial liabilities		11.4	12.1
Provisions		101.4	103.6
Deferred income taxes		0.8	0.6
		489.4	489.7
Total liabilities		792.6	777.0
Shareholders' equity			
Capital stock		2,894.9	2,894.9
Deficit		(2,940.1)	(2,899.6)
Reserves		234.4	234.1
Accumulated other comprehensive income		400.1	384.2
		589.3	613.6
Total liabilities and shareholders' equity		\$ 1,381.9	\$ 1,390.6
Commitments for expenditures (note 13)			

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	2024	2023
Operating activities			
Net (loss) earnings from continuing operations		\$ (40.9)	\$ 13.6
Add (deduct) non-cash items:			
Finished cobalt cost of sales	6	0.8	32.3
Depletion, depreciation and amortization	5, 6	3.3	3.2
Share-based compensation expense	6	0.3	1.9
Share of loss (earnings) of Moa Joint Venture, net of tax	7	12.3	(29.9)
Inventory write-down/obsolescence	6	0.9	-
Net finance expense	8	17.9	7.7
Income tax expense		0.6	0.3
Loss (gain) on environmental rehabilitation provisions	6	3.6	(1.4)
Net change in non-cash working capital	14	23.0	(11.2)
Interest received		1.6	0.5
Interest paid		(1.8)	(1.5)
Income taxes paid		(0.3)	(0.2)
Proceeds from Cobalt Swap		1.0	18.8
Share-based compensation payments		(1.7)	(24.4)
Liabilities settled for environmental rehabilitation provisions		(7.4)	(0.1)
Other operating items		(0.2)	0.2
Cash provided by continuing operations		13.0	9.8
Cash used by discontinued operations		(0.1)	(0.1)
Cash provided by operating activities		12.9	9.7
Investing activities			
Property, plant and equipment expenditures	5	(3.7)	(3.6)
Intangible asset expenditures	5	(0.2)	(0.9)
Receipts of advances, loans receivable and other financial assets		3.3	0.2
Cash used by continuing operations		(0.6)	(4.3)
Cash used by investing activities		(0.6)	(4.3)
Financing activities			
Repurchase of notes		-	(2.5)
Repayment of other financial liabilities		(0.5)	(6.5)
Increase in loans and borrowings	12	11.0	18.0
Cash provided by continuing operations		10.5	9.0
Cash provided by financing activities		10.5	9.0
Effect of exchange rate changes on cash and cash equivalents		2.5	-
Increase in cash and cash equivalents		25.3	14.4
Cash and cash equivalents at beginning of the period		119.1	123.9
Cash and cash equivalents at end of the period	10	\$ 144.4	\$ 138.3

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

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian \$ millions

	Capital stock	Deficit	Reserves	Accumulated other comprehensive income (loss)	Total
Balance as at December 31, 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
Total comprehensive loss:					
Net loss for the period	-	(77.9)	-	-	(77.9)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(16.7)	(16.7)
Actuarial losses on pension plans, net of tax	-	-	-	(0.4)	(0.4)
	-	(77.9)	-	(17.1)	(95.0)
Stock option plan expense	-	-	0.7	-	0.7
Balance as at December 31, 2023	\$ 2,894.9	\$ (2,899.6)	234.1	\$ 384.2	\$ 613.6
Total comprehensive loss:					
Net loss for the period	-	(40.5)	-	-	(40.5)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	16.0	16.0
Actuarial losses on pension plans, net of tax	-	-	-	(0.1)	(0.1)
	-	(40.5)	-	15.9	(24.6)
Stock option plan expense	-	-	0.3	-	0.3
Balance as at March 31, 2024	\$ 2,894.9	\$ (2,940.1)	234.4	\$ 400.1	\$ 589.3

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

The Corporation's common shares of 397,288,680 as at March 31, 2024 (December 31, 2023 - 397,288,680) have no par value and the authorized share capital is composed of an unlimited number of common shares. There were no changes in the Corporation's outstanding common shares during the three months ended March 31, 2024 and year ended December 31, 2023.

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 25 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.

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 8, 2024. 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 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, methods of computation, critical accounting estimates and critical accounting judgments as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2023, except for the adoption of the amendments to IAS 1 noted below.

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023.

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

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

In October 2022, the IASB finalised issuance of Classification of Liabilities as Current or Non-current and Non-Current Liabilities with Covenants, which made amendments to IAS 1 Presentation of Financial Statements. The amendments clarify 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.

The amendments are effective for annual periods beginning on or after January 1, 2024. Effective January 1, 2024, the Corporation adopted these requirements. The application of these amendments did not have a material impact on the Corporation's condensed consolidated financial statements.

International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework ("Pillar Two") and in August 2023, the Government of Canada released draft legislation to implement a global minimum tax, which has not yet been enacted or substantively enacted.

Amendments to this standard apply to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments apply for annual periods beginning on or after January 1, 2023. Effective January 1, 2023, the Corporation adopted these requirements.

Following the amendments to IAS 12, the Corporation has applied the exception available under the amendments to IAS 12 published by the IASB in May 2023 and is not recognizing or disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes given that relevant information is not known or reasonably estimable at this time.

Based on the currently applicable revenue thresholds, the Corporation would not be in scope of the Pillar Two rules. As the legislation has not yet been enacted or substantively enacted in Canada, the Corporation continues to evaluate the impact of the legislation on its condensed consolidated financial statements.

On February 21, 2024, the Government of The Bahamas announced the introduction of the Qualified Domestic Minimum Top-Up Tax ("QDMTT") of 15% on Multinational Enterprises ("MNEs") with annual revenue surpassing €750 million. Based on the currently applicable revenue threshold, the Corporation would not be in scope of the rules. The Government of The Bahamas plans to release draft legislation by the end of May 2024. As the draft legislation has not yet been released, the Corporation continues to monitor developments for their impact on its 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.

Lack of Exchangeability (Amendments to IAS 21)

In August 2023, the IASB finalised issuance of Lack of Exchangeability, which made amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates. The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The amendments are effective for annual periods beginning on or after January 1, 2025. Earlier application is permitted. The Corporation is currently evaluating the impact of this amendment on its condensed consolidated financial statements.

5. SEGMENTED INFORMATION

Canadian \$ millions, for the three months ended March 31

							2024
	Metals ⁽¹⁾	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV	Total	
Revenue	\$ 115.1	\$ 12.0	\$ 5.3	\$ 0.6	\$ (104.2)	\$ 28.8	
Cost of sales	(131.1)	(4.0)	(7.7)	(0.6)	115.9	(27.5)	
Administrative (expenses) recoveries	(5.0)	(0.9)	0.1	(7.0)	1.4	(11.4)	
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	(12.3)	(12.3)	
(Loss) earnings from operations and joint venture	(21.0)	7.1	(2.3)	(7.0)	0.8	(22.4)	
Interest income on financial assets measured at amortized cost						0.6	
Other financing items						(9.2)	
Financing expense						(9.3)	
Net finance expense						(17.9)	
Loss before income tax						(40.3)	
Income tax expense						(0.6)	
Net loss from continuing operations						(40.9)	
Earnings from discontinued operations, net of tax						0.4	
Net loss for the period						\$ (40.5)	

Supplementary information

Depletion, depreciation and amortization	\$ 13.5	\$ 0.5	\$ -	\$ 0.4	\$ (11.1)	\$ 3.3
Property, plant and equipment expenditures	9.5	2.6	-	-	(8.4)	3.7
Intangible asset expenditures	-	-	0.2	-	-	0.2

Canadian \$ millions, as at March 31

Canadian \$ millions, as at March 31							2024					
Non-current assets	\$	642.6	\$	19.7	\$	8.5	\$	5.6	\$	(505.9)	\$	170.5
Total assets		1,068.6		364.8		24.4		66.7		(142.6)		1,381.9

Canadian \$ millions, for the three months ended March 31 (Restated)

	Metals ⁽¹⁾	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV	Total	
Revenue	\$ 176.5	\$ 10.3	\$ 2.1	\$ 0.6	\$ (130.9)	\$ 58.6	
Cost of sales	(144.5)	(3.4)	(2.9)	(4.8)	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	(1.4)	(10.0)	(3.9)	21.6	
Interest income on financial assets measured at amortized cost						0.1	
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 December 31

Non-current assets ⁽²⁾	\$	644.6	\$	17.3	\$	8.2	\$	6.0	\$	(502.4)	\$	173.7
Total assets		1,089.1		362.3		22.0		57.5		(140.3)		1,390.6

- Included in the Metals reportable segment is the financial performance on a line-by-line item basis of the Corporation's 50% interest in the Moa JV, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan and its 100% interest in subsidiaries which buy, market and sell certain of the Moa JV's nickel and cobalt production and the Corporation's cobalt inventories received under the Cobalt Swap. The Adjustments for Moa JV reflect the adjustments required in order to reconcile to the Corporation's condensed consolidated statements of comprehensive (loss) income, wherein the financial performance of the Moa JV is included in one line item in the share of earnings of Moa Joint Venture, net of tax due to the equity method of accounting.
- Non-current assets are composed of property, plant and equipment and intangible assets.

Notes to the condensed consolidated financial statements

Disaggregation of revenue by product and service type

Revenue in the below table excludes revenue recognized by the Moa JV, which is excluded from consolidated revenue and included within the Corporation's share of (loss) earnings of the Moa Joint Venture, net of tax, at the Corporation's 50% interest due to the equity method of accounting. Refer to the Moa JV's statements of comprehensive income in note 7 for revenue recognized by the Moa JV on a 100% basis.

Canadian \$ millions, for the three months ended March 31	2024	2023
	Total revenue	Total revenue
Fertilizer ⁽¹⁾	\$ 5.4	\$ 10.5
Cobalt	0.9	29.8
Power generation ⁽²⁾	10.7	9.2
Oil and gas service revenue	5.3	2.1
Other	6.5	7.0
	\$ 28.8	\$ 58.6

(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, 2023, 55% of fertilizer revenue was recognized in the second quarter, 22% was recognized in the fourth quarter and the remaining 23% was recognized in the first and third quarters combined.

(2) Included in power generation revenue for the three months ended March 31, 2024 is \$8.4 million of revenue from service concession arrangements (\$7.0 million for the three months ended March 31, 2023).

Cobalt revenue

For the three months ended March 31, 2024, cobalt revenue of \$0.9 million relates to cobalt sold by the Corporation to customers from remaining cobalt volumes received as distributions from the Moa JV in 2023. There were no cobalt distributions received by the Corporation from the Moa JV in the current year period. In the comparative period, cobalt revenue of \$29.8 million relates to cobalt sold by the Corporation to customers from 1,280 tonnes of finished cobalt received as distributions from the Moa JV during the three months ended March 31, 2023. Refer to note 12 of the Corporation's annual consolidated financial statements for the year ended December 31, 2023 for further details on the Cobalt Swap.

Changes in reportable segments

The Corporation revised the presentation of its segmented information commencing with the three months ended March 31, 2024 as a result of a change in the information reviewed by the chief operating decision maker ("CODM"). Following the Corporation's restructuring during the period, the former Corporate reportable segment and Technologies reportable segment were combined into a single Corporate and Other reportable segment reviewed by the CODM, which includes the Corporation's management of its joint operations and subsidiaries and general corporate activities related to public companies, including business and market development, and growth and external technical services activities as well as management of cash, publicly-traded debt and government relations. Segmented information for the prior year was restated for comparative purposes to reflect the new Corporate and Other reportable segment. In the current year period, expenses incurred to support and enhance Metals' operations and business development, formerly reported within Technologies, are recognized within the Metals reportable segment.

In the comparative period, the Corporation revised the presentation of its segmented information commencing with the three months ended March 31, 2023 as a result of a change in the information reviewed by the CODM due to the Cobalt Swap. Refer to note 12 of the Corporation's annual consolidated financial statements for the year ended December 31, 2023 for further details on the Cobalt Swap. Following the signing of the Cobalt Swap, the former Moa JV and Fort Site reportable segment and Metals Other reportable segment were combined into a single Metals reportable segment reviewed by the CODM, which includes all of the Corporation's mining, refining and sales of nickel and cobalt, including sales of the Corporation's cobalt inventories received under the Cobalt Swap.

6. EXPENSES

Cost of sales includes the following:

Canadian \$ millions, for the three months ended March 31	2024	2023
Employee costs ⁽¹⁾	\$ 14.8	\$ 17.3
Severance	0.5	0.6
Depletion, depreciation and amortization of property, plant and equipment and intangible assets	2.9	2.8
Raw materials and consumables	12.3	15.9
Finished cobalt ⁽²⁾	0.8	32.3
Repairs and maintenance	11.3	10.8
Shipping and treatment costs	0.7	0.8
Inventory write-down/obsolescence	0.9	-
Loss (gain) on environmental rehabilitation provisions	3.6	(1.4)
Share-based compensation (recovery) expense	(0.1)	0.5
Changes in inventories and other	(20.2)	(20.3)
	\$ 27.5	\$ 59.3

- (1) In the comparative period prior to Technologies' restructuring, employee costs incurred by the former Technologies reportable segment were presented within cost of sales given Technologies' development and commercialization of proprietary technologies for customers. In the current year period, employee costs incurred by the former Technologies reportable segment are presented within administrative expenses as discussed below.
- (2) Finished cobalt relates to the cost of finished cobalt distributed to the Corporation pursuant to the Cobalt Swap and sold to 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. Refer to note 12 of the Corporation's annual consolidated financial statements for the year ended December 31, 2023 for further details on the Cobalt Swap.

Administrative expenses include the following:

Canadian \$ millions, for the three months ended March 31	2024	2023
Employee costs ⁽¹⁾	\$ 7.5	\$ 4.9
Severance	1.7	-
Depreciation	0.4	0.4
Share-based compensation expense	0.4	1.4
Consulting services and audit fees	1.4	1.2
Other	-	(0.3)
	\$ 11.4	\$ 7.6

- (1) During the three months ended March 31, 2024, administrative employee costs include employee costs incurred by the former Technologies reportable segment to support and enhance Metals' operations and business development following Technologies' restructuring. In the comparative period, employee costs incurred by the former Technologies reportable segment were presented in cost of sales as discussed above.

7. JOINT ARRANGEMENTS

Investment in Moa Joint Venture

During the three months ended March 31, 2024, the Moa Joint Venture distributed nil tonnes of finished cobalt to the Corporation pursuant to the Cobalt Swap (1,280 tonnes with an in-kind value of \$58.2 million (US\$43.3 million) for the three months ended March 31, 2023).

During the three months ended March 31, 2024, the Moa Joint Venture paid nil cash distributions (nil for the three months ended March 31, 2023).

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	2024		2023	
	March 31		December 31	
Assets				
Cash and cash equivalents	\$	22.4	\$	11.8
Income taxes receivable		6.6		6.4
Other current assets		21.2		20.9
Trade accounts receivable, net		76.0		82.6
Inventories		414.9		424.7
Other non-current assets		23.3		23.3
Property, plant and equipment		1,097.9		1,089.1
Total assets		1,662.3		1,658.8
Liabilities				
Trade accounts payable and accrued liabilities		114.5		117.4
Income taxes payable		1.7		2.8
Other current financial liabilities ⁽¹⁾		27.4		30.4
Other current non-financial liabilities		18.8		-
Loans and borrowings ⁽²⁾		21.6		23.5
Environmental rehabilitation provisions		80.2		84.9
Other non-current financial liabilities		3.5		3.7
Deferred income taxes		18.0		18.3
Total liabilities		285.7		281.0
Net assets of Moa Joint Venture	\$	1,376.6	\$	1,377.8
Proportion of Sherritt's ownership interest		50%		50%
Total		688.3		688.9
Intercompany capitalized interest elimination		(43.0)		(42.2)
Investment in Moa Joint Venture	\$	645.3	\$	646.7

(1) Included in other current financial liabilities as at March 31, 2024 is a \$27.3 million revolving-term credit facility with the Corporation (December 31, 2023 - \$30.3 million), of which \$27.0 million is the principal balance (December 31, 2023 - \$30.0 million) to fund working capital.

(2) Included in loans and borrowings is \$9.2 million of current financial liabilities (December 31, 2023 - \$9.1 million) and \$12.4 million of non-current financial liabilities (December 31, 2023 - \$14.4 million).

Statements of comprehensive income

Canadian \$ millions, 100% basis, for the three months ended March 31	2024	2023
Revenue	\$ 208.5	\$ 261.8
Cost of sales ⁽¹⁾	(231.8)	(192.7)
Cobalt gain	-	1.5
Administrative expenses	(2.8)	(2.6)
(Loss) earnings from operations	(26.1)	68.0
Financing income	0.2	0.6
Financing expense	(1.6)	(3.1)
Net finance expense	(1.4)	(2.5)
(Loss) earnings before income tax	(27.5)	65.5
Income tax expense ⁽²⁾	(0.7)	(7.1)
Net (loss) earnings and comprehensive (loss) income of Moa Joint Venture	\$ (28.2)	\$ 58.4
Proportion of Sherritt's ownership interest	50%	50%
Total	(14.1)	29.2
Intercompany elimination	1.8	0.7
Share of (loss) earnings of Moa Joint Venture, net of tax	\$ (12.3)	\$ 29.9

(1) Included in cost of sales for the three months ended March 31, 2024 is depreciation and amortization of \$22.2 million (\$22.4 million for the three months ended March 31, 2023).

(2) Income taxes in Cuba for the current quarter 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	2024 March 31	2023 December 31
Current assets ⁽¹⁾	\$ 128.4	\$ 120.6
Non-current assets	16.1	13.5
Current liabilities	6.5	8.9
Non-current liabilities	62.3	60.8
Net assets	\$ 75.7	\$ 64.4

(1) Included in current assets is \$103.1 million of cash and cash equivalents (December 31, 2023 - \$93.9 million).

Canadian \$ millions, 33⅓% basis, for the three months ended March 31	2024	2023
Revenue	\$ 12.0	\$ 10.3
Expenses	(2.3)	(11.3)
Net earnings (loss)	\$ 9.7	\$ (1.0)

Notes to the condensed consolidated financial statements

8. NET FINANCE EXPENSE

Canadian \$ millions, for the three months ended March 31	Note	2024	2023
Interest income on advances and loans receivable		0.6	0.1
Interest income on financial assets measured at amortized cost		0.6	0.1
(Loss) gain on revaluation of GNC receivable	10	(10.5)	8.5
Gain (loss) on revaluation of Energas payable	10	1.4	(7.6)
Gain on repurchase of notes		-	1.3
Other interest income and losses on financial instruments		(0.1)	(0.9)
Other financing items		(9.2)	1.3
Interest expense and accretion on loans and borrowings		(9.2)	(8.0)
Unrealized foreign exchange loss		-	(0.9)
Realized foreign exchange gain		-	0.2
Other interest expense and finance charges		-	(0.3)
Accretion expense on environmental rehabilitation provisions		(0.1)	(0.1)
Financing expense		(9.3)	(9.1)
Net finance expense		\$ (17.9)	\$ (7.7)

9. (LOSS) EARNINGS PER SHARE

Canadian \$ millions, except share amounts in millions and per share amounts in dollars, for the three months ended March 31	2024	2023
Net (loss) earnings from continuing operations	\$ (40.9)	\$ 13.6
Earnings (loss) from discontinued operations, net of tax	0.4	(0.3)
Net (loss) earnings for the period - basic and diluted	\$ (40.5)	\$ 13.3
Weighted-average number of common shares - basic and diluted⁽¹⁾	397.3	397.3
Net (loss) earnings from continuing operations per common share:		
Basic and diluted	\$ (0.10)	\$ 0.03
Earnings (loss) from discontinued operations, net of tax, per common share:		
Basic and diluted	\$ 0.00	\$ (0.00)
Net (loss) earnings per common share:		
Basic and diluted	\$ (0.10)	\$ 0.03

(1) The determination of the weighted-average number of common shares - diluted excludes 10.2 million shares related to stock options that were anti-dilutive for the three months ended March 31, 2024 (6.6 million for the three months ended March 31, 2023).

10. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents of the Corporation and its wholly-owned subsidiaries held in Canada was \$37.5 million as at March 31, 2024 (December 31, 2023 - \$21.5 million).

The Corporation's cash balances are deposited with major financial institutions rated investment grade by independent rating agencies, except for institutions located in Cuba that are not rated. The total cash held in Cuban bank deposit accounts was \$105.9 million as at March 31, 2024 (December 31, 2023 - \$96.3 million).

As at March 31, 2024, \$103.1 million of the Corporation's cash and cash equivalents was held by Energas in Cuban bank deposit accounts (December 31, 2023 - \$93.9 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 Sheritt, including dividends.

Fair value measurement

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

Canadian \$ millions, as at	Note	2024		2023	
		Hierarchy level	Carrying value	March 31	December 31
				Fair value	Fair value
Liabilities:					
8.50% second lien secured notes due 2026 ⁽¹⁾	12	1	\$ 236.4	\$ 150.5	\$ 235.6
10.75% unsecured PIK option notes due 2029 ⁽¹⁾	12	1	\$ 66.6	\$ 38.8	\$ 63.2

(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	2024		2023	
	March 31		December 31	
Trade accounts receivable	\$ 94.6	\$	100.0	
Allowance for expected credit losses	(19.7)		(18.9)	
Accounts receivable from Moa Joint Venture	30.1		44.7	
Other	23.3		25.3	
	\$ 128.3	\$	151.1	

Aging of trade accounts receivable, net

Canadian \$ millions, as at	2024		2023	
	March 31		December 31	
Not past due	\$ 97.5	\$	118.3	
Past due no more than 30 days	23.3		24.7	
Past due for more than 30 days but no more than 60 days	2.7		1.5	
Past due for more than 60 days	4.8		6.6	
	\$ 128.3	\$	151.1	

Notes to the condensed consolidated financial statements

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, 2024:

- Forecast in-kind nominal cobalt prices from US\$11/lb to US\$16/lb (December 31, 2023 - US\$12/lb to US\$17/lb). A \$10 increase in forecast in-kind nominal cobalt prices would increase the fair value by \$7.3 million (December 31, 2023 - \$12.5 million), while a \$10 decrease in forecast in-kind nominal cobalt prices would decrease the fair value by \$15.5 million (December 31, 2023 - \$15.8 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 13% (December 31, 2023 - 11%). A 5 percentage point increase in the discount rate would decrease the fair value by \$22.8 million (December 31, 2023 - \$24.8 million), while a 5 percentage point decrease in the discount rate would increase the fair value by \$28.9 million (December 31, 2023 - \$29.1 million).

The following is a reconciliation of the fair value of the GNC receivable from December 31, 2022 to March 31, 2023 and from December 31, 2023 to March 31, 2024:

Canadian \$ millions, for the years ended	Note	2024 March 31	2023 March 31
Balance, beginning of the period		\$ 217.8	\$ 279.1
(Loss) gain on revaluation of GNC receivable in net finance expense	8	(10.5)	8.5
Settlements		-	(29.1)
Balance, end of the period	11	\$ 207.3	\$ 258.5

The following is a reconciliation of the fair value of the Energas payable from December 31, 2022 to March 31, 2023 and from December 31, 2023 to March 31, 2024:

Canadian \$ millions, for the years ended	Note	2024 March 31	2023 March 31
Balance, beginning of the period		\$ 75.4	\$ 82.6
(Gain) loss on revaluation of Energas payable in net finance expense	8	(1.4)	7.6
Settlements		-	(6.0)
Balance, end of the period	12	\$ 74.0	\$ 84.2

11. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian \$ millions, as at	Note	2024 March 31	2023 December 31
Advances and loans receivable			
GNC receivable ⁽¹⁾	10	\$ 207.3	\$ 217.8
Moa Joint Venture revolving-term credit facility		27.3	30.3
Other financial assets			
Finance lease receivables		1.7	1.9
		236.3	250.0
Current portion of advances, loans receivable and other financial assets ⁽²⁾		(68.5)	(79.8)
Non-current portion of advances, loans receivable and other financial assets		\$ 167.8	\$ 170.2

(1) As at March 31, 2024, the non-current portion of the GNC receivable agreement is \$167.0 million (December 31, 2023 - \$169.2 million).

(2) Included in the current portion of advances, loans receivable and other financial assets as at March 31, 2024 is the current portion of the GNC receivable of \$40.3 million (December 31, 2023 - \$48.6 million) and the current portion of the Moa Joint Venture revolving-term credit facility of \$27.3 million (December 31, 2023 - \$30.3 million), of which \$27.0 million is the principal balance (December 31, 2023 - \$30.0 million) to fund working capital.

GNC receivable

The principal balance of the GNC receivable as at March 31, 2024 is \$292.0 million (December 31, 2023 - \$292.0 million), reflecting nil settlements during the three months ended March 31, 2024.

No interest accrues on the GNC receivable over the five-year period of the Cobalt Swap. In the event that the total outstanding receivable is not fully repaid by December 31, 2027, interest will accrue retroactively at 8.0% from January 1, 2023 on the unpaid principal amount as at December 31, 2027, and the unpaid principal and interest amounts will become due and payable by GNC to the Corporation. Refer to note 12 of the Corporation's annual consolidated financial statements for the year ended December 31, 2023 for further details on the Cobalt Swap.

Moa Joint Venture revolving-term credit facility

As at March 31, 2024, \$27.0 million of principal amount was drawn by the Moa Joint Venture (December 31, 2023 - \$30.0 million) to fund working capital.

The Moa Joint Venture revolving-term credit facility is provided by the Corporation to the two non-Cuban operating companies of the Moa Joint Venture to fund working capital and capital expenditures. The maximum credit available is \$75.0 million and the interest rates are bankers' acceptance plus 4.00%, consistent with the Corporation's interest rates on the syndicated revolving-term credit facility ("Credit Facility"). Borrowings on the facility are available to fund working capital and capital expenditures of \$45.0 million and \$30.0 million, respectively.

Subsequent to period end, the Moa Joint Venture revolving-term credit facility was amended to extend its maturity for one year from April 30, 2025 to April 30, 2026. The interest rate of bankers' acceptance plus 4.00% remains unchanged until the bankers' acceptance benchmark rate ceases to be published after June 28, 2024, after which the interest rate will transition to Canadian Overnight Repo Rate Average ("CORRA") plus 4.00%. There were no other changes to the terms or restrictions above.

12. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

For the three months ended March 31, 2024					
Canadian \$ millions	Note	As at 2023 December 31	Cash flows	Non-cash changes	As at 2024 March 31
			Increase in other loans and borrowings	Other	
8.50% second lien secured notes due 2026	10	\$ 235.6	\$ -	\$ 0.8	\$ 236.4
10.75% unsecured PIK option notes due 2029	10	63.2	-	3.4	66.6
Syndicated revolving-term credit facility		56.8	11.0	0.5	68.3
		\$ 355.6	\$ 11.0	\$ 4.7	\$ 371.3
Current portion of loans and borrowings		(56.8)			(68.3)
Non-current portion of loans and borrowings		\$ 298.8		\$	\$ 303.0

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

As at March 31, 2024, the outstanding principal amount of Second Lien Notes is \$221.3 million (December 31, 2023 - \$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 in the first half and second half of each year (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 as at the interest payment dates in April and October of each year, 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.

Notes to the condensed consolidated financial statements

Subsequent to period end, the Corporation paid interest of \$9.4 million on the Second Lien Notes and was not required to make any mandatory redemptions as Excess Cash Flow for the two-quarter period ended December 31, 2023, as defined in the Second Lien Notes Indenture, was negative. In addition, the minimum liquidity provision of the indenture agreement was not met as at April 30, 2024.

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.

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

As at March 31, 2024, the outstanding principal amount of the PIK Notes is \$66.9 million (December 31, 2023 - \$63.4 million).

During the three months ended March 31, 2024, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest due in January 2024 of \$3.4 million and added the payment-in-kind interest to the principal amount owed to noteholders.

Other non-cash changes consist 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.

Credit Facility

As at March 31, 2024, the outstanding principal amount of the Credit Facility is \$69.0 million (December 31, 2023 - \$58.0 million).

Subsequent to period end, the Credit Facility was amended to (i) extend its maturity for one year from April 30, 2025 to April 30, 2026 and (ii) change the EBITDA-to-Interest Expense covenant, as defined in the agreement, to not less than 1:1 and 1.5:1 for the quarters ended June 30, 2024 and September 30, 2024, respectively, and not less than 2:1 thereafter. The interest rate of bankers' acceptance plus 4.00% remains unchanged until the bankers' acceptance benchmark rate ceases to be published after June 28, 2024, after which the interest rate will transition to CORRA plus 4.00%. There were no other significant changes to the terms, financial covenants or restrictions subsequent to period end.

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

Other financial liabilities

Canadian \$ millions, as at	Note	2024	2023
		March 31	December 31
Energas payable ⁽¹⁾	10	\$ 74.0	\$ 75.4
Lease liabilities		11.1	11.0
Share-based compensation liability		5.0	6.7
Other financial liabilities		2.3	4.0
		92.4	97.1
Current portion of other financial liabilities ⁽²⁾		(19.6)	(22.5)
Non-current portion of other financial liabilities		\$ 72.8	\$ 74.6

(1) As at March 31, 2024, the non-current portion of the Energas payable is \$60.4 million (December 31, 2023 - \$59.0 million).

(2) As at March 31, 2024, the current portion of other financial liabilities includes the current portions of the Energas payable of \$13.6 million (December 31, 2023 - \$16.4 million) and a share-based compensation liability of \$4.1 million (December 31, 2023 - \$4.2 million).

Energas payable

During the three months ended March 31, 2024, nil cash was paid by Energas to GNC in Cuban pesos. The outstanding principal balance of the Energas payable as at March 31, 2024 is \$97.3 million (December 31, 2023 - \$97.3 million) (33⅓% basis).

No interest accrues on Energas' payable to GNC over the five-year period of the Cobalt Swap. In the event that the Energas payable is not fully repaid to GNC by December 31, 2027, interest will accrue retroactively at 8.0% from January 1, 2023 on the unpaid principal amount as at December 31, 2027, and the unpaid principal and interest amounts will become due and payable by Energas to GNC.

13. COMMITMENTS FOR EXPENDITURES

Canadian \$ millions, as at March 31

2024

Property, plant and equipment commitments	\$	3.1
Moa Joint Venture:		
Property, plant and equipment commitments ⁽¹⁾		36.8

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

14. SUPPLEMENTAL CASH FLOW INFORMATION

Working capital is defined as the Corporation's current assets less current liabilities and was \$93.5 million as at March 31, 2024 (\$111.7 million - December 31, 2023).

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	2024	2023
Trade accounts receivable, net ⁽¹⁾	\$ 24.7	\$ (15.6)
Inventories ⁽²⁾	(6.8)	(6.3)
Prepaid expenses	(0.6)	1.2
Trade accounts payable and accrued liabilities	(13.3)	(9.2)
Deferred revenue	19.0	18.7
	\$ 23.0	\$ (11.2)

(1) Trade accounts receivable, net includes an adjustment of \$(1.0) million (March 31, 2023 - \$(18.8) million) for Proceeds of Cobalt Swap presented separately in the condensed consolidated statements of cash flow.

(2) Inventories includes an adjustment of \$(0.8) million (March 31, 2023 - \$(32.3) million) for non-cash finished cobalt cost of sales presented separately in the condensed consolidated statements of cash flow.

Non-cash transactions

During the three months ended March 31, 2024, investing activities excluded nil non-cash settlements of the GNC receivable settled through receipts of finished cobalt pursuant to the Cobalt Swap (\$29.1 million for three months ended March 31, 2023).

15. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

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 on an undiscounted basis. For amounts payable that are not fixed, including mandatory redemptions of the Second Lien Notes (note 12), the amount disclosed is determined by reference to the conditions existing as at March 31, 2024.

Notes to the condensed consolidated financial statements

Canadian \$ millions, as at March 31, 2024	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	\$ 162.3	\$ 162.3	\$ -	\$ -	\$ -	\$ -	-
Income taxes payable	3.0	3.0	-	-	-	-	-
Second Lien Notes (includes principal, interest and premium)	304.3	18.8	18.8	266.7	-	-	-
PIK Notes (includes principal and interest)	112.6	-	4.2	8.4	8.4	8.4	83.2
Credit Facility	76.0	6.4	69.6	-	-	-	-
Other non-current financial liabilities	1.3	-	-	0.1	-	0.3	0.9
Provisions	209.1	18.1	0.7	5.0	12.7	10.0	162.6
Energas payable	97.3	14.3	14.2	16.6	52.2	-	-
Lease liabilities	13.2	2.7	2.2	1.4	1.4	1.3	4.2
Total	\$ 979.1	\$ 225.6	\$ 109.7	\$ 298.2	\$ 74.7	\$ 20.0	\$ 250.9

16. RELATED PARTY TRANSACTIONS

The Corporation enters into related party transactions with 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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