sherritt

Q2 Earnings Call

Review of Financial and Operational Results

July 28, 2022

Participants

Leon Binedell

President & CEO

Yasmin Gabriel

CFO

sherritt

Forward-Looking Statements

This presentation contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as “believe”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “likely”, “may”, “will”, “could”, “should”, “suspect”, “outlook”, “potential”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture, growing and increasing nickel and cobalt production, extending the Moa life of mine, conversion of mineral resources to reserves, commercializing Technologies projects, growing shareholder value, updating technical reports and optimizing mine planning and performance, together with expected progress of some or all of the foregoing; statements set out in the “Outlook” section of this presentation and certain expectations regarding production volumes, operating costs and capital spending; anticipated cash flow and joint venture distributions; strengthening the Corporation’s capital structure and reducing annual interest expenses.

Forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; production results; realized prices for production; earnings and revenues; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; the commercialization of certain proprietary technologies and services; advancements in environmental and greenhouse gas (GHG) reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to Environmental, Social and Governance (ESG) matters which are based on assumptions or developing standards; environmental rehabilitation provisions; development and exploration wells and enhanced oil recovery in Cuba; environmental risks and liabilities; compliance with applicable environmental laws and regulations; debt repayments; redemptions and interest deferrals; collection of accounts receivable; availability of regulatory and creditor approvals and waivers; risks related to the U.S. government policy toward Cuba; and certain corporate objectives, goals and plans for 2022. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is a 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 presentation not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the impact of infectious diseases (including the COVID-19 pandemic), the impact of global conflicts; changes in the global price for nickel, cobalt, oil, gas, fertilizers or certain other commodities; security market fluctuations and price volatility; level of liquidity; access to capital; access to financing; the risk to Sherritt’s entitlements to future distributions from the Moa Joint Venture; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; identification and management of growth opportunities; risk of future non-compliance with debt restrictions and covenants; Sherritt’s ability to replace depleted mineral reserves; risks associated with the Corporation’s joint venture partners; variability in production at Sherritt’s operations in Cuba; risks associated with mining, processing and refining activities; risks related to Sherritt’s operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; potential interruptions in transportation; uncertainty of gas supply for electrical generation; the Corporation’s reliance on key personnel and skilled workers; growth opportunity risks; the possibility of equipment and other failures; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies, including diesel; supplies quality issues; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; risks related to the Corporation’s corporate structure; political, economic and other risks of foreign operations; risks associated with Sherritt’s operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; maintaining the Corporation’s social license to grow and operate; risks relating to community relations; credit risks; shortage of equipment and supplies; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; legal contingencies; risks related to the Corporation’s accounting policies; uncertainty in the ability of the Corporation to obtain government permits; risks to information technologies systems and cybersecurity; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the *Corruption of Foreign Public Officials Act* or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2022; and the Corporation’s ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents.

The Corporation, together with its Moa Joint Venture is pursuing a range of growth and expansion opportunities, including without limitation, process technology solutions, development projects, commercial implementation opportunities, life of mine extension opportunities and the conversion of mineral resources to reserves. In addition to the risks noted above, factors that could, alone or in combination, prevent the Corporation from successfully achieving these opportunities may include, without limitation: identifying suitable commercialization and other partners; successfully advancing discussions and successfully concluding applicable agreements with external parties and/or partners; successfully attracting required financing; successfully developing and proving technology required for the potential opportunity; successfully overcoming technical and technological challenges; successful environmental assessment and stakeholder engagement; successfully obtaining intellectual property protection; successfully completing test work and engineering studies, prefeasibility and feasibility studies, piloting, scaling from small scale to large scale production, commissioning, procurement, construction, ramp-up to commercial scale production and completion; and securing regulatory and government approvals. There can be no assurance that any opportunity will be successful, commercially viable, completed on time or on budget, or will generate any meaningful revenues, savings or earnings, as the case may be, for the Corporation. In addition, the Corporation will incur costs in pursuing any particular opportunity, which may be significant. Readers are cautioned that the foregoing list of factors is not exhaustive and that they 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 and six months ended June 30, 2022 and the Annual Information Form of the Corporation dated March 24, 2022 for the period ending December 31, 2021, which is available on SEDAR at www.sedar.com.

The Corporation may, from time to time, make oral forward-looking statements. The Corporation advises that the above paragraph and the risk factors described in this presentation 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 presentation 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.

NON-GAAP AND OTHER FINANCIAL MEASURES

Management uses the following non-GAAP and other financial measures in this presentation: adjusted EBITDA, unit operating cost/net direct cash cost (NDCC), and spending on capital.

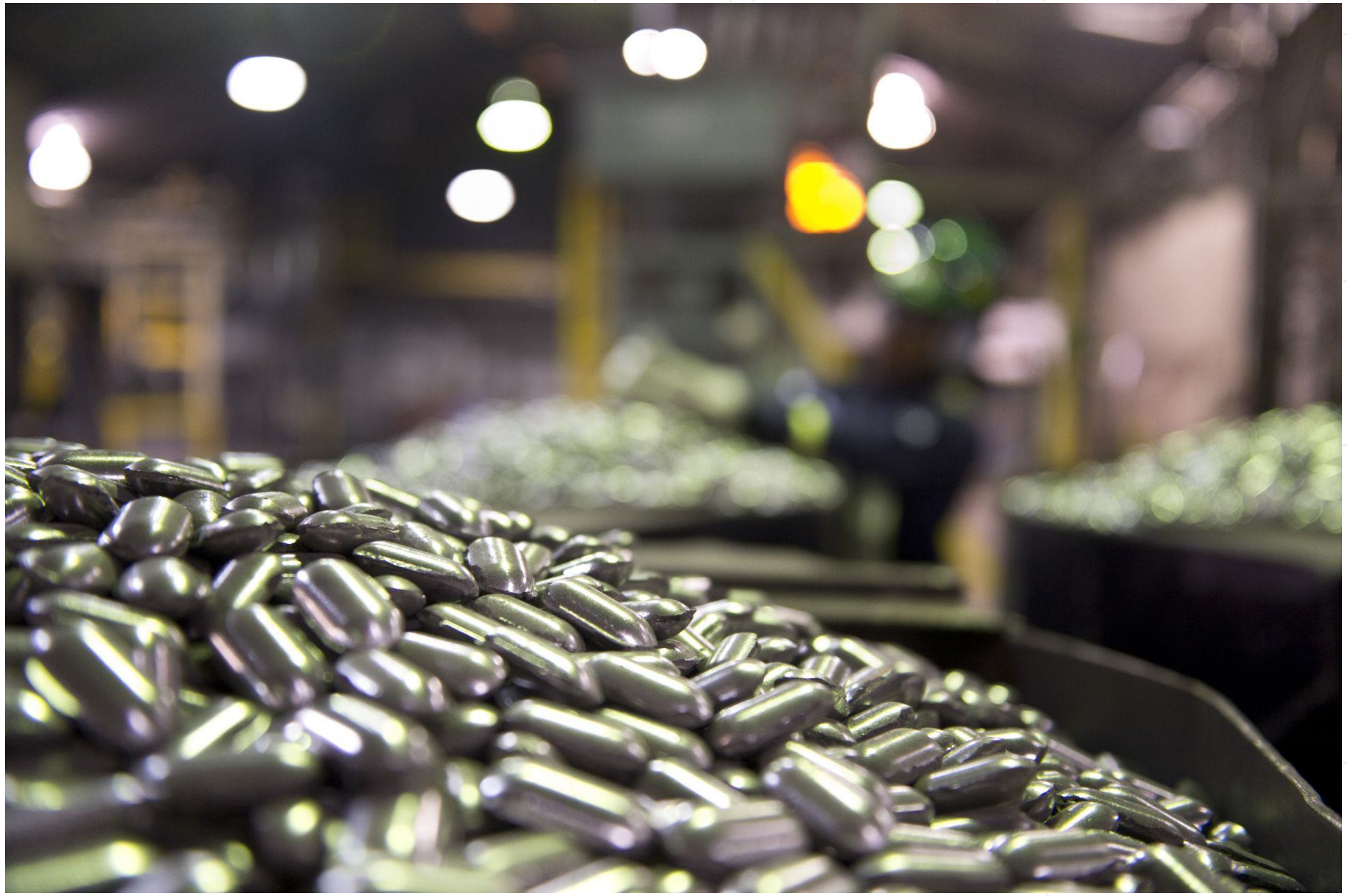
Management uses these and other non-GAAP measures to monitor the financial performance of the Corporation and its operating divisions, and believes these measures enable investors and analysts to compare the Corporation’s financial performance with its competitors and/or to evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace International Financial Reporting Standards (IFRS) measures and they do not have a standard definition under IFRS. They 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 used in this presentation are reconciled to their most directly comparable IFRS measures in the appendix to this presentation.

sherritt

Q2 Highlights

1. Repurchased an aggregate $59 million of second lien and PIK option notes at a 24% discount
2. Strong Adjusted EBITDA(1) on high nickel, cobalt and fertilizer prices
3. NDCC(1) of US$2.19 ranked in the lowest cost quartile
4. Received $19.2 million of distributions from the Moa JV
5. Continued to progress on expansion projects



High nickel, cobalt and fertilizer prices drove Sherritt's strong Q2 results

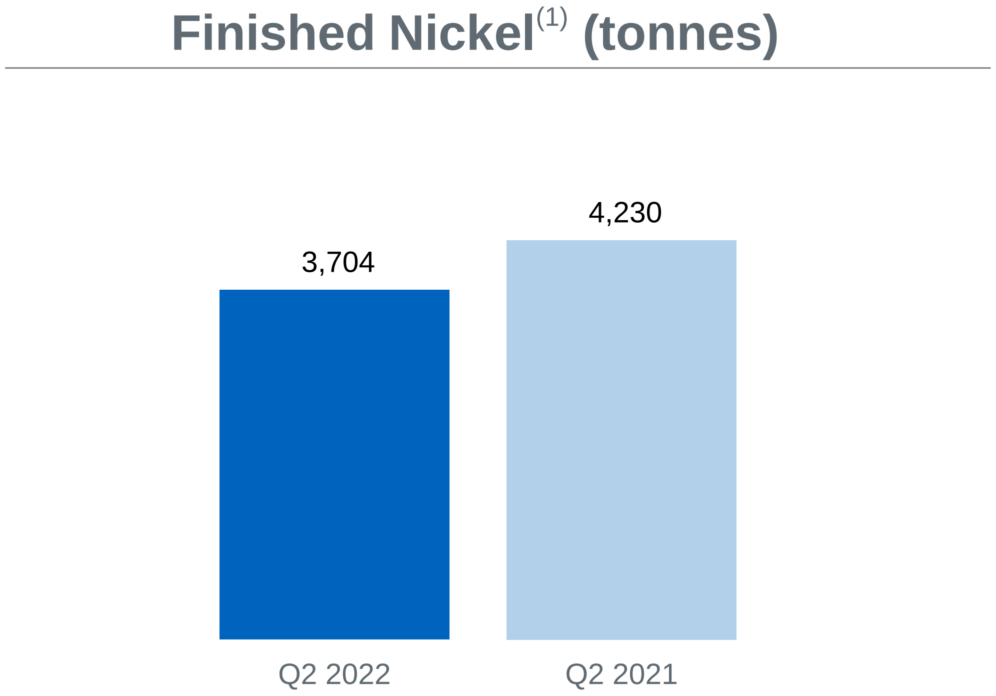
sherritt

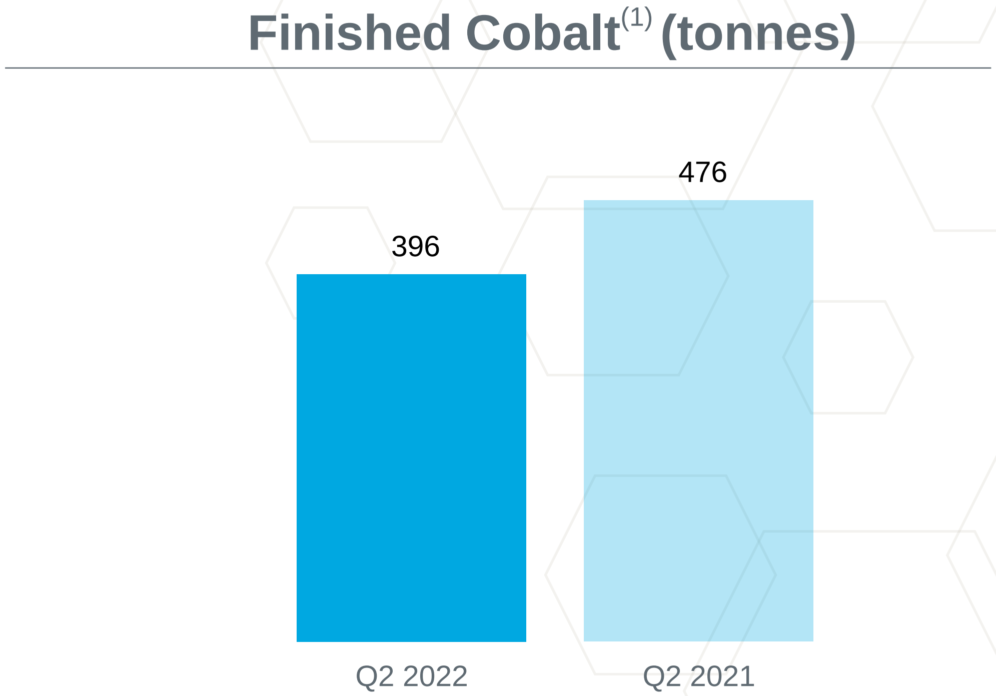
1. Non-GAAP financial measures. For additional information see the Non-GAAP and other financial measures section in the Appendix to this presentation

Review of operating results and expansion project update

sherritt

Moa JV highlights – Q2 Production



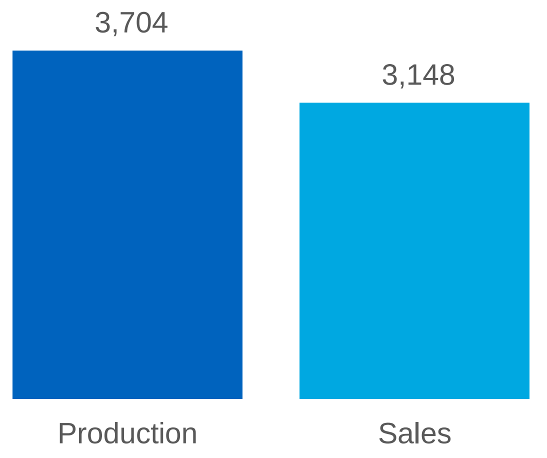


- Decrease driven by timing of annual planned maintenance shutdown (Q2 2022 vs Q3 2021)
- On track for guidance for 2022 – cobalt production volume at lower end of the range

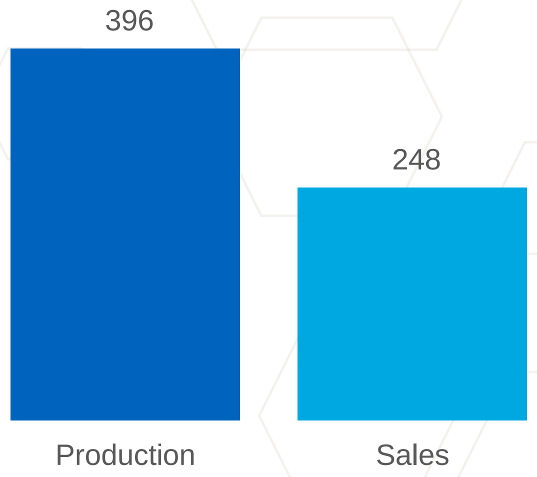
1. Sherritt's share - 50% basis

Moa JV highlights – Q2 Production/Sales volume

Finished Nickel[1] (tonnes)



Finished Cobalt[1] (tonnes)

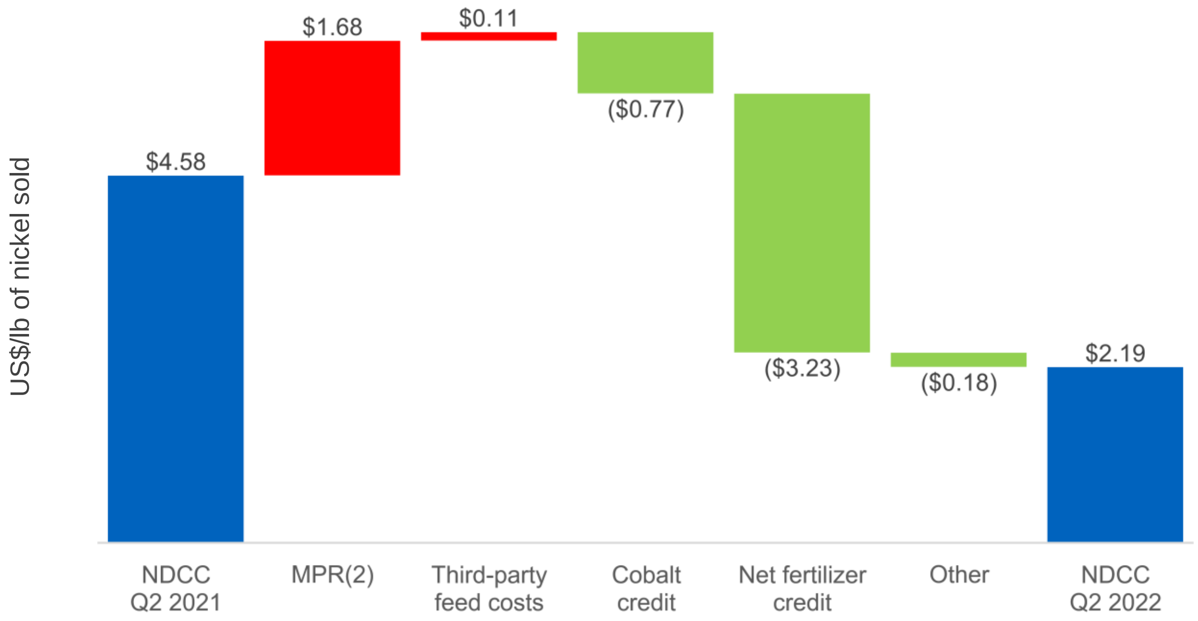


- Lower sales than production primarily due to:
  - logistics-related challenges
  - deferral of orders due to slowdown of economic activity in China, and
  - recent global economic headwinds

Inventory levels heading back towards normal levels in Q3

1. Sherritt's share - 50% basis

Q2 2022 NDCC[1] highlights



Q2 2022 NDCC – US$2.19/lb

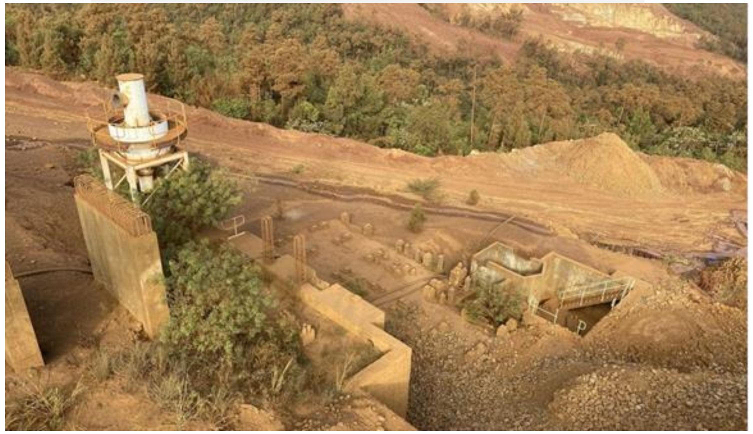
- Benefitted from high average-realized prices[1]
  - Cobalt +94%
  - Fertilizer +167%
- Partly offset by
  - Lower sales volumes
    - Cobalt -45%
    - Fertilizer -23%
  - Higher input costs
    - Sulphur +178%
    - Natural gas +102%
    - Fuel oil +75%

2022 NDCC guidance unchanged – expected to be at upper end of range

1. A non-GAAP financial measure. For additional information see the Non-GAAP and other financial measures section in the Appendix to this presentation
2. Mining, processing and refining (MPR)

Current expansion projects

Phase 1
Moa - Slurry Prep Plant



Construction continued

- 50% of civil construction complete
- 85% of the contracts for supply of materials and services awarded
- Pipeline design complete with all materials ordered

Moa – Processing and Reserves

- Completed leach plant 6th train feasibility study; previously installed equipment in acceptable condition
- Continued basic engineering on acid plant
- Advanced pit designs for reserves and continued to engage with ONRM[(1)]

Fort Site Refinery

- Continuing basic engineering on several debottlenecking projects.

Current project estimate remains near US$25,000 per tonne of new nickel capacity

1. Oficina Nacional de Recursos Minerales (ONRM), Cuba's Natural Resources Ministry

Upcoming milestones

In H2 2022 we expect to:

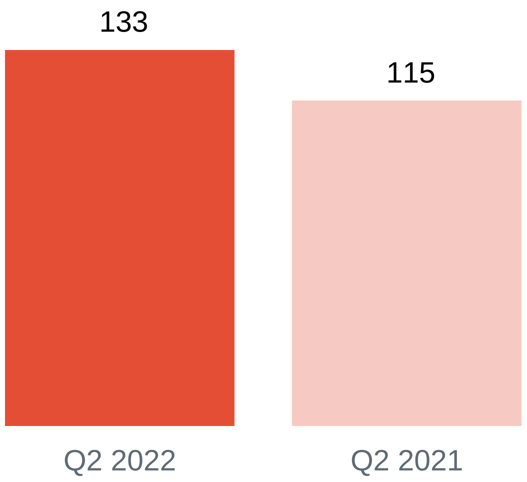
- Continue fabrication and assembly on SPP
- Complete basic engineering and plant capacity assessments at Moa
- Obtain approval of next phase of expansion
- Provide full update on project scope and estimated cost
- Complete new life of mine plan and update NI 43-101

SPP is expected to be completed early 2024

sherritt

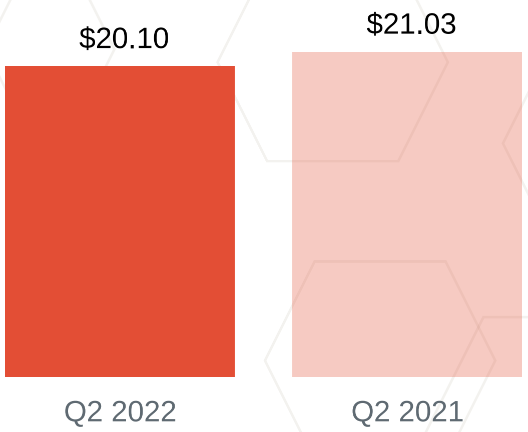
Power highlights

Electricity production (33⅓% GWh[1])



- Production impacted by timing of maintenance activities deferred to H2

Unit operating costs[2] ($/MWh[3])



- Unit costs improved due to increased production
- Discussions with Cuban partners to increase availability of natural gas continue

Power agreement extension progressing – Approved by 8 of 9 ministries

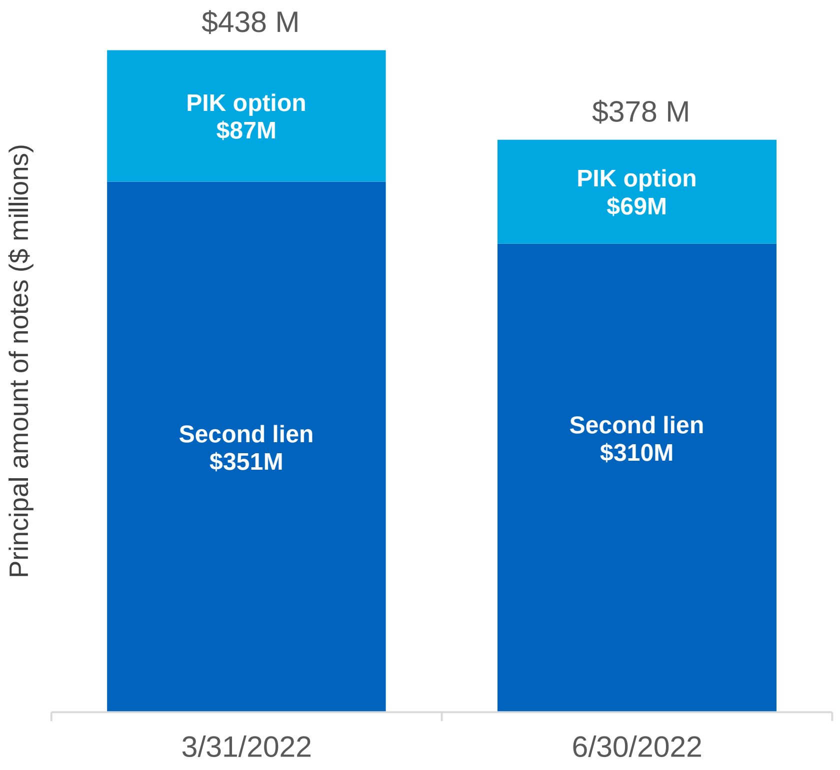
sherritt

1. GWh = Gigawatt hours
2. A non-GAAP financial measure. For additional information see the Non-GAAP and other financial measures section in the Appendix to this presentation
3. MWh = Megawatt hours

Financial Highlights

sherritt

Repurchase of second lien and PIK option notes



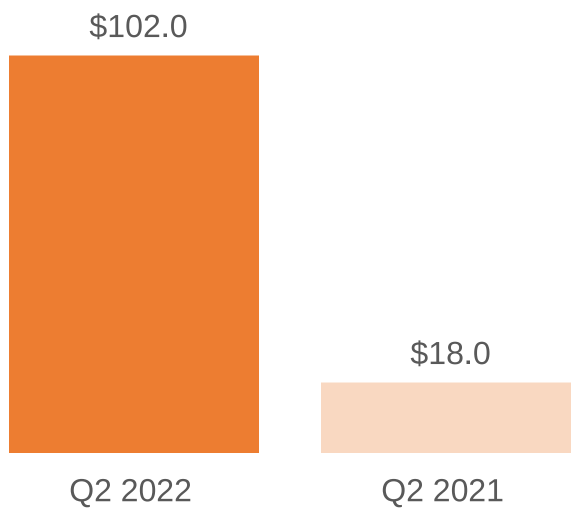
- Repurchased an aggregate of $59.2 million of notes
- 24% total discount
- Recognized a gain of $13.8 million
- Will reduce annual interest expense by $5.5 million

Utilized strong operating cash flow to repurchase debt

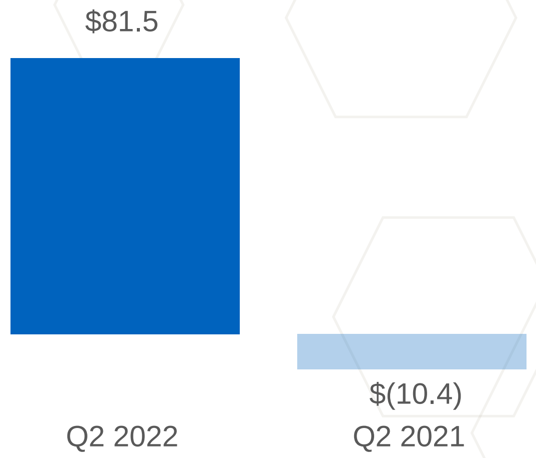
sherritt

Improved Adjusted EBITDA and net earnings

Adjusted EBITDA[(1)] ($ millions)



Net earnings from continuing operations ($ millions)



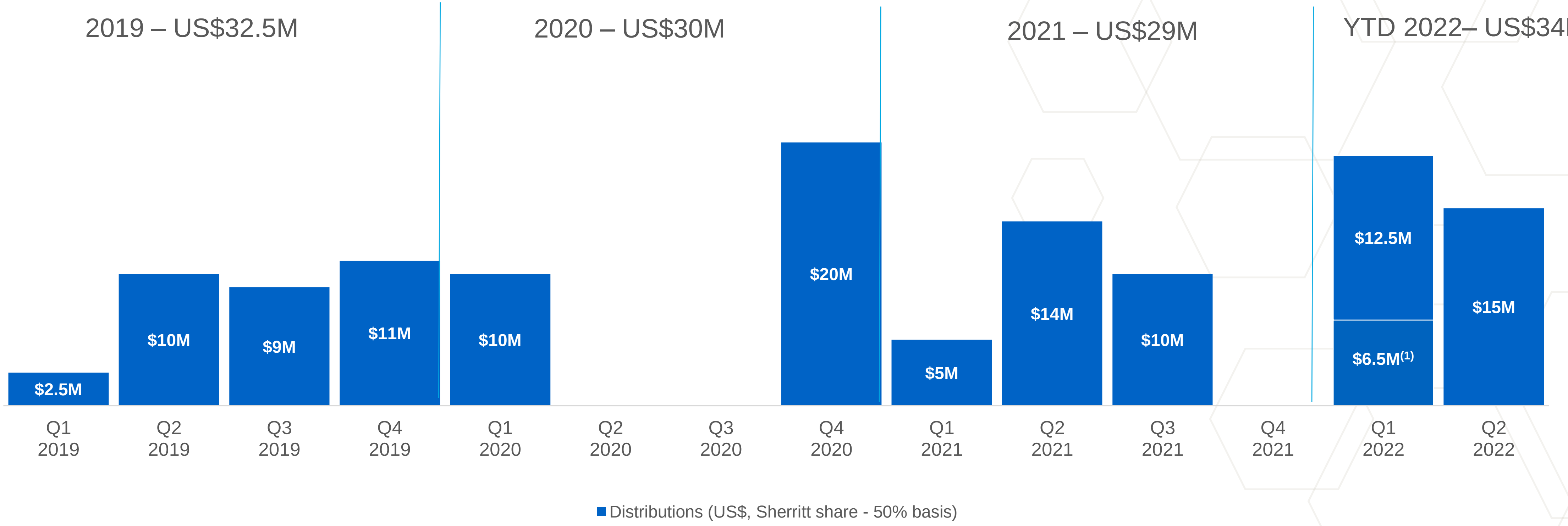
- Improvement driven primarily by higher nickel, cobalt and fertilizer prices

Q2 2022 Adjusted EBITDA nearly doubled Q1 2022

sherritt

1. A non-GAAP financial measure. For additional information see the Non-GAAP and other financial measures section in the Appendix to this presentation.

Outlook for Moa JV distributions is strong

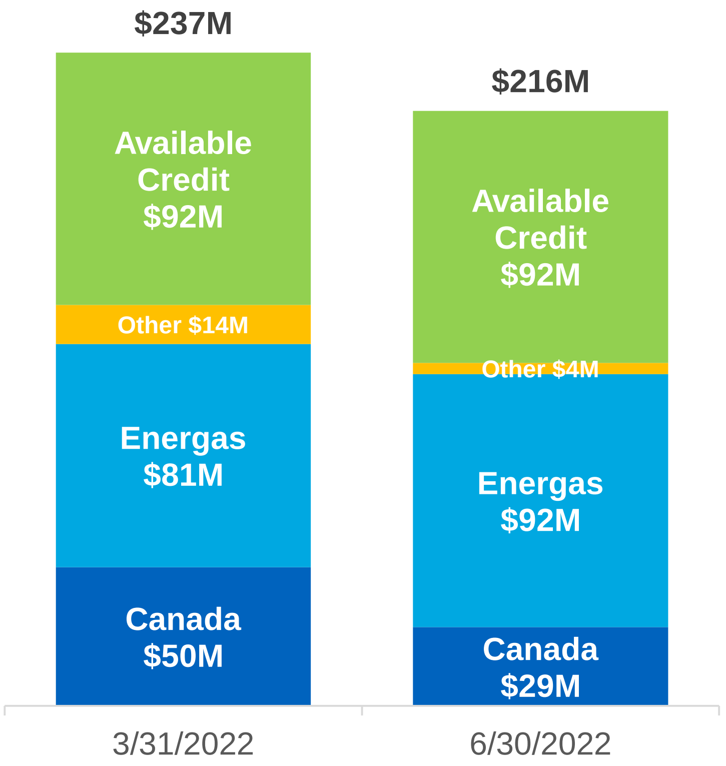


- YTD 2022 distributions higher than each of the past three years

Despite headwinds in Q3, H2 distributions are expected to be higher than H1

1. Distributions deferred from Q4 2021 received in Q2 2022

Liquidity in perspective



- Reduction primarily a result of cash used to repurchase notes and pay interest on second lien notes
- Continued distributions from the Moa JV will strengthen cash in Canada

Strengthening the balance sheet remains a key strategic priority

sherritt

Outlook and summary

sherritt

2022 Moa JV guidance

Production & Unit Costs	
Finished nickel	32,000 – 34,000 tonnes
Finished cobalt	3,400 – 3,700 tonnes
Net direct cash cost(1):	US$4.00 - $4.50/lb(2)

Spending on capital(1)(3)	
Sustaining capital:	C$60M
Growth capital:	C$19M
Total planned spending:	C$79M

- Production and NDCC unchanged.
  - Cobalt production estimated at lower end of range
  - NDCC estimated at higher end of range
- Spending on sustaining capital updated to reflect freight and order delays and lower contractor availability

Moa JV production and NDCC guidance for 2022 unchanged

sherritt

1. Non-GAAP financial measures. For additional information see the Non-GAAP and other financial measures section in the Appendix to this presentation.
2. Includes freight and handling
3. Capital spend is 50% of expenditures at Moa JV and 100% expenditures for Fort Site fertilizers and utilities.

Q2 Summary

- Reduced debt obligations by $59 million and annual interest expense by $5.5 million
- Strong Q2 results were driven by higher nickel, cobalt and fertilizer prices
- Long-term outlook for nickel and cobalt remains favourable
- Progress is being made on our expansion strategy

Balanced approach to de-leveraging the balance sheet and growth

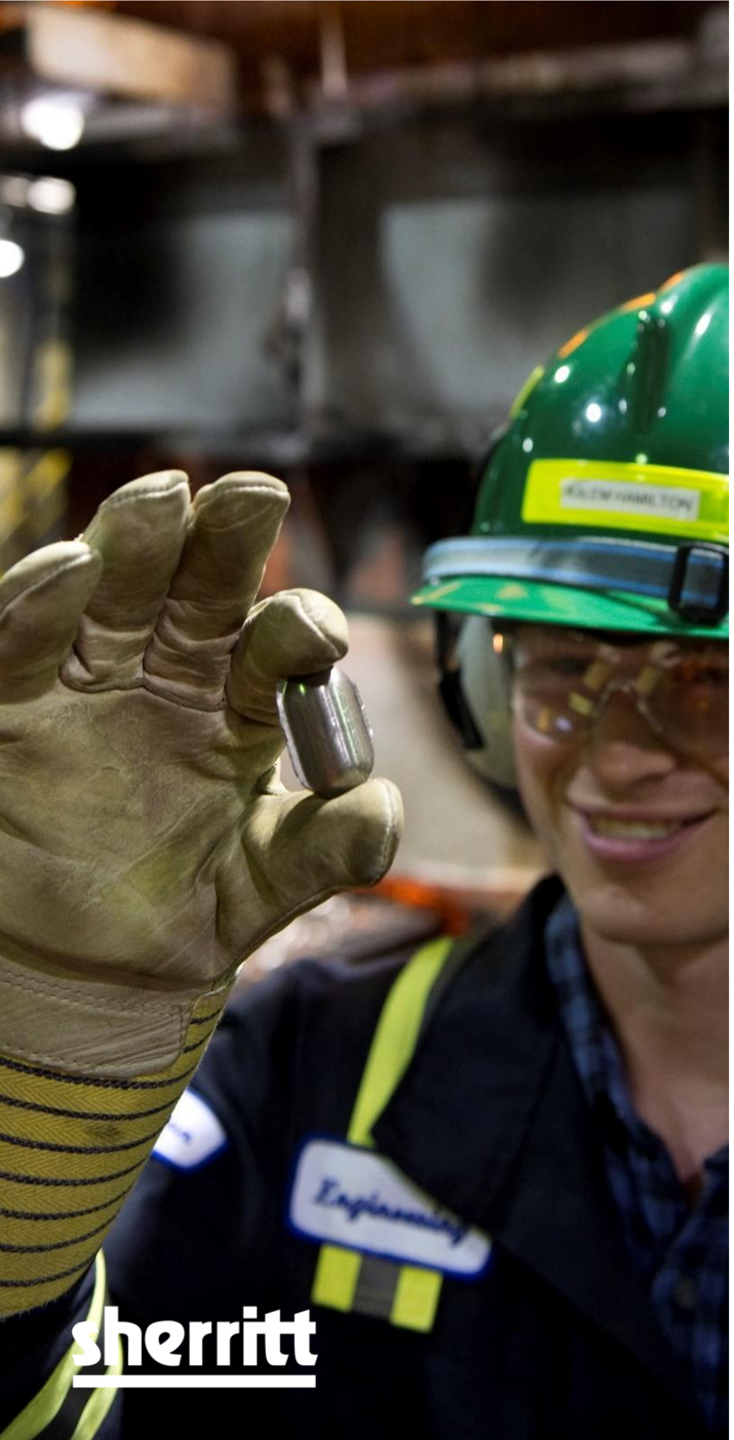
sherritt

Q&A Discussion

sherritt

Sherritt International Corporation
22 Adelaide West, 42nd Floor Toronto, Ontario, Canada M5H 4E3
Mark Preston, Investor Relations
Telephone: (416) 935 -2406 I Toll -Free: 1 (800) 704 -6698
Email: mark.preston@sherritt.com I Website: www.sherritt.com

Appendix



Non-GAAP and other financial measures

Adjusted EBITDA

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

Management uses Adjusted EBITDA internally to evaluate the cash generation potential of Sherritt's operating divisions on a combined and individual basis as an indicator of ability to fund working capital needs, meet covenant obligations, service debt and fund capital expenditures, as well as provide a level of comparability to similar entities. Management believes that Adjusted EBITDA provides useful information to investors in evaluating the Corporation's operating results in the same manner as management and the Board of Directors.

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

$ millions, for the three months ended June 30	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total 2022
Earnings (loss) from operations and joint venture per financial statements	$ 78.4	$ (0.6)	$ (2.3)	$ 2.3	$ (2.9)	$ 8.9	$ (9.8)	$ 74.0
Add (deduct):								
Depletion, depreciation and amortization	2.8	-	0.2	4.0	0.1	0.4	-	7.5
Adjustments for share of earnings of Moa Joint Venture:								
Depletion, depreciation and amortization	10.7	-	-	-	-	-	-	10.7
Net finance expense	-	-	-	-	-	-	2.7	2.7
Income tax expense	-	-	-	-	-	-	7.1	7.1
Adjusted EBITDA	$ 91.9	$ (0.6)	$ (2.1)	$ 6.3	$ (2.8)	$ 9.3	$ -	$ 102.0

sherritt

Adjusted EBITDA, cont.

$ millions, for the three months ended June 30																2021
		Moa JV and Fort Site[1]		Metals Other		Oil and Gas		Power		Techno-logies		Corporate		Adjustment for Moa Joint Venture		Total
Earnings (loss) from operations and joint venture per financial statements	$	19.7	$	(0.5)	$	(5.0)	$	(0.2)	$	(2.9)	$	(13.3)	$	(5.1)	$	(7.3)
Add (deduct):																
Depletion, depreciation and amortization		3.1		-		1.7		3.9		0.1		0.1		-		8.9
Adjustments for share of earnings of Moa Joint Venture:																
Depletion, depreciation and amortization		11.3		-		-		-		-		-		-		11.3
Income tax expense		-		-		-		-		-		-		5.1		5.1
Adjusted EBITDA	$	34.1	$	(0.5)	$	(3.3)	$	3.7	$	(2.8)	$	(13.2)	$	-	$	18.0

$ millions, for the six months ended June 30																**2022**
		Moa JV and Fort Site[2]		Metals Other		Oil and Gas		Power		Techno-logies		Corporate		Adjustment for Moa Joint Venture		Total
Earnings (loss) from operations and joint venture per financial statements	**$**	**146.1**	**$**	**(1.2)**	**$**	**(0.7)**	**$**	**2.8**	**$**	**(6.9)**	**$**	**(14.7)**	**$**	**(27.9)**	**$**	**97.5**
Add (deduct):																
Depletion, depreciation and amortization		**5.4**		**-**		**0.7**		**7.9**		**0.1**		**0.7**		**-**		**14.8**
Gain on disposal of property, plant and equipment		**-**		**-**		**(1.3)**		**-**		**-**		**-**		**-**		**(1.3)**
Adjustments for share of earnings of Moa Joint Venture:																
Depletion, depreciation and amortization		**21.6**		**-**		**-**		**-**		**-**		**-**		**-**		**21.6**
Net finance expense		**-**		**-**		**-**		**-**		**-**		**-**		**5.0**		**5.0**
Income tax expense		**-**		**-**		**-**		**-**		**-**		**-**		**22.9**		**22.9**
Adjusted EBITDA	**$**	**173.1**	**$**	**(1.2)**	**$**	**(1.3)**	**$**	**10.7**	**$**	**(6.8)**	**$**	**(14.0)**	**$**	**-**	**$**	**160.5**

sherritt

Adjusted EBITDA, cont.

$ millions, for the six months ended June 30								2021
	Moa JV and Fort Site[(2)]	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	$ 47.5	$ (1.1)	$ (8.9)	$ (1.3)	$ (6.2)	$ (22.8)	$ (8.4)	$ (1.2)
Add (deduct):								
Depletion, depreciation and amortization	5.7	0.1	4.3	7.8	0.1	0.4	-	18.4
Adjustments for share of earnings of Moa Joint Venture:								
Depletion, depreciation and amortization	22.6	-	-	-	-	-	-	22.6
Net finance income	-	-	-	-	-	-	(2.4)	(2.4)
Income tax expense	-	-	-	-	-	-	10.8	10.8
Adjusted EBITDA	$ 75.8	$ (1.0)	$ (4.6)	$ 6.5	$ (6.1)	$ (22.4)	$ -	$ 48.2

1. Adjusted EBITDA of Moa Joint Venture and Fort Site for the three months ended June 30, 2022 is composed of Adjusted EBITDA at Moa Joint Venture of $68.0 million (50% basis) and Adjusted EBITDA at Fort Site of $23.9 million (for the three months ended June 30, 2021 - $34.2 million and $(0.1) million, respectively).
2. Adjusted EBITDA of Moa Joint Venture and Fort Site for the six months ended June 30, 2022 is composed of Adjusted EBITDA at Moa Joint Venture of $144.9 million (50% basis) and Adjusted EBITDA at Fort Site of $28.2 million (for the six months ended June 30, 2021 - $76.8 million and $(1.0) million, respectively).

sherritt

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given division. The average-realized price for power excludes by-product revenue, as this revenue is not earned directly for power generation. Transactions by a Moa Joint Venture marketing company, included in other revenue, are excluded.

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

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

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

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

$ millions, except average-realized price and sales volume, for the three months ended June 30							**2022**
	Moa Joint Venture and Fort Site						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ **118.0**	$ **24.1**	$ **54.5**	$ **8.6**	$ **16.3**	$ **(155.6)**	$ **65.9**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(1.3)**			
Revenue for purposes of average-realized price calculation	**118.0**	**24.1**	**54.5**	**7.3**			
Sales volume for the period	**6.9**	**0.5**	**50.0**	**133**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[2][3][4]	$ **16.99**	$ **44.16**	$ **1,090.96**	$ **55.21**			

sherritt

Average-realized price, cont.

$ millions, except average-realized price and sales volume, for the three months ended June 30							2021
	Moa Joint Venture and Fort Site						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 89.0	$ 22.7	$ 26.4	$ 7.0	$ 7.2	$ (121.3)	$ 31.0
Adjustments to revenue:							
By-product revenue	-	-	-	(1.0)			
Revenue for purposes of average-realized price calculation	89.0	22.7	26.4	6.0			
Sales volume for the period	9.4	1.0	64.7	115			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[2][3][4]	$ 9.46	$ 22.82	$ 409.06	$ 52.60			

1. Other revenue includes revenue from the Metals Other, Oil and Gas, Technologies and Corporate reportable segments.
2. Average-realized price may not calculate exactly based on amounts presented due to foreign exchange and rounding.
3. Power, average-realized price per MWh.
4. Fertilizer, average-realized price per tonne.

sherritt

Unit operating costs/Net direct cash cost

With the exception of the Moa Joint Venture, which uses NDCC, unit operating cost is generally calculated by dividing cost of sales as reported in the financial statements, less depreciation, depletion and amortization in cost of sales, the impact of impairment losses, gains and losses on disposal of property, plant, and equipment and exploration and evaluation assets and certain other non-production related costs, by the number of units sold.

The Moa Joint Venture's NDCC is calculated by dividing cost of sales, as reported in the financial statements, adjusted for the following: depreciation, depletion, amortization and impairment losses in cost of sales; cobalt by-product, fertilizer and other revenue; third-party finished nickel costs; and other costs primarily related to the impact of opening and closing inventory values, by the number of finished nickel pounds sold in the period, expressed in U.S. dollars. NDCC excludes cost of sales from the sale of finished nickel purchased from a third-party as it was not internally produced.

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 June 30					2022
	Moa JV and Fort Site	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 125.7	$ 6.5	$ 13.2	$ (96.9)	$ 48.5
Less:					
Depletion, depreciation and amortization in cost of sales	(13.5)	(4.0)			
	112.2	2.5			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(87.8)	-			
Impact of opening/closing inventory and other[2]	(5.2)	-			
Cost of sales for purposes of unit cost calculation	19.2	2.5			
Sales volume for the period	6.9	133			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	$ 2.77	$ 20.10			
Unit operating cost (US$ per pound) (NDCC)[5]	$ 2.19				

sherritt

Unit operating costs/Net direct cash cost, cont.

$ millions, except unit cost and sales volume, for the three months ended June 30					2021
	Moa JV and Fort Site	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 120.2	$ 6.2	$ 11.1	$ (97.2)	$ 40.3
Less:					
Depletion, depreciation and amortization in cost of sales	(14.4)	(3.9)			
	105.8	2.3			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(53.2)	-			
Impact of opening/closing inventory and other[2]	0.3	-			
Cost of sales for purposes of unit cost calculation	52.9	2.3			
Sales volume for the period	9.4	115			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	$ 5.62	$ 21.03			
Unit operating cost (US$ per pound) (NDCC)[5]	$ 4.58				

$ millions, except unit cost and sales volume, for the six months ended June 30					2022
	Moa JV and Fort Site	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 241.7**	**$ 12.5**	**$ 22.5**	**$ (197.7)**	**$ 79.0**
Less:					
Depletion, depreciation and amortization in cost of sales	**(27.0)**	**(7.9)**			
	214.7	**4.6**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(150.3)**	**-**			
Impact of opening/closing inventory and other[2]	**(9.3)**	**-**			
Cost of sales for purposes of unit cost calculation	**55.1**	**4.6**			
Sales volume for the period	**15.2**	**270**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	**$ 3.62**	**$ 17.86**			
Unit operating cost (US$ per pound) (NDCC)[5]	**$ 2.85**				

sherritt

Unit operating costs/Net direct cash cost, cont.

$ millions, except unit cost and sales volume, for the six months ended June 30					2021
	Moa JV and Fort Site	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 216.6	$ 12.6	$ 25.9	$ (184.4)	$ 70.7
Less:					
Depletion, depreciation and amortization in cost of sales	(28.3)	(7.8)			
	188.3	4.8			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(87.7)	-			
Impact of opening/closing inventory and other[2]	(3.1)	-			
Impairment on assets	-	-			
Cost of sales for purposes of unit cost calculation	97.5	4.8			
Sales volume for the period	18.6	210			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	$ 5.24	$ 23.23			
Unit operating cost (US$ per pound) (NDCC)[5]	$ 4.20				

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

sherritt

Spending on capital

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

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

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

The table below reconciles 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 June 30						**2022**
	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	**$ 12.2**	**$ -**	**$ -**	**$ 12.2**	**$ (8.7)**	**$ 3.5**
Intangible asset expenditures[2]	**-**	**-**	**(0.2)**	**(0.2)**	**-**	**(0.2)**
	12.2	**-**	**(0.2)**	**12.0**	**$ (8.7)**	**$ 3.3**
Adjustments:						
Accrual adjustment	**1.1**	**-**	**-**	**1.1**		
Spending on capital	**$ 13.3**	**$ -**	**$ (0.2)**	**$ 13.1**		

(1) Includes property, plant and equipment and intangible asset expenditures of the Metals Other, Oil and Gas, Technologies and Corporate segments.
(2) Total property, plant and equipment expenditures and total intangible asset expenditures as presented in the Corporation's consolidated statements of cash flow.

sherritt