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Q2

2022 SECOND QUARTER REPORT

Sherritt International Corporation

For the three and six months ended June 30, 2022

For immediate release

Higher nickel, cobalt and fertilizer prices drive Sherritt's strong second quarter results

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Toronto – July 27, 2022 – Sherritt International Corporation ("Sherritt", the "Corporation", the "Company") (TSX: S), a world leader in the mining and hydrometallurgical refining of nickel and cobalt from lateritic ores, today reported its financial results for the three and six months ended June 30, 2022. All amounts are in Canadian currency unless otherwise noted.

"Strong long-term fundamentals for our nickel, cobalt and fertilizer products gave us the confidence to use some of our available cash to deleverage our balance sheet by repurchasing almost $60 million principal amount of our outstanding notes," said Leon Binedell, President and CEO of Sherritt International Corporation. "On the strength of commodity prices in the quarter, our Adjusted EBITDA increased by more than 460% compared to the same quarter last year and almost doubled our first quarter of the year. Our NDCC at the Moa JV of US$2.19/lb was the lowest since Q3 2018, notably due to higher fertilizer by-product credits, and we received $19 million in distributions from the Moa JV during the quarter."

Mr. Binedell added, "Despite some steady headwinds moving into Q3 as nickel and cobalt prices come off recent highs, we continue to be encouraged by long-term market fundamentals and will continue to make progress towards our expansion targets and further strengthening our balance sheet through increased distributions from our Moa JV during the balance of the year."

SELECTED Q2 2022 DEVELOPMENTS

- As part of its priority of strengthening its balance sheet, Sherritt successfully purchased an aggregate of $59.2 million of Sherritt's 8.5% second lien secured notes and 10.75% unsecured PIK option notes at a total 24% discount which will result in a reduction in annualized interest expense of approximately $5.5 million.
- Net earnings from continuing operations were $81.5 million, or $0.21 per share, compared to a net loss from continuing operations of $10.4 million, or $0.03 per share, in Q2 2021.
- Adjusted EBITDA[(1)] was $102.0 million compared to $18.0 million in Q2 2021. The improved Adjusted EBITDA was driven by higher nickel, cobalt, and fertilizer realized prices which offset lower sales volumes and higher input commodity prices. This quarter's results also include a share-based compensation recovery of $17.2 million due to the impact of a reduction in Sherritt's share price during the quarter. This compares to a $9.4 million share-based compensation expense in Q2 2021. Excluding the impact of share-based compensation in administrative expense, Q2 2022 administrative expenses were 27% lower than Q2 2021.
- Sherritt's share of finished nickel and cobalt production at the Moa Joint Venture (Moa JV) were 3,704 tonnes and 396 tonnes, respectively. Finished production was lower in the current year period primarily due to timing of the planned annual maintenance shutdown. Last year, the plant maintenance shutdown occurred in Q3.
- Finished nickel and cobalt sales volumes for the three months ended June 30, 2022 were lower than production primarily due to logistics-related challenges in transporting finished product to customers and the deferral of orders by certain customers that were impacted by the slowdown of economic activity in China as a result of the country's zero-COVID policies and recent global economic headwinds. The affected sales orders were partially offset by higher netback sales to other markets and sales to new customers, with a portion of the new customer contracts finalizing after quarter end. Subsequent to period end, additional sales of nickel and cobalt continue to reduce inventory towards more typical levels.
- Net direct cash cost (NDCC)[(1)] at the Moa JV was US$2.19/lb, the lowest since Q3 2018. During the current quarter, significantly increased cobalt and fertilizer by-product credits more than offset higher input and maintenance costs. Input commodity costs reflect a 178% increase in global sulphur prices, 102% increase in natural gas prices and 75% increase in fuel oil prices. Sherritt's Q2 2022 NDCC continued to rank in the lowest cost quartile of all nickel producers according to annualized information tracked by Wood Mackenzie.

- Received $19.2 million (US$15 million) as its share of Moa JV distributions in Q2 to bring total distributions received in the year to $43.4 million (US$34 million) which exceeds the total amount of distributions received in all of 2021. Given prevailing nickel and cobalt prices, planned spending on capital, including growth capital, working capital needs, and other expected liquidity requirements, Sherritt continues to anticipate higher distributions in the second half of 2022 compared to the first half of the year.
- The Moa JV advanced its expansion strategy aimed at growing annual nickel and cobalt production by 15 to 20% from the combined 34,710 tonnes produced in FY2021 once all projects are completed, and extending the life of mine at Moa beyond 2040. The first phase of this expansion, the slurry preparation plant at Moa, continues under construction and remains on budget and on schedule for completion in early 2024. Sherritt continues to evaluate its growth capital spend estimates in light of supply chain challenges and inflationary price pressures on construction materials, equipment, and labour costs. Additional engineering and design work continues and will facilitate more accurate cost estimates. The most recent assessment of expansion capital costs continues to indicate that costs are expected to be approximately US$25,000 per tonne of new nickel capacity consistent with previous disclosure. Progress in Q2 2022 included:
    - ongoing construction of the slurry preparation plant with 50% of civil construction complete, 85% of the contracts for supply of materials and services awarded, and completed slurry pipeline design and ordered all materials;
    - completed a feasibility study for the leach plant sixth train at Moa and confirmed previously installed equipment is in an acceptable condition for use;
    - continued with basic engineering on the acid plants at Moa to meet the acid requirements from the expansion projects; and
    - continued with basic engineering on de-bottlenecking projects at the refinery.

  Sherritt expects to provide an update on the rollout and spending on capital related to the expansion strategy with each of its quarterly results with full project approval expected in the second half of 2022.
- Completed the first of the London Metal Exchange's (LME) Responsible Sourcing requirements for LME-Listed Brands. The Corporation completed a LME-conformant Red Flag Assessment of its mineral supply chain and did not identify any red flags such as human rights violations, association with conflict, financial crimes or corruption. Independent LME-approved auditors validated this assessment and recommended that the LME confirm Sherritt's conformance with its responsible sourcing requirements.

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

Q2 2022 FINANCIAL HIGHLIGHTS

$ millions, except per share amount		For the three months ended 2022 June 30		2021 June 30	Change		For the six months ended 2022 June 30		2021 June 30	Change
Revenue	$	**65.9**	$	31.0	113%	$	**100.0**	$	52.9	89%
Combined revenue(1)		**221.5**		152.3	45%		**423.7**		294.0	44%
Earnings (loss) from operations and joint venture		**74.0**		(7.3)	nm(2)		**97.5**		(1.2)	nm
Net earnings (loss) from continuing operations		**81.5**		(10.4)	884%		**97.9**		(12.3)	896%
Net earnings (loss) for the period		**81.1**		(10.7)	858%		**96.8**		(16.3)	694%
Adjusted EBITDA(1)		**102.0**		18.0	467%		**160.5**		48.2	233%
Net earnings (loss) from continuing operations ($ per share)		**0.21**		(0.03)	800%		**0.25**		(0.03)	933%
Cash provided (used) by continuing operations for operating activities		**25.6**		1.5	nm		**31.2**		(1.5)	nm
Combined free cash flow(1)		**23.5**		2.6	nm		**21.8**		21.6	1%
Average exchange rate (CAD/US$)		**1.277**		1.228	4%		**1.272**		1.247	2%

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

(2) Not meaningful (nm).

$ millions, as at		2022 June 30		2021 December 31	Change
Cash and cash equivalents	$	**124.6**	$	145.6	(14%)
Loans and borrowings		**393.4**		444.5	(11%)

Cash and cash equivalents at June 30, 2022 were $124.6 million, down from $145.5 million at March 31, 2022. The reduction in cash was primarily due to the $44.8 million used to repurchase notes, $15.2 million in interest payments on the 8.50% second lien secured notes and $3.3 million of capital expenditures, partially offset by $19.2 million of distributions received from the Moa JV and strong fertilizer receipts.

Total distributions from the Moa JV to the end of the second quarter 2022 totaled $43.4 million (US$34 million) which exceeds the total amount of distributions received in all of 2021. Distributions from the Moa JV are determined based on available cash in excess of liquidity requirements, including anticipated nickel and cobalt prices, planned capital spend, working capital needs, and other expected liquidity requirements. Sherritt continues to expect distributions to be higher in the second half of the year than the first.

Sherritt also received US$12.2 million ($15.6 million) from Energas in Q2 which was used to facilitate foreign currency payments for the Energas operations. Total overdue receivables at June 30, 2022 were unchanged during the quarter at US$153.1 million. Collections on overdue amounts from Sherritt's Cuban energy partners continue to be adversely impacted by Cuba's reduced access to foreign currency as a result of ongoing U.S. sanctions and the global pandemic's impact on tourism. Sherritt continues to work with its Cuban partners to accelerate receipt of payments on overdue amounts.

Of the $124.6 million of cash and cash equivalents, $28.6 million was held in Canada, down from $50.4 million as at March 31, 2022, and $91.8 million was held at Energas, up from $81 million as at March 31, 2022. The remaining amounts were held in Cuba and other countries.

Mandatory redemptions of the Corporation's 8.5% second lien secured notes, as at the interest payment date in April 2022, was not required for the two-quarter period ended December 31, 2021 as the conditions pursuant to the redemption provisions of the indenture agreement were not met. For the two-quarter period ended June 30, 2022, excess cash flow, as defined in the indenture agreement, was $11.0 million. Subject to the minimum liquidity condition as defined in the indenture agreement, at the interest payment date in October 2022 the Corporation will be required to redeem, at par, total second lien secured notes equal to 50% of excess cash flow, or $5.5 million. In determining the minimum liquidity amounts in October 2022, the $44.8 million of cash used to repurchase second lien secured notes and unsecured PIK option notes during the three months ended June 30, 2022 will be added back in the calculation of minimum liquidity before and after any such redemption.

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

		2022		2021
For the three months ended June 30	**$ millions**	**$/share**	$ millions	$/share
Net earnings (loss) from continuing operations	**$ 81.5**	**$ 0.21**	$ (10.4)	$ (0.03)
Adjusting items:				
Sherritt - Unrealized foreign exchange gain - continuing operations	**(3.8)**	**(0.01)**	(8.6)	(0.02)
Corporate - Gain on repurchase of notes	**(13.8)**	**(0.03)**	(0.8)	-
Corporate - Transaction finance charges on repurchase of notes	**1.2**	**-**	-	-
Corporate - Severance and other contractual benefits expense	**-**	**-**	2.4	0.01
Corporate - Unrealized losses on commodity put options	**-**	**-**	3.7	0.01
Oil and Gas and Power - ACL revaluation	**1.2**	**-**	(0.1)	-
Other[2]	**-**	**-**	0.8	-
Total adjustments, before tax	**$ (15.2)**	**$ (0.04)**	$ (2.6)	$ -
Tax adjustments	**(0.3)**	**-**	-	-
Adjusted net earnings (loss) from continuing operations	**$ 66.0**	**$ 0.17**	$ (13.0)	$ (0.03)

		2022		2021
For the six months ended June 30	**$ millions**	**$/share**	$ millions	$/share
Net earnings (loss) from continuing operations	**$ 97.9**	**$ 0.25**	$ (12.3)	$ (0.03)
Adjusting items:				
Sherritt - Unrealized foreign exchange gain - continuing operations	**(4.9)**	**(0.02)**	(11.2)	(0.03)
Corporate - Gain on repurchase of notes	**(13.8)**	**(0.03)**	(2.1)	(0.01)
Corporate - Transaction finance charges on repurchase of notes	**1.2**	**-**	-	-
Corporate - Severance and other contractual benefits expense	**-**	**-**	2.4	0.01
Corporate - Unrealized losses on commodity put options	**(0.9)**	**-**	4.3	0.01
Corporate - Realized losses on commodity put options	**0.9**	**-**	-	-
Oil and Gas - Gain on disposal of property, plant and equipment	**(1.3)**	**-**	-	-
Oil and Gas and Power - ACL revaluation	**1.5**	**-**	1.5	-
Other[2]	**0.5**	**-**	2.6	0.01
Total adjustments, before tax	**$ (16.8)**	**$ (0.05)**	$ (2.5)	$ (0.01)
Tax adjustments	**(0.4)**	**-**	(0.5)	-
Adjusted net loss from continuing operations	**$ 80.7**	**$ 0.20**	$ (15.3)	$ (0.04)

(1) A non-GAAP financial measure. For additional information see the Non-GAAP and other financial measures section of this press release.
(2) Other items primarily relate to losses in net finance (expense) income and inventory obsolescence.

METALS MARKET

Nickel

Following extreme volatility and multi-year highs experienced in the first quarter of 2022, the second quarter nickel prices experienced a period of reasonably stable prices before they declined towards the end of the quarter, with prices ending Q2 at US$10.48/lb, down from US$15.15/lb at the end of Q1. The nickel price averaged US$13.13/lb for Q2 2022, compared to US$11.97/lb for Q1 2022, a 10% increase. Reduced volatility on the London Metal Exchange (LME), continuing COVID-19 restrictions in China, inflationary pressures, and global economic recession concerns have all played a role in tempering the nickel price. Since the beginning of Q3, prices have continued to decline to US$9.66/lb at July 27.

Inventory levels on the LME and Shanghai Futures Exchange (SHFE) continued to decrease in Q2 with the LME inventory falling from 72,570 tonnes to 66,780 tonnes and the SHFE from 6,097 tonnes to 958 tonnes.

Near-term visibility of market fundamentals, including inventory levels, beyond 2022 is limited given the uncertainty caused by a number of recent geopolitical and macroeconomic developments relating to Russia's invasion of Ukraine, slower than expected resumption of demand from China, the ongoing impacts caused by COVID-19, continued global logistics issues, inflationary pressures and global economic recession concerns.

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

According to Wood Mackenzie in June 2022, they estimated nickel demand to increase by 41% between 2021 and 2026 and increase to 2040 at a compound annual growth rate (CAGR) of 4%, with EV battery and storage accounting for 38% of nickel demand in 2040 a CAGR of 10.5%.

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

Cobalt

Cobalt prices experienced a steady decline during the quarter due to concerns relating to the slow rate of full reopening of the Chinese economy, global inflation and economic recession concerns.

While the average price for Standard Grade cobalt in Q2 2022 of US$38.19/lb was 6.3% higher than Q1 2022's average of US$35.90/lb, according to data collected by Fastmarkets MB, cobalt prices steadily declined from US$39.35/lb at the end of Q1 to close at US$32.25/lb, down 18%. Since the beginning of Q3, prices continued to fall to US$25.70/lb at July 27.

Near term visibility on cobalt prices are limited for much of the same reasons as nickel and the ongoing logistics issues relating the transportation of cobalt hydroxide from the Democratic Republic of Congo (DRC), the world's largest supply market.

Longer-term, the demand for cobalt is forecast to be positive as cobalt is a significant component in electric vehicle battery chemistries. Given the expected increase in EV adoption in the coming years, cobalt demand is expected to increase despite the EV industry's efforts to minimize cobalt content to reduce battery cost. According to CRU in June 2022, they estimated that cobalt demand is expected to increase at a CAGR of 13% over the next five years (from 173 thousand tonnes in 2021 to 320 thousand tonnes in 2026), with EV battery driving much of this increase with a forecast CAGR of 23%.

REVIEW OF OPERATIONS

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

	For the three months ended			For the six months ended		
	2022	2021		**2022**	2021	
$ millions (Sherritt's share), except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue[1]	**$ 205.7**	$ 142.2	45%	**$ 391.3**	$ 268.5	46%
Cost of Sales[1]	**125.7**	120.2	5%	**241.7**	216.6	12%
Earnings from operations	**78.4**	19.7	298%	**146.1**	47.5	nm[2]
Adjusted EBITDA[2]	**91.9**	34.1	170%	**173.1**	75.8	128%
CASH FLOW						
Cash provided by continuing operations for operating activities	**$ 41.7**	$ 21.6	93%	**$ 65.9**	$ 45.1	46%
Free cash flow[2]	**29.5**	13.8	114%	**43.0**	32.7	31%
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**3,906**	4,020	(3%)	**8,032**	7,951	1%
Finished Nickel	**3,704**	4,230	(12%)	**7,579**	8,418	(10%)
Finished Cobalt	**396**	476	(17%)	**842**	953	(12%)
Fertilizer	**61,965**	69,516	(11%)	**125,052**	133,308	(6%)
NICKEL RECOVERY[3] (%)	**89%**	85%	5%	**89%**	84%	6%
SALES VOLUMES (tonnes)						
Finished Nickel	**3,148**	4,268	(26%)	**6,906**	8,445	(18%)
Finished Cobalt	**248**	452	(45%)	**646**	929	(30%)
Fertilizer	**49,951**	64,722	(23%)	**81,390**	91,833	(11%)
AVERAGE-REFERENCE PRICE (USD)						
Nickel (US$ per pound)[4]	**$ 13.13**	$ 7.87	67%	**$ 12.54**	$ 7.92	58%
Cobalt (US$ per pound)[5]	**38.19**	21.06	81%	**37.00**	21.38	73%
AVERAGE-REALIZED PRICE (CAD)[2]						
Nickel ($ per pound)	**$ 16.99**	$ 9.46	80%	**$ 15.83**	$ 9.71	63%
Cobalt ($ per pound)	**44.16**	22.82	94%	**42.62**	22.35	91%
Fertilizer ($ per tonne)	**1,090.96**	409.06	167%	**922.38**	380.50	142%
UNIT OPERATING COST[2] (US$ per pound)						
Nickel - net direct cash cost	**$ 2.19**	$ 4.58	(52%)	**$ 2.85**	$ 4.20	(32%)
SPENDING ON CAPITAL[2]						
Sustaining	**$ 12.5**	$ 7.7	62%	**$ 28.2**	$ 12.4	127%
Growth	**0.8**	- -		**1.1**	- -	
	$ 13.3	$ 7.7	73%	**$ 29.3**	$ 12.4	136%

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

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

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

(4) The average nickel reference price for the six months ended June 30, 2022 was impacted by the suspension of nickel trading and disruption events on the LME in March 2022. The calculation of the average nickel reference price for the six months ended June 30, 2022 is based on LME guidance for disruption events, which uses the next available price after a disruption event.

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

Revenue in Q2 2022 increased by 45% to $205.7 million from $142.2 million last year. The revenue increase was largely attributable to higher average-realized prices[1] for nickel, cobalt, and fertilizer which were up 80%, 94%, and 167%, respectively, which more than offset lower sales volumes compared to Q2 2021.

Mixed sulphides production at the Moa JV in Q2 2022 was 3,906 tonnes, down 3% from the 4,020 tonnes produced in Q2 2021. The variance was primarily due to limited access to planned mining faces and reduced Leach Plant capacity due to unplanned maintenance.

Sherritt's share of finished nickel production in Q2 2022 totaled 3,704 tonnes, down 12% from the 4,230 tonnes produced in Q2 2021 while finished cobalt production for Q2 2022 was 396 tonnes, down 17% from the 476 tonnes produced in the same period last year. Lower finished metals production in Q2 2022 was primarily a result of timing of the annual maintenance shutdown. All work has been completed and full production has resumed. In 2021, the annual shutdown was moved to Q3 due to the impact of COVID-19 and contractor availability. Guidance for nickel and cobalt production remains unchanged; however, based on the expected nickel to cobalt ratio in the ore, finished cobalt production is estimated to be at the lower end of the 3,400 – 3,700 tonne range.

Finished nickel and cobalt sales volumes for the three months ended June 30, 2022 were lower than production primarily due to logistics-related challenges in transporting finished product to customers and the deferral of orders by certain customers that were impacted by the slowdown of economic activity in China as a result of the country's zero-COVID policies and recent global economic headwinds. The affected sales orders were partially offset by higher netback sales to other markets and sales to new customers, with a portion of the new customer contracts finalizing after quarter end. Subsequent to period end, additional sales of nickel and cobalt continue to reduce inventory towards more typical levels.

Fertilizers production for the three months ended June 30, 2022 was lower compared to the same period in the prior year in line with lower metals production. Fertilizer sales volume was lower as a result of lower production and reduced demand caused by wet weather conditions in western Canada including flooding in Manitoba.

Mining, processing and refining (MPR) costs per pound of nickel sold in Q2 2022 were up 29% from Q2 2021. Higher MPR costs in Q2 2022 continue to be driven by the significant rise in input costs, which were further compounded by Russia's invasion of Ukraine, and higher maintenance costs. Most notably for the Moa JV, sulphur, natural gas and fuel oil prices were 178%, 102% and 75% higher, respectively, when compared the same period last year. Increased input costs were partly offset by lower purchased sulphuric acid consumption. Purchased sulphuric acid consumption was required in the prior year to offset lower sulphuric acid production at Moa ahead of the planned sulphuric acid plant shutdown in the second quarter of 2021. Higher maintenance costs primarily reflected the timing of the annual maintenance shutdown at the refinery which occurred in the second quarter of 2022 compared to the third quarter of 2021.

Net direct cash cost (NDCC)[(1)] per pound of nickel sold decreased by 52% to US$2.19/lb in Q2 2022 from US$4.58/lb for Q2 2021. The improvement was primarily due to higher cobalt and net fertilizer by-product credits generated by higher average-realized prices which offset lower sales volumes and higher input commodity prices as discussed above. NDCC for Q2 2022, which was the lowest since the third quarter of 2018, continued to rank Sherritt in the lowest cost quartile of all nickel producers according to annualized information tracked by Wood Mackenzie. Guidance for NDCC remains unchanged; however, it is expected to be at the higher end of the US$4.00 – US$4.50/lb range with finished cobalt production estimated to be at the lower end of the guidance range.

Sustaining spending on capital in Q2 2022 was $12.5 million, up 62% from $7.7 million in Q2 2021. The year-over-year increase was due primarily to higher planned spending at both the Moa JV and Fort Site. Growth spending on capital, which represents spending on the joint venture's expansion projects, was $0.8 million. Of that, $0.6 million was spending on the slurry preparation plant. The Corporation revised its guidance for sustaining spending on capital at Moa JV and Fort Site from $75 million to $60 million as a result of freight and order delays and lower contractor availability.

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

Expansion and growth update

The Moa JV advanced with its expansion strategy aimed at growing annual nickel and cobalt production by 15 to 20% from the combined 34,710 tonnes produced in FY2021, which should result in an increase in annual nickel production by approximately 4,700 to 6,200 tonnes (100% basis), once all projects are completed, and extending the life of mine at Moa beyond 2040. Progress in Q2 2022 included:

Slurry Preparation Plant

- Construction of the slurry preparation plant at Moa is progressing on schedule with civil construction 50% complete, 85% of the contracts for supply of materials and services have been awarded and the slurry pipeline design has been completed and all materials have been ordered. In addition, the structural steel has arrived at site and pre-fabrication will commence in early Q3 with field assembly in the latter half of Q4.

- The project cost and schedule remain on track at an estimated cost of US$27 million (100% basis) with expected completion in early 2024. In 2022, US$9 million (100% basis) in growth spending on capital, all of which has been committed, will be used for long lead materials and equipment, civil and mechanical construction.
- The project is expected to deliver a number of benefits, including reduced ore haulage, lower carbon intensity from mining, and increased annual production of nickel and cobalt contained in mixed sulphides of approximately 1,700 tonnes commencing in mid-2024.

Moa Processing

- The feasibility study for a leach plant sixth train has been completed and approved by the Cuban authorities. Inspection of previously installed equipment has been completed by third party experts and determined to be in acceptable condition.
- Basic engineering continues on the acid plants to meet the acid requirements from the expansion projects.
- Initiated assessment of plant capacity and other infrastructure with expected completion in Q3.

Refinery

- An external engineering firm has been contracted and basic engineering has commenced.

Economic Cut-Off Grade and Life of Mine

- External consultants continued to advance on the initial pit designs for reserves.
- Continued to engage with the Oficina Nacional de Recursos Minerales (ONRM), Cuba's Natural Resources Ministry, with expected approval during the second half of the year.
- Sherritt plans to release an updated NI 43-101 Technical Report before the end of year.

Sherritt continues to evaluate its growth capital spend estimates in light of supply chain challenges and inflationary price pressures on construction materials, equipment, and labour costs. Additional engineering and design work continues and will facilitate more accurate cost estimates. The most recent assessment of expansion capital costs continues to indicate that costs are expected to be approximately US$25,000 per tonne of new nickel capacity consistent with previous disclosure. Sherritt will review additional ESG considerations in the expansion plans as engineering advances.

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

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

Power

$ millions (33 ⅓% basis), except as otherwise noted	For the three months ended 2022 June 30	2021 June 30	Change	For the six months ended 2022 June 30	2021 June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 8.6**	$ 7.0	23%	**$ 17.6**	$ 12.9	36%
Cost of sales	**6.5**	6.2	5%	**12.5**	12.6	(1%)
Earnings (loss) from operations	**2.3**	(0.2)	nm(1)	**2.8**	(1.3)	315%
Adjusted EBITDA(2)	**6.3**	3.7	70%	**10.7**	6.5	65%
CASH FLOW						
Cash provided by continuing operations for operating activities	**$ 6.1**	$ 11.5	(47%)	**$ 14.8**	$ 14.3	3%
Free cash flow(1)	**6.1**	11.5	(47%)	**14.3**	14.3	-
PRODUCTION AND SALES						
Electricity (GWh(3))	**133**	115	16%	**270**	210	29%
AVERAGE-REALIZED PRICE(2)						
Electricity ($/MWh(3))	**$ 55.21**	$ 52.60	5%	**$ 54.97**	$ 53.60	3%
UNIT OPERATING COSTS(2)						
Electricity ($/MWh)	**20.10**	21.03	(4%)	**17.86**	23.23	(23%)
NET CAPACITY FACTOR (%)	**41**	37	11%	**42**	33	27%
SPENDING ON CAPITAL(2)						
Sustaining	**$ -**	$ -	-	**$ 0.5**	$ -	-
	$ -	$ -	-	**$ 0.5**	$ -	-

(1) Not meaningful (nm).
(2) Non-GAAP financial measures. For additional information see the Non-GAAP and other financial measures section of this press release.
(3) Gigawatt hours (GWh), Megawatt hours (MWh).

Power production in Q2 2022 was 133 gigawatt hours (GWh) of electricity, up 16% from 115 GWh produced in the comparable period of 2021 primarily as a result of timing of maintenance activities. In Q2 2021 maintenance at the Boca facility reduced production and sales volumes. Accordingly, revenue in Q2 2022 totalling $8.6 million, was up 23% from $7.0 million for the same quarter last year as a result of the higher power production.

Unit operating costs(1) in Q2 2022 were $20.10/MWh, down 4% from $21.03/MWh for Q2 2021. The year-over-year improvement was driven by higher power production and sales volumes.

Sherritt received US$12.2 million ($15.6 million) in the quarter, all of which was used to facilitate foreign currency payments for the Energas operations. Subsequent to the quarter end, Sherritt received an additional payment of US$4.2 million ($5.4 million) and expects to continue to receive sufficient liquidity to support operations for the remainder of the year.

The Power business unit had negligible spending on capital in the second quarter of 2022. Spending on capital at the Power business in FY2022 is forecast at $5 million, which will be primarily earmarked towards maintenance activities in Q4.

Sherritt continues in discussion with its Cuban partners to expedite payment of overdue receivables and increase availability of natural gas needed to increase power production. The formal approvals process remains underway through the Cuban government to extend the power generation agreement with Energas, which is currently slated to expire in March 2023. The requisite feasibility study was submitted to the Cuban government in Q1 2022 and has been approved by eight of nine impacted ministries. Sherritt anticipates a final decision on extending the power generation agreement from Cuba's Executive Council before the end of the year.

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

Technologies

During the three months ended June 30, 2022, Sherritt Technologies (Technologies) continued to support the Moa JV's expansion strategy. These activities included establishing an economic cut-off grade for determining reserves to optimize mine planning and upgrade resources into reserves, and supporting on-going process plant capacity testing and debottlenecking work at both Moa and the Fort Site locations.

In addition, Sherritt Technologies continued to advance development and commercialization of its most promising and innovative proprietary technologies:

- "Chimera"/"D-POX" – suite of processes for the treatment of complex copper concentrates (or other high arsenic content feeds) that enable high recoveries of base and precious metals while providing a significant step change in the stabilization of arsenic bearing solid waste. Chimera combines complex copper concentrate and laterite processing into a single facility that enables additional environmental and economic benefits and the production of nickel and cobalt intermediate by-products. D-POX is a pressure oxidation process that enables treatment of higher arsenic concentrations while simplifying silver recovery.

  During the quarter, Technologies continued discussions with potential interested parties on the selection of the optimal process and commercialization routes as well as potential batch testing and piloting programs;

- Dense slurry hydroprocessing (DSH) – metallurgical reactor technology being applied to the processing of bio-oils into second-generation renewable fuels, upgrading of refinery vacuum residue to create value add products and upgrading heavy oils and bitumen.

  During the quarter, Technologies commenced batch testing on the bio-fuels/refinery vacuum residue applications to quantify the performance of the technology on these streams, and continued front-end engineering work to assess different scale facilities to satisfy the technical assessment requirements of potential partners;

- Next-generation laterite (NGL) processing – novel processing flowsheet with the potential to make processing of lateritic ores more economically viable and sustainable while enabling the supply of nickel and cobalt products from lateritic ores to the battery sector.

  During the quarter, Technologies completed initial unit operation pilot testing with results demonstrating the ability for selective leaching of nickel and cobalt from both saprolite and limonite ores.

2022 REVIEW OF STRATEGIC PRIORITIES

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

2022 Strategic Priorities	Selected Actions	Status
ESTABLISH SHERRITT AS A LEADING GREEN METALS PRODUCER	Accelerate plans to expand Moa JV nickel and cobalt production by up to 20% from the combined 34,710 tonnes produced in 2021.	Continued with construction and awarding of material and services supply contracts for slurry preparation plant; completed feasibility study confirming previously installed equipment acceptable for use for leach plant sixth train.
		Most recent estimates confirm total expansion costs to be approximately US$25,000 per tonne of new nickel capacity.
	Rank in lowest quartile of HPAL nickel producers for NDCC.	Q2 2022's NDCC[(1)] of US$2.19/lb continued to rank Sherritt in the lowest cost quartile of all nickel producers.
LEVERAGE TECHNOLOGIES FOR TRANSFORMATIONAL GROWTH	Support Moa JV expansion, operational improvements, and life of mine extension.	Continued to support the planning for the Moa JV growth strategy and life of mine extension at Moa.
	Advance Technologies solutions toward commercialization.	Continued to advance development and commercialization of most promising and innovative technologies, including
		Chimera/D-POX – Continued discussions with parties on commercialization routes, potential batch testing and piloting programs for treatment of complex copper concentrates.
		DSH – Commenced batch testing on bio-fuels/refinery vacuum residue applications and continued front-end engineering.
		NGL – Completed initial unit operation pilot testing with results demonstrating the ability for selective leaching of nickel and cobalt from both saprolite and limonite ores.
ACHIEVE BALANCE SHEET STRENGTH	Maximize collections of overdue Cuban receivables.	Continued discussions with Cuban partners to accelerate collections of overdue amounts owed.
	Maximize available liquidity to support growth strategy.	Purchased $59.2 million principal amount of notes at a discount reducing annualized interest expense by $5.5 million.
	Continue to optimize costs to reflect operating footprint.	Implemented measures relating to director compensation and employee costs that will result in annual savings of $3 million.
BE RECOGNIZED AS A SUSTAINABLE ORGANIZATION	Deliver on actions identified in the Sustainability Report.	Completed the first of the London Metal Exchange's (LME) Responsible Sourcing requirements for LME-Listed Brands.
		The 2021 Sustainability Report is expected to be released by the end of Q3 2022.
	Achieve year-over-year ESG improvements including reduction of carbon intensity.	Initiated plans for site climate risk and opportunity assessments at Sherritt's operations.
		Began replacing vehicles and equipment with EVs and electric equipment at Moa and the Fort Site.
	Deliver on 'Diversity and Inclusion' global framework	Continued year three implementation of the five-year D&I Framework with the successful launch of a company-wide mentorship program and updated governance parameters.
		Improved gender balance in the operations senior management team.
MAXIMIZE VALUE FROM CUBAN ENERGY BUSINESSES	Extend economically beneficial Energas power generation contract beyond 2023.	Submitted feasibility study and received approval from eight of nine ministries for extension of the power generation agreement. A final decision from Cuba's Executive Council is anticipated before end of year.

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

OUTLOOK

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

Production volumes, unit operating costs and spending on capital	Guidance for 2022 - Total	Year-to-date actuals - Total	Updated 2022 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	32,000 - 34,000	15,158	No change
Cobalt, finished	3,400 - 3,700	1,684	No change
Electricity (GWh, 33⅓% basis)	450 - 500	270	No change
Unit operating costs(1)			
Moa Joint Venture - NDCC (US$ per pound)	$4.00 - $4.50	$2.85	No change
Electricity (unit operating cost, $ per MWh)	$26.50 - $28.00	$17.86	No change
Spending on capital(1)($ millions)			
Sustaining			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)	$75.0	$28.2	$60.0
Power (33⅓% basis)	$5.0	$0.5	No change
Growth			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)	$19.0	$1.1	No change
Spending on capital(3)	$99.0	$29.8	$84.0

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

Guidance for nickel and cobalt production remains unchanged; however, based on the expected nickel to cobalt ratio in the ore, cobalt production is estimated to be at the lower end of the 3,400 – 3,700 tonne range.

Guidance for NDCC remains unchanged; however, is expected to be at the higher end of the US$4.00 – US$4.50/lb range with cobalt production estimated to be at the lower end of the guidance range.

The Corporation revised its guidance for sustaining spending on capital at Moa JV and Fort Site from $75 million to $60 million primarily as a result of freight and order delays and lower contractor availability.

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

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast July 28, 2022 at 10:00 a.m. Eastern Time to review its Q2 2022 results. Dial-in and webcast details are as follows:

North American callers, please dial:	1 (888) 396-8049 **Passcode: 89786551**
International callers, please dial:	1 (416) 764-8646 **Passcode: 89786551**
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 and six months ended June 30, 2022 are available at www.sherritt.com and should be read in conjunction with this news release. Financial and operating data can also viewed in the investor relations section of Sherritt's website on SEDAR at www.sedar.com.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Management uses these measures to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace International Financial Reporting Standards (IFRS) measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies.

The non-GAAP and other financial measures are reconciled to their most directly comparable IFRS measures in the Appendix below. This press release should be read in conjunction with Sherritt's condensed consolidated financial statements for the three and six months ended June 30, 2022.

ABOUT SHERRITT INTERNATIONAL CORPORATION

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

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as "believe", "expect", "anticipate", "intend", "plan", "forecast", "likely", "may", "will", "could", "should", "suspect", "outlook", "potential", "projected", "continue" or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture, growing and increasing nickel and cobalt production, extending the Moa life of mine, conversion of mineral resources to reserves, commercializing Technologies projects, growing shareholder value, updating technical reports and optimizing mine planning and performance; statements set out in the "Outlook" section of this press release and certain expectations regarding production volumes, operating costs and capital spending; sales volumes; revenue, costs and earnings; supply, demand and pricing outlook in the nickel, cobalt and electric vehicle markets; the impact of COVID-19; Sherritt's strategy, plans, targets and goals in respect of environmental and social governance issues, including climate change and greenhouse gas emissions reduction targets; anticipated payments of outstanding receivables, distributions from the Corporation's Moa Joint Venture; the impact of the U.S. sanctions on Cuba; anticipated economic conditions in Cuba; sufficiency of working capital and capital project funding; strengthening the Corporation's capital structure and reducing annual interest expenses;and amounts of certain other commitments.

Forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; production results; realized prices for production; earnings and revenues; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; the commercialization of certain proprietary technologies and services; advancements in environmental and greenhouse gas (GHG) reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to Environmental, Social and Governance (ESG) matters which are based on assumptions or developing standards; environmental rehabilitation provisions; development and exploration wells and enhanced oil recovery in Cuba; environmental risks and liabilities; compliance with applicable environmental laws and regulations; debt repayments; redemptions and interest deferrals; collection of accounts receivable; availability of regulatory and creditor approvals and waivers; risks related to the U.S. government policy toward Cuba; and certain corporate objectives, goals and plans for 2022. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this press release not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the impact of infectious diseases (including the COVID-19 pandemic), the impact of global conflicts; changes in the global price for nickel, cobalt, oil, gas, fertilizers or certain other commodities; security market fluctuations and price volatility; level of liquidity; access to capital; access to financing; the risk to Sherritt's entitlements to future distributions from the Moa Joint Venture; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; identification and management of growth opportunities risk of future non-compliance with debt restrictions and covenants; Sherritt's ability to replace depleted mineral reserves; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba; risks associated with mining, processing and refining activities; risks related to Sherritt's operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; potential interruptions in transportation; uncertainty of gas supply for electrical generation; the Corporation's reliance on key personnel and skilled workers; growth opportunity risks; the possibility of equipment and other failures; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies, including diesel; supplies quality issues; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; risks related to the Corporation's corporate structure; political, economic and other risks of foreign operations; risks associated with Sherritt's operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; maintaining the Corporation's social license to grow and operate; risks relating to community relations; credit risks; shortage of equipment and supplies; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; legal contingencies; risks related to the Corporation's accounting policies; uncertainty in the ability of the Corporation to obtain government permits; risks to information technologies systems and cybersecurity; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the *Corruption of Foreign Public Officials Act* or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2022; and the Corporation's ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents.

The Corporation, together with its Moa Joint Venture is pursuing a range of growth and expansion opportunities, including without limitation, process technology solutions, development projects, commercial implementation opportunities, life of mine extension opportunities and the conversion of mineral resources to reserves. In addition to the risks noted above, factors that could, alone or in combination, prevent the Corporation from successfully achieving these opportunities may include, without limitation: identifying suitable commercialization and other partners; successfully advancing discussions and successfully concluding applicable agreements with external parties and/or partners; successfully attracting required financing; successfully developing and proving technology required for the potential opportunity; successfully overcoming technical and technological challenges; successful environmental assessment and stakeholder engagement; successfully obtaining intellectual property protection; successfully completing test work and engineering studies, prefeasibility and feasibility studies, piloting, scaling from small scale to large scale production, commissioning, procurement, construction, ramp-up to commercial scale production and completion; and securing regulatory and government approvals. There can be no assurance that any opportunity will be successful, commercially viable, completed on time or on budget, or will generate any meaningful revenues, savings or earnings, as the case may be, for the Corporation. In addition, the Corporation will incur costs in pursuing any particular opportunity, which may be significant. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in the Corporation's other documents filed with the Canadian securities authorities, including without limitation the "Managing Risk" section of the Management's Discussion and Analysis for the three 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 press release and in the Corporation's other documents filed with the Canadian securities authorities should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from those in the oral forward-looking statements. The forward-looking information and statements contained in this press release are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any oral or written forward-looking information or statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

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APPENDIX – NON-GAAP AND OTHER FINANCIAL MEASURES

Management uses the measures below to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace IFRS measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies.

The non-GAAP and other financial measures are reconciled to the most directly comparable IFRS measure as presented in the condensed consolidated financial statements for the six months ended June 30, 2022.

Combined revenue

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

Management uses this measure to reflect the Corporation's economic interest in its operations prior to the application of equity accounting to help allocate financial resources and provide investors with information that it believes is useful in understanding the scope of Sherritt's business, based on its economic interest, irrespective of the accounting treatment.

The table below reconciles combined revenue to revenue per the financial statements:

	For the three months ended			For the six months ended		
	2022	2021		**2022**	2021	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
Revenue by reportable segment						
Moa Joint Venture and Fort Site(1)	**$ 205.7**	$ 142.2	45%	**$ 391.3**	$ 268.5	46%
Metals Other	**2.3**	1.8	28%	**4.3**	3.4	26%
Oil and Gas	**4.0**	1.2	233%	**9.0**	8.7	3%
Power	**8.6**	7.0	23%	**17.6**	12.9	36%
Technologies	**0.8**	0.1	700%	**1.1**	0.2	450%
Corporate	**0.1**	-	-	**0.4**	0.3	33%
Combined revenue	**$ 221.5**	$ 152.3	45%	**$ 423.7**	$ 294.0	44%
Adjustment for Moa Joint Venture	**(155.6)**	(121.3)		**(323.7)**	(241.1)	
Financial statement revenue	**$ 65.9**	$ 31.0	113%	**$ 100.0**	$ 52.9	89%

(1) Revenue of Moa Joint Venture and Fort Site for the three months ended June 30, 2022 is composed of revenue recognized by the Moa Joint Venture of $168.1 million (50% basis), which is equity-accounted and included in share of earnings of Moa Joint Venture, net of tax, and revenue recognized by Fort Site of $17.5 million, which is included in consolidated revenue (for the three months ended June 30, 2021 - $119.8 million and $6.5 million, respectively).

Adjusted EBITDA

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

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

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

$ millions, for the three months ended June 30								**2022**
	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	**$ 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**

$ 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**

$ 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).

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**			

$ 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			

$ millions, except average-realized price and sales volume, for the six months ended June 30							**2022**
	Moa Joint Venture and Fort Site						
	Nickel	Cobalt	Fertilizer	Power	Other	Adjustment for Moa Venture	Total
Revenue per financial statements	**$ 241.0**	**$ 60.7**	**$ 75.1**	**$ 17.6**	**$ 40.7**	**$ (323.7)**	**$ 111.4**
Adjustments to revenue:							
Third-party finished nickel revenue	**(14.1)**	**-**	**-**	**-**			
By-product revenue	**-**	**-**	**-**	**(2.8)**			
Revenue for purposes of average-realized price calculation	**226.9**	**60.7**	**75.1**	**14.8**			
Sales volume for the period	**15.2**	**1.4**	**81.4**	**270**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(1)(2)(3)]	**$ 15.83**	**$ 42.62**	**$ 922.38**	**$ 54.97**			

$ millions, except average-realized price and sales volume, for the six 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	$ 180.8	$ 45.7	$ 34.9	$ 12.9	$ 19.7	$ (241.1)	$ 52.9
Adjustments to revenue:							
By-product revenue	-	-	-	(1.7)			
Revenue for purposes of average-realized price calculation	180.8	45.7	34.9	11.2			
Sales volume for the period	18.6	2.0	91.8	210			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	$ 9.71	$ 22.35	$ 380.50	$ 53.60			

(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.

Unit operating cost/NDCC

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

The Moa Joint Venture's NDCC is calculated by dividing cost of sales, as reported in the financial statements, adjusted for the following: depreciation, depletion, amortization and impairment losses in cost of sales; cobalt by-product, fertilizer and other revenue; and other costs primarily related to the impact of opening and closing inventory values, by the number of finished nickel pounds sold in the period, expressed in U.S. dollars.

Unit operating costs for nickel and electricity are key measures that management and investors uses to monitor performance. NDCC of nickel is a widely-used performance measure for nickel producers. Management uses unit operating costs/NDCC to assess how well the Corporation's producing mine and power facilities are performing and to assess overall production efficiency and effectiveness internally across periods and compared to its competitors.

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

The tables below reconcile cost of sales per the financial statements to unit operating cost/NDCC:

$ millions, except unit cost and sales volume, for the three months ended 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**				

$ 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**				

$ 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.

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

The Corporation defines adjusted net earnings/loss from continuing operations as net earnings/loss from continuing operations less items not reflective of operational performance. These adjusting items include, but are not limited to, inventory obsolescence, impairment of assets, gains and losses on the acquisition or disposal of assets, unrealized foreign exchange gains and losses, gains and losses on financial assets and liabilities and other one-time adjustments. While some adjustments are recurring (such as unrealized foreign exchange (gain) loss and revaluations of allowances for expected credit losses (ACL)), management believes that they do not reflect the Corporation's operational performance or future operational performance. Adjusted net earnings/loss from continuing operations per share is defined consistent with the definition above and divided by the Corporation's weighted-average number of common shares outstanding.

Management uses these measures internally and believes that they provide investors with performance measures with which to assess the Corporation's core operations by adjusting for items or transactions that are not reflective of its core operating activities.

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

			2022		2021
For the three months ended June 30		**$ millions**	**$/share**	$ millions	$/share
Net earnings (loss) from continuing operations	**$**	**81.5**	**$ 0.21**	$ (10.4)	$ (0.03)
Adjusting items:					
Sherritt - Unrealized foreign exchange gain - continuing operations		**(3.8)**	**(0.01)**	(8.6)	(0.02)
Corporate - Gain on repurchase of notes		**(13.8)**	**(0.03)**	(0.8)	-
Corporate - Transaction finance charges on repurchase of notes		**1.2**	**-**	-	-
Corporate - Severance and other contractual benefits expense		**-**	**-**	2.4	0.01
Corporate - Unrealized losses on commodity put options		**-**	**-**	3.7	0.01
Oil and Gas and Power - ACL revaluation		**1.2**	**-**	(0.1)	-
Other[1]		**-**	**-**	0.8	-
Total adjustments, before tax	**$**	**(15.2)**	**$ (0.04)**	$ (2.6)	$ -
Tax adjustments		**(0.3)**	**-**	-	-
Adjusted net earnings (loss) from continuing operations	**$**	**66.0**	**$ 0.17**	$ (13.0)	$ (0.03)

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

			2022		2021
For the six months ended June 30		**$ millions**	**$/share**	$ millions	$/share
Net earnings (loss) from continuing operations	**$**	**97.9**	**$ 0.25**	$ (12.3)	$ (0.03)
Adjusting items:					
Sherritt - Unrealized foreign exchange gain - continuing operations		**(4.9)**	**(0.02)**	(11.2)	(0.03)
Corporate - Gain on repurchase of notes		**(13.8)**	**(0.03)**	(2.1)	(0.01)
Corporate - Transaction finance charges on repurchase of notes		**1.2**	**-**	-	-
Corporate - Severance and other contractual benefits expense		**-**	**-**	2.4	0.01
Corporate - Unrealized losses on commodity put options		**(0.9)**	**-**	4.3	0.01
Corporate - Realized losses on commodity put options		**0.9**	**-**	-	-
Oil and Gas - Gain on disposal of property, plant and equipment		**(1.3)**	**-**	-	-
Oil and Gas and Power - ACL revaluation		**1.5**	**-**	1.5	-
Other[1]		**0.5**	**-**	2.6	0.01
Total adjustments, before tax	**$**	**(16.8)**	**$ (0.05)**	$ (2.5)	$ (0.01)
Tax adjustments		**(0.4)**	**-**	(0.5)	-
Adjusted net loss from continuing operations	**$**	**80.7**	**$ 0.20**	$ (15.3)	$ (0.04)

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

Spending on capital

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

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

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

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

$ millions, for the three months ended 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**		

$ millions, for the three months ended June 30						2021
	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	$ 7.8	$ -	$ -	$ 7.8	$ (5.2)	$ 2.6
Intangible asset expenditures[2]	-	-	0.3	0.3	-	0.3
	7.8	-	0.3	8.1	$ (5.2)	$ 2.9
Adjustments:						
Accrual adjustment	(0.1)	-	-	(0.1)		
Spending on capital	$ 7.7	$ -	$ 0.3	$ 8.0		

$ millions, for the six 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]	**$ 22.9**	**$ 0.5**	**$ -**	**$ 23.4**	**$ (15.8)**	**$ 7.6**
Intangible asset expenditures[2]	**-**	**-**	**0.6**	**0.6**	**-**	**0.6**
	22.9	**0.5**	**0.6**	**24.0**	**$ (15.8)**	**$ 8.2**
Adjustments:						
Accrual adjustment	**6.4**	**-**	**-**	**6.4**		
Spending on capital	**$ 29.3**	**$ 0.5**	**$ 0.6**	**$ 30.4**		

$ millions, for the six months ended June 30	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	2021 Total derived from financial statements
Property, plant and equipment expenditures[2]	$ 12.4	$ -	$ 0.3	$ 12.7	$ (9.0)	$ 3.7
Intangible asset expenditures[2]	-	-	0.5	0.5	-	0.5
	12.4	-	0.8	13.2	$ (9.0)	$ 4.2
Adjustments:						
Accrual adjustment	-	-	(0.1)	(0.1)		
Spending on capital	$ 12.4	$ -	$ 0.7	$ 13.1		

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

Combined free cash flow

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

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

Free cash flow is used by management, and management believes this information is used by investors, to analyze cash flows generated from operations and assess its operations' ability to provide cash or its use of cash, after funding cash capital requirements, to service current and future working capital needs and service debt.

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

$ millions, for the three months ended June 30	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**2022 Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities[2]	**$ 41.7**	**$ (0.9)**	**$ (3.9)**	**$ 6.1**	**$ (3.5)**	**$ (4.0)**	**$ 35.5**	**$ (9.9)**	**$ 25.6**
Less:									
Property, plant and equipment expenditures	**(12.2)**	**-**	**-**	**-**	**-**	**-**	**(12.2)**	**8.7**	**(3.5)**
Intangible expenditures	**-**	**-**	**0.2**	**-**	**-**	**-**	**0.2**	**-**	**0.2**
Free cash flow	**$ 29.5**	**$ (0.9)**	**$ (3.7)**	**$ 6.1**	**$ (3.5)**	**$ (4.0)**	**$ 23.5**	**$ (1.2)**	**$ 22.3**

$ millions, for the three months ended June 30 — 2021

	Moa JV and Fort Site(1)	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities(2)	$ 21.6	$ (5.1)	$ 4.5	$ 11.5	$ (2.7)	$ (19.1)	$ 10.7	$ (9.2)	$ 1.5
Less:									
Property, plant and equipment expenditures	(7.8)	-	-	-	-	-	(7.8)	5.2	(2.6)
Intangible expenditures	-	-	(0.3)	-	-	-	(0.3)	-	(0.3)
Free cash flow	$ 13.8	$ (5.1)	$ 4.2	$ 11.5	$ (2.7)	$ (19.1)	$ 2.6	$ (4.0)	$ (1.4)

$ millions, for the six months ended June 30 — **2022**

	Moa JV and Fort Site(3)	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities(4)	**$ 65.9**	**$ (5.2)**	**$ (5.6)**	**$ 14.8**	**$ (7.0)**	**$ (17.1)**	**$ 45.8**	**$ (14.6)**	**$ 31.2**
Less:									
Property, plant and equipment expenditures	**(22.9)**	**-**	**-**	**(0.5)**	**-**	**-**	**(23.4)**	**15.8**	**(7.6)**
Intangible expenditures	**-**	**-**	**(0.6)**	**-**	**-**	**-**	**(0.6)**	**-**	**(0.6)**
Free cash flow	**$ 43.0**	**$ (5.2)**	**$ (6.2)**	**$ 14.3**	**$ (7.0)**	**$ (17.1)**	**$ 21.8**	**$ 1.2**	**$ 23.0**

$ millions, for the six months ended June 30 — 2021

	Moa JV and Fort Site(3)	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities(4)	$ 45.1	$ 10.5	$ (0.2)	$ 14.3	$ (5.9)	$ (29.0)	$ 34.8	$ (36.3)	$ (1.5)
Less:									
Property, plant and equipment expenditures	(12.4)	-	(0.2)	-	-	(0.1)	(12.7)	9.0	(3.7)
Intangible expenditures	-	-	(0.5)	-	-	-	(0.5)	-	(0.5)
Free cash flow	$ 32.7	$ 10.5	$ (0.9)	$ 14.3	$ (5.9)	$ (29.1)	$ 21.6	$ (27.3)	$ (5.7)

(1) Property, plant and equipment expenditures and intangible expenditures for the Moa Joint Venture and Fort Site was $8.7 million and $3.5 million, respectively, for the three months ended June 30, 2022 (June 30, 2021 - $5.2 million and $2.6 million, respectively).

(2) Cash provided (used) by continuing operations for operating activities for the Moa Joint Venture and Fort Site was $29.1 million and $12.6 million, respectively, for the three months ended June 30, 2022 (June 30, 2021 - $26.1 million and $(4.5) million, respectively).

(3) Property, plant and equipment expenditures and intangible expenditures for the Moa Joint Venture and Fort Site was $15.8 million and $7.1 million, respectively, for the six months ended June 30, 2022 (June 30, 2021 - $9.0 million and $3.4 million, respectively).

(4) Cash provided (used) by continuing operations for operating activities for the Moa Joint Venture and Fort Site was $58.0 million and $7.9 million, respectively, for the six months ended June 30, 2022 (June 30, 2021 - $59.5 million and $(14.4) million, respectively).

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2022

This Management's Discussion and Analysis (MD&A) is intended to help the reader understand Sherritt International Corporation's operations, financial performance and the present and future business environment. This MD&A, which has been prepared as of July 27, 2022, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three and six months ended June 30, 2022 and Sherritt's audited consolidated financial statements and the MD&A for the year ended December 31, 2021. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com or on the Corporation's website at www.sherritt.com.

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

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

The business we manage

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

Sherritt manages its mining, oil and gas, power and technologies operations through different legal structures including 100%-owned subsidiaries, joint arrangements and production-sharing contracts. With the exception of the Moa Joint Venture, which Sherritt operates jointly with its partner, Sherritt is the operator of these assets. The relationship for accounting purposes that Sherritt has with these operations and the economic interest recognized in the Corporation's financial statements are as follows:

	Relationship for accounting purposes	Interest	Basis of accounting
Moa Joint Venture	Joint venture	50%	Equity method
Metals Other	Subsidiaries	100%	Consolidation
Oil and Gas	Subsidiary	100%	Consolidation
Power	Joint operation	33⅓%	Share of assets, liabilities revenues and expenses

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

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

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

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

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

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

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

Corporate: Head office activities.

Operating and financial results presented in this MD&A for reportable segments can be reconciled to note 5 of the condensed consolidated financial statements for the three and six months ended June 30, 2022.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Management uses these measures to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace International Financial Reporting Standards (IFRS) measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies. Further information on the composition and usefulness of each non-GAAP and other financial measure, including reconciliation to their most directly comparable IFRS measures, is included in the Non-GAAP and other financial measures section starting on page 60.

Strategic priorities

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

2022 Strategic Priorities	Selected Actions	Status
ESTABLISH SHERRITT AS A LEADING GREEN METALS PRODUCER	Accelerate plans to expand Moa JV nickel and cobalt production by up to 20% from the combined 34,710 tonnes produced in 2021.	Continued with construction and awarding of material and services supply contracts for slurry preparation plant; completed feasibility study confirming previously installed equipment acceptable for use for leach plant sixth train. Most recent estimates confirm total expansion costs to be approximately US$25,000 per tonne of new nickel capacity.
	Rank in lowest quartile of HPAL nickel producers for NDCC.	Q2 2022's NDCC(1) of US$2.19/lb continued to rank Sherritt in the lowest cost quartile of all nickel producers.
LEVERAGE TECHNOLOGIES FOR TRANSFORMATIONAL GROWTH	Support Moa JV expansion, operational improvements, and life of mine extension.	Continued to support the planning for the Moa JV growth strategy and life of mine extension at Moa.
	Advance Technologies solutions toward commercialization.	Continued to advance development and commercialization of most promising and innovative technologies, including Chimera/D-POX – Continued discussions with parties on commercialization routes, potential batch testing and piloting programs for treatment of complex copper concentrates. DSH – Commenced batch testing on bio-fuels/refinery vacuum residue applications and continued front-end engineering. NGL – Completed initial unit operation pilot testing with results demonstrating the ability for selective leaching of nickel and cobalt from both saprolite and limonite ores.
ACHIEVE BALANCE SHEET STRENGTH	Maximize collections of overdue Cuban receivables.	Continued discussions with Cuban partners to accelerate collections of overdue amounts owed.
	Maximize available liquidity to support growth strategy.	Purchased $59.2 million principal amount of notes at a discount reducing annualized interest expense by $5.5 million.
	Continue to optimize costs to reflect operating footprint.	Implemented measures relating to director compensation and employee costs that will result in annual savings of $3 million.
BE RECOGNIZED AS A SUSTAINABLE ORGANIZATION	Deliver on actions identified in the Sustainability Report.	Completed the first of the London Metal Exchange's (LME) Responsible Sourcing requirements for LME-Listed Brands. The 2021 Sustainability Report is expected to be released by the end of Q3 2022.
	Achieve year-over-year ESG improvements including reduction of carbon intensity.	Initiated plans for site climate risk and opportunity assessments at Sherritt's operations. Began replacing vehicles and equipment with EVs and electric equipment at Moa and the Fort Site.
	Deliver on 'Diversity and Inclusion' global framework	Continued year three implementation of the five-year D&I Framework with the successful launch of a company-wide mentorship program and updated governance parameters. Improved gender balance in the operations senior management team.
MAXIMIZE VALUE FROM CUBAN ENERGY BUSINESSES	Extend economically beneficial Energas power generation contract beyond 2023.	Submitted feasibility study and received approval from eight of nine ministries for extension of the power generation agreement. A final decision from Cuba's Executive Council is anticipated before end of year.

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

Highlights

REPURCHASE OF NOTES

During the three months ended June 30, 2022, the Corporation repurchased $59.2 million of total principal of the 8.50% second lien secured notes due 2026 and of the 10.75% unsecured PIK option notes due 2029 at a total cost of $44.8 million, resulting in a gain on repurchase of notes of $13.8 million. The notes repurchase represented a total 24% discount and will result in a reduction in annualized interest expense of approximately $5.5 million. This repurchase is indicative of the Corporation's focus on strengthening the balance sheet and supports the Corporation's sound framework for taking advantage of the strong nickel and cobalt market fundamentals.

MOA JOINT VENTURE AND FORT SITE

During the three months ended June 30, 2022, nickel and cobalt revenue increased by $29.0 million and $1.4 million (50% basis), respectively, over the prior year period, primarily due to increases in the average-realized prices(1) for nickel and cobalt of 80% and 94%, respectively, compared to the same period in the prior year. These increases were partially offset by lower sales volumes caused by logistics-related challenges in transporting finished product to customers, the deferral of orders by certain customers that were impacted by the slowdown of economic activity in China as a result of the country's zero-COVID policies and recent global economic headwinds. The affected sales orders were partially offset by higher netback sales to other markets and sales to new customers, with a portion of the new customer contracts finalizing after quarter end. Subsequent to period end, additional sales of nickel and cobalt continue to reduce inventory levels towards more typical levels.

The Corporation's share of finished nickel production for the three months ended June 30, 2022 was 3,704 tonnes, 12% lower compared to the prior year period, and finished cobalt production of 396 tonnes was 17% lower compared to the prior year period. Finished nickel and cobalt production were lower than the same period in the prior year primarily due to the timing of the planned annual maintenance shutdown at the refinery during the second quarter of 2022, which in the prior year was deferred from the second quarter to the third quarter of 2021 to mitigate the risk of COVID-19 on employee and contractor health and safety.

NDCC(1) for the three months ended June 30, 2022 was US$2.19 per pound, the lowest since the third quarter of 2018, and 52% lower compared to the same period in the prior year driven by higher cobalt, fertilizer and sulphuric acid by-product credits as a result of higher average-realized prices, partially offset by higher mining, processing and refining costs, primarily as a result of a 178% increase in global sulphur prices, 102% increase in natural gas prices and 75% increase in fuel oil prices. The Corporation's NDCC(1) for the second quarter of 2022 continued to rank in the lowest cost quartile of all nickel producers according to annualized information tracked by Wood Mackenzie.

Fort Site's fertilizers revenue for the three months ended June 30, 2022 was $29.7 million higher compared to the prior year period primarily due to the significant 167% increase in average-realized fertilizer prices(1), which was partially offset by a 23% decrease in sales volume as a result of lower demand caused by wet weather conditions in Western Canada, including flooding in Manitoba.

NICKEL AND COBALT PRICE

Following extreme volatility and multi-year highs experienced in the first quarter of 2022, the second quarter nickel reference prices experienced a period of reasonably stable prices before they declined towards the end of the quarter, closing on the London Metal Exchange (LME) on June 30, 2022 at US$10.48, down 31% from the reference price of US$15.15/lb at the end of the first quarter. Reduced volatility on the LME, continuing COVID-19 restrictions in China, inflationary pressures and global economic recession concerns contributed to the tempering of the market price for nickel. The long-term outlook for nickel remains positive on account of the strong demand expected from the stainless steel sector, the largest market for nickel, and the rapidly growing electric vehicle battery market.

The cobalt reference prices experienced a steady decline during the second quarter of 2022 and closed on June 30, 2022 at US$32.25/lb according to data collected by Fastmarkets MB, down 18% from US$39.35/lb at the end of the first quarter. This steady decline was largely as a result of concerns relating to the slow rate of full reopening of the Chinese economy, global inflation and economic recession concerns. The long-term outlook for cobalt remains favourable given the increase in electric vehicle adoption as cobalt is a key component of rechargeable batteries that provides energy stability.

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

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

DISTRIBUTIONS RECEIVED FROM MOA JOINT VENTURE

During the three and six months ended June 30, 2022, the Moa Joint Venture paid distributions of $38.4 million and $86.8 million, respectively, to its shareholders, of which $19.2 million and $43.4 million, respectively, was paid to the Corporation directly, representing its 50% share, including $8.1 million deferred from the fourth quarter of 2021.

Distributions received during the six months ended June 30, 2022 have exceeded the total $35.9 million of distributions received in all of 2021. Given prevailing nickel and cobalt prices, planned spending on capital, including growth capital, working capital needs, and other expected liquidity requirements, the Corporation continues to anticipate higher distributions in the second half of 2022 compared to the first half of the year.

EXPANSION AND GROWTH UPDATE

The Moa Joint Venture advanced its expansion strategy aimed at growing annual nickel and cobalt production by 15 to 20% from the combined 34,710 tonnes produced in 2021, which should result in an increase in annual nickel production by approximately 4,700 to 6,200 tonnes (100% basis), once all projects are completed, and extending the life of mine at Moa beyond 2040. The first phase of this expansion, the slurry preparation plant at Moa, continues under construction and remains on budget and on schedule for completion in early 2024. The Corporation continues to evaluate its growth capital spend estimates in light of supply chain challenges and inflationary price pressures on construction materials, equipment, and labour costs. Additional engineering and design work continues and will facilitate more accurate cost estimates. The most recent assessment of expansion capital costs continues to indicate that costs are expected to be approximately US$25,000 per tonne of new nickel capacity consistent with previous disclosure. Progress in Q2 2022 included:

Slurry Preparation Plant

- Ongoing construction of the slurry preparation plant at Moa is progressing on schedule with civil construction 50% complete, 85% of the contracts for supply of materials and services have been awarded and the slurry pipeline design has been completed and all materials have been ordered. In addition, the structural steel has arrived at site and pre-fabrication will commence in early Q3 with field assembly in the latter half of Q4.
- The project cost and schedule remain on track at an estimated cost of US$27.0 million (100% basis) with expected completion in early 2024. In 2022, US$9.0 million (100% basis) in growth spending on capital, all of which has been committed, will be used for long lead materials and equipment, civil and mechanical construction.
- The project is expected to deliver a number of benefits, including reduced ore haulage, lower carbon intensity from mining, and increased annual production of nickel and cobalt contained in mixed sulphides of approximately 1,700 tonnes commencing in mid-2024.

Moa Processing

- The feasibility study for a leach plant sixth train has been completed and approved by the Cuban authorities. Inspection of previously installed equipment has been completed by third party experts and determined to be in acceptable condition.
- Basic engineering continues on the acid plants to meet the acid requirements from the expansion projects.
- Initiated assessment of plant capacity and other infrastructure with expected completion in Q3.

Refinery

- An external engineering firm has been contracted and basic engineering has commenced.

Economic Cut-Off Grade and Life of Mine

- External consultants continued to advance on the initial pit designs for reserves.
- Continued to engage with the Oficina Nacional de Recursos Minerales (ONRM), Cuba's Natural Resources Ministry, with expected approval during the second half of the year.
- The Corporation plans to release an updated NI 43-101 Technical Report before the end of year.

The Corporation will review additional ESG considerations in the expansion plans as engineering advances.

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

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

WORKING CAPITAL

Cash and cash equivalents as at June 30, 2022 were $124.6 million, down from $145.6 million as at December 31, 2021, primarily due to the $44.8 million repurchase of notes, $15.2 million of interest paid on the 8.50% second lien secured notes due 2026 and $8.2 million of capital expenditures, partially offset by $43.4 million of distributions received from Moa Joint Venture. In addition, the decrease in cash and cash equivalents was impacted by the timing of collections of Cuban overdue receivables.

As at June 30, 2022, the Corporation held cash and cash equivalents in Canada totaling $28.6 million, down from $64.2 million as at December 31, 2021.

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

RUSSIAN INVASION OF UKRAINE

During the six months ended June 30, 2022, the Russian invasion of Ukraine and ensuing global sanctions imposed on Russia did not have a material adverse impact on the Corporation.

The Corporation has no sales to, or accounts receivable from, Russian customers, no Russian banking relationships and no significant Russian supply contracts at its operations as at June 30, 2022. Prior to June 30, 2022, Moa Joint Venture had a sulphur supply contract with a Russian supplier, which was replaced with non-Russian suppliers during the six months ended June 30, 2022, which will result in an increase in logistics costs in 2022 that is not expected to be material. During the three months ended June 30, 2022, the Corporation completed an assessment on the long-term potential impact of the replacement of the Russian supplier, the results of which indicated that the long-term impact is not expected to be material. Reference nickel prices during the six months ended June 30, 2022, upon which the Moa Joint Venture's nickel sales are based, were impacted by speculation of a short squeeze and the Russian invasion of Ukraine.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) UPDATE

During the three months ended June 30, 2022, the Corporation completed the first of the London Metal Exchange's (LME) Responsible Sourcing requirements for LME-Listed Brands. The Corporation completed a LME-conformant Red Flag Assessment of its mineral supply chain and did not identify any red flags such as human rights violations, association with conflict, financial crimes or corruption. Independent LME-approved auditors validated this assessment and recommended that the LME confirm Sherritt's conformance with its responsible sourcing requirements. The Corporation expects to achieve International Organization for Standardization (ISO) 14001/45001 certification or Towards Sustainable Mining Level A at the refinery by 2023. These achievements will indicate that the Corporation has the systems in place to effectively manage and continually improve its key ESG risks. Further details will be provided in the Corporation's 2021 Sustainability Report and other disclosures, which are expected to be released by the end of the third quarter of 2022.

CUBAN OVERDUE RECEIVABLES AGREEMENTS

During the quarter, US$12.2 million ($15.6 million) of Cuban energy payments were received, all of which was used to support Energas maintenance and operations, compared to US$4.2 million ($5.3 million) in the first quarter of 2022. As at June 30, 2022, total overdue receivables were US$153.1 million, which was unchanged from the prior quarter and marginally lower than the US$156.0 million balance as at December 31, 2021. Cuban energy payments continue to be impacted as Cuba experiences hardships as a result of the effect of COVID-19 and continued U.S. sanctions, impacting the country's tourism and other industries, which have reduced access to foreign currency. While the Corporation anticipates economic conditions in Cuba to improve in the remainder of 2022, it continues to anticipate variability in the timing and the amount of energy payments in the near term and continues to work with its Cuban partners to accelerate receipt of payments on overdue amounts.

Subsequent to period end, the Corporation received an additional payment of US$4.2 million ($5.4 million) and expects to continue to receive sufficient liquidity to support operations for the remainder of the year.

TECHNOLOGIES

During the three months ended June 30, 2022, the primary activities of Sherritt Technologies centered on supporting the Moa Joint Venture's expansion strategy. These activities included efforts to implement an economic cut-off grade for determining reserves that will optimize mine planning and potentially upgrade resources into reserves and significantly expand the life of mine at Moa beyond 2040. Additionally, support was provided towards on-going capacity testing and debottlenecking work at both Moa and the refinery in Fort Saskatchewan, Alberta.

Other activities included continued efforts towards commercialization of Sherritt Technologies' most advanced and innovative proprietary technologies: "Chimera"/"D-POX" and its other processing options for treatment of complex concentrates – focused on high recoveries of base and precious metals from high arsenic content feeds while providing a significant step change in the stabilization of arsenic bearing solid waste; and Dense slurry hydroprocessing ("DSH") – focused on processing of bio-oils into second-generation renewable fuels and upgrading of refinery vacuum residue to create value-added products. Sherritt Technologies also continued its work on development of a next-generation laterite processing technology.

For additional details, refer to the Technologies Review of operations on page 46.

Financial results

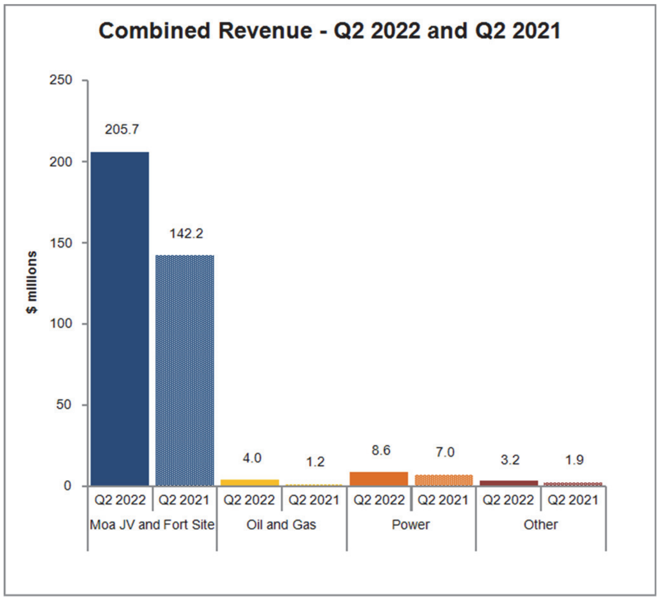
$ millions, except as otherwise noted	For the three months ended 2022 June 30	2021 June 30	Change	For the six months ended 2022 June 30	2021 June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 65.9**	$ 31.0	113%	**$ 100.0**	$ 52.9	89%
Combined revenue(1)	**221.5**	152.3	45%	**423.7**	294.0	44%
Earnings (loss) from operations and joint venture	**74.0**	(7.3)	nm(2)	**97.5**	(1.2)	nm
Net earnings (loss) from continuing operations	**81.5**	(10.4)	884%	**97.9**	(12.3)	896%
Loss from discontinued operations, net of tax	**(0.4)**	(0.3)	(33%)	**(1.1)**	(4.0)	73%
Net earnings (loss) for the period	**81.1**	(10.7)	858%	**96.8**	(16.3)	694%
Adjusted net earnings (loss) from continuing operations(1)	**66.0**	(13.0)	608%	**80.7**	(15.3)	627%
Adjusted EBITDA(1)	**102.0**	18.0	467%	**160.5**	48.2	233%
Net earnings (loss) from continuing operations ($ per share) (basic and diluted)	**$ 0.21**	$ (0.03)	800%	**$ 0.25**	$ (0.03)	933%
Net earnings (loss) ($ per share) (basic and diluted)	**0.20**	(0.03)	767%	**0.24**	(0.04)	700%
CASH						
Cash and cash equivalents (prior period, December 31, 2021)	**$ 124.6**	$ 145.6	(14%)	**$ 124.6**	$ 145.6	(14%)
Cash provided (used) by continuing operations for operating activities	**25.6**	1.5	nm	**31.2**	(1.5)	nm
Combined free cash flow(1)	**23.5**	2.6	804%	**21.8**	21.6	1%
Distributions received from Moa Joint Venture	**19.2**	16.9	14%	**43.4**	23.2	87%
OPERATIONAL DATA						
COMBINED SPENDING ON CAPITAL(1)	**13.1**	$ 8.0	64%	**$ 30.4**	$ 13.1	132%
PRODUCTION VOLUMES						
Finished nickel (50% basis, tonnes)	**3,704**	4,230	(12%)	**7,579**	8,418	(10%)
Finished cobalt (50% basis, tonnes)	**396**	476	(17%)	**842**	953	(12%)
Fertilizer (tonnes)	**61,965**	69,516	(11%)	**125,052**	133,308	(6%)
Electricity (gigawatt hours) (33⅓% basis)	**133**	115	16%	**270**	210	29%
AVERAGE EXCHANGE RATE (CAD/US$)	**1.277**	1.228	4%	**1.272**	1.247	2%
AVERAGE-REALIZED PRICES (CAD)(1)						
Nickel ($ per pound)	**$ 16.99**	$ 9.46	80%	**$ 15.83**	$ 9.71	63%
Cobalt ($ per pound)	**44.16**	22.82	94%	**42.62**	22.35	91%
Fertilizer ($ per tonne)	**1,090.96**	409.06	167%	**922.38**	380.50	142%
Electricity ($ per megawatt hour)	**55.21**	52.60	5%	**54.97**	53.60	3%
UNIT OPERATING COSTS(1)						
Nickel (NDCC) (US$ per pound)	**$ 2.19**	$ 4.58	(52%)	**$ 2.85**	$ 4.20	(32%)
Electricity ($ per megawatt hour)	**20.10**	21.03	(4%)	**17.86**	23.23	(23%)

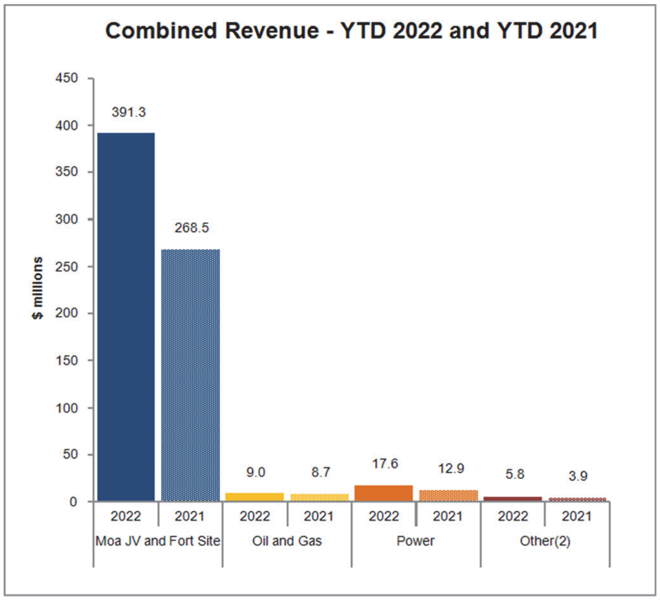
(1) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.
(2) Not meaningful (nm).

Revenue for the three months and six months ended June 30, 2022 of $65.9 million and $100.0 million, respectively, which excludes revenue from the Moa Joint Venture as it is accounted for under the equity method, was higher compared to the same periods in the prior year primarily due to higher fertilizer, power generation and oil and gas service revenue, partially offset by lower oil and gas product revenue. Oil and gas product revenue decreased during the three and six months ended June 30, 2022 compared to the prior year periods as a result of the expiration of the Puerto Escondido/Yumuri production-sharing contract during the first quarter of 2021.

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

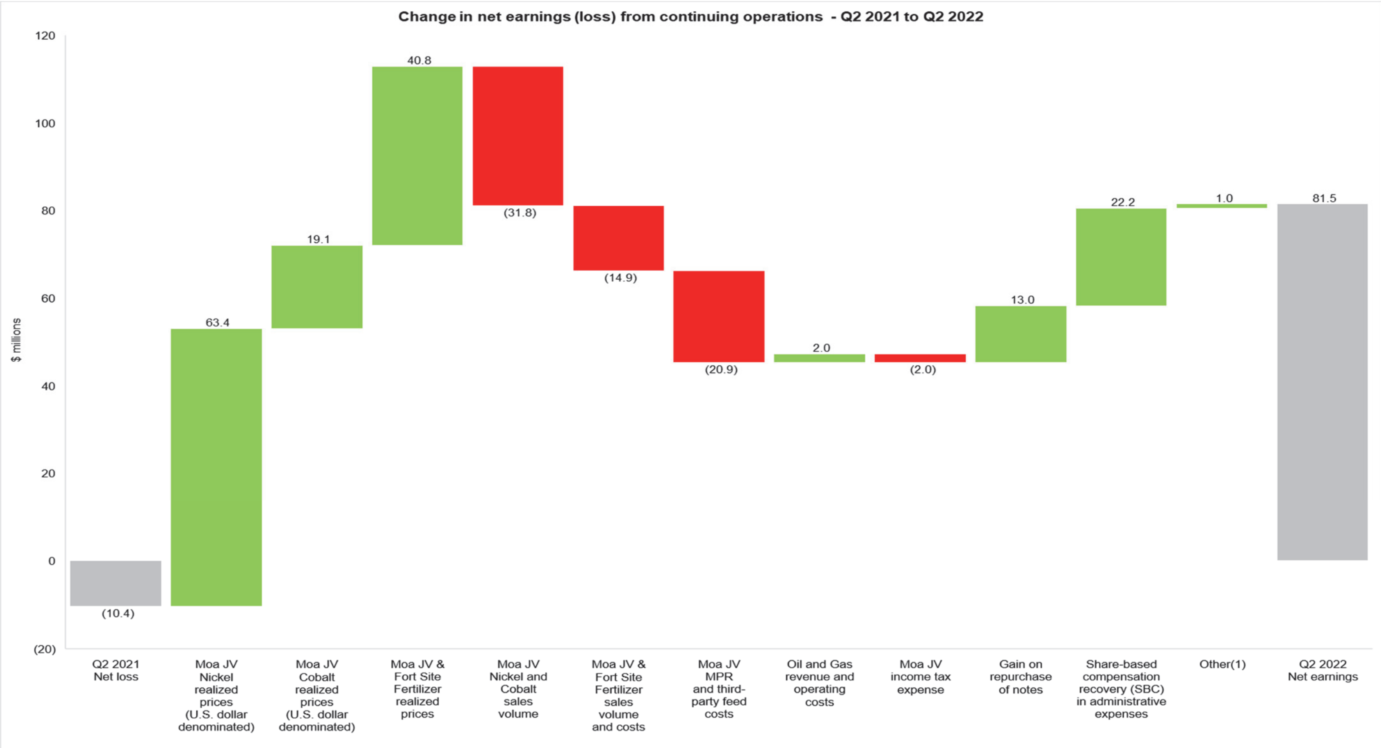
Combined revenue(1) is composed of the following:

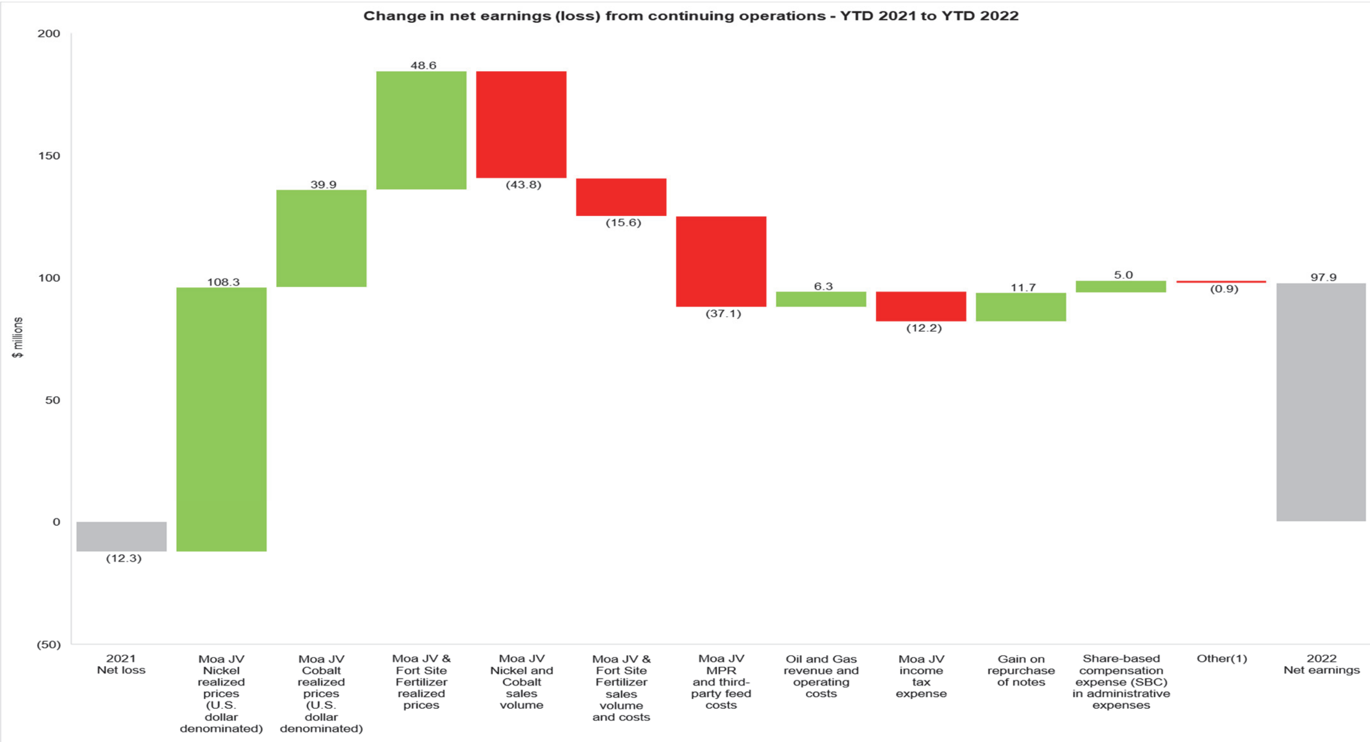




(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.

The change in earnings (loss) from continuing operations is detailed below:





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

At the Moa Joint Venture and Fort Site, revenue for the three and six months ended June 30, 2022 was 45% and 46% higher, respectively, than the same periods in the prior year primarily due to higher average-realized nickel, cobalt and fertilizer prices, partially offset by lower nickel, cobalt and fertilizer sales volumes. Cost of sales for the three and six months ended June 30, 2022 was 5% and 12% higher, respectively, than the same periods in the prior year primarily due to higher sulphur, fuel oil and natural gas prices, higher maintenance costs reflecting the timing of the annual refinery maintenance shutdown, coupled with higher royalties and other contributions as a result of higher nickel and cobalt prices, partially offset by lower purchased sulphuric acid consumption.

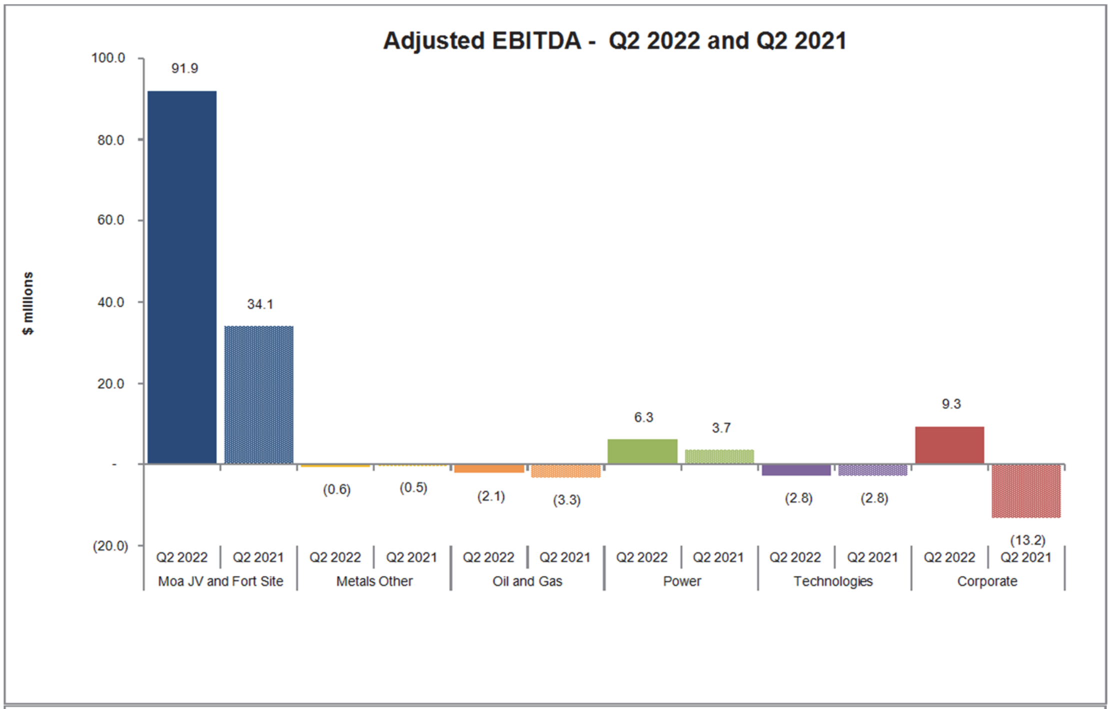
For the three months ended June 30, 2022, administrative expenses decreased by $24.9 million compared to the same period in the prior year primarily due to a share-based compensation recovery of $15.4 million as a result of changes in the market value of the Corporation's share price and a decrease in employee costs of $0.8 million. Administrative expenses for the six months ended June 30, 2022 decreased by $10.4 million compared to the same period in the prior year primarily due to a $5.0 million decrease in share-based compensation expense primarily due to changes in the market value of the Corporation's share price and accelerated expensing as a result of the departures of two senior executives and the May 2021 reduction of 10% of the Corporate office salaried workforce in the prior year period with no comparable expenses in the current year, coupled with a $2.1 million decrease in employee costs.

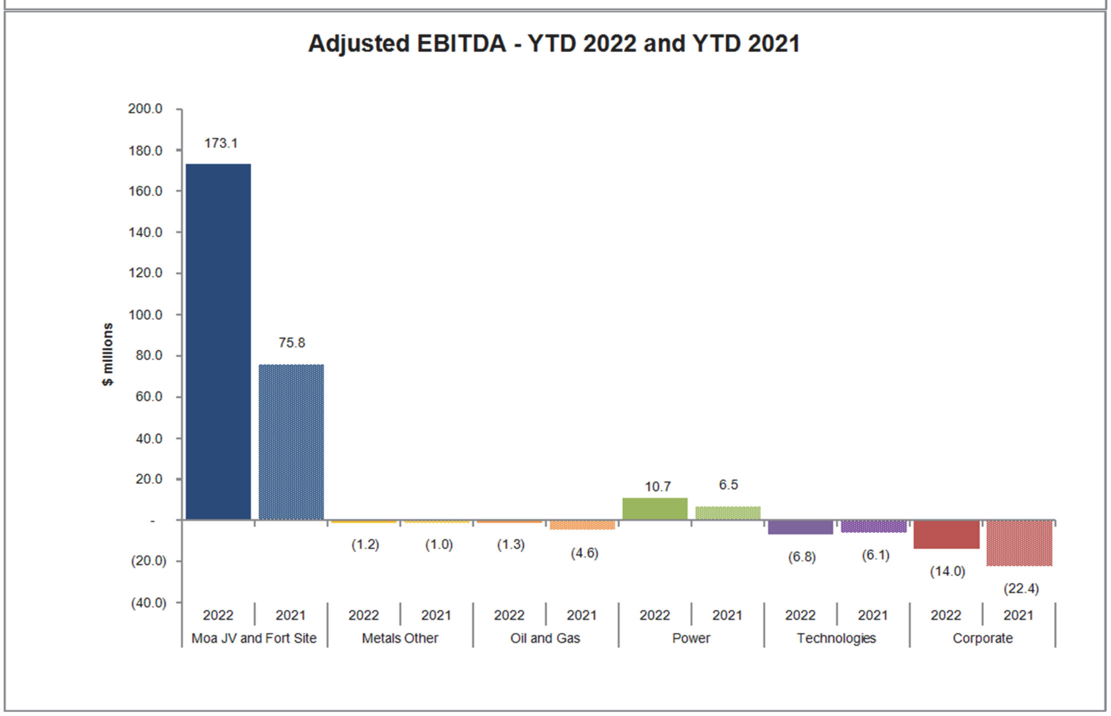
During the three and six months ended June 30, 2022, the Corporation recognized a gain on repurchase of notes of $13.8 million as a result of the repurchase of $59.2 million of principal of the 8.50% second lien secured notes due 2026 and 10.75% unsecured PIK option notes due 2029, compared to gains on repurchase of notes of $0.8 million and $2.1 million during the three and six months ended June 30, 2021, respectively.

At the Moa Joint Venture, income tax expense for the three and six months ended June 30, 2022 increased by $2.0 million and $12.2 million (50% basis) compared to the same periods in the prior year primarily due to an increase in taxable earnings of the operating companies in the Moa Joint Venture.

ADJUSTED EBITDA

Total Adjusted EBITDA[1] for the three and six months ended June 30, 2022 was $102.0 million and $160.5 million, respectively, compared to $18.0 million and $48.2 million, respectively, in the same periods in the prior year, representing increases of 467% and 233% over the prior year periods. Adjusted EBITDA by segment is as follows:





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

Outlook

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

Production volumes, unit operating costs and spending on capital	Guidance for 2022 - Total	Year-to-date actuals - Total	Updated 2022 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	32,000 - 34,000	15,158	No change
Cobalt, finished	3,400 - 3,700	1,684	No change
Electricity (GWh, 33⅓% basis)	450 - 500	270	No change
Unit operating costs(1)			
Moa Joint Venture - NDCC (US$ per pound)	$4.00 - $4.50	$2.85	No change
Electricity (unit operating cost, $ per MWh)	$26.50 - $28.00	$17.86	No change
Spending on capital(1)($ millions)			
Sustaining			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)	$75.0	$28.2	$60.0
Power (33⅓% basis)	$5.0	$0.5	No change
Growth			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)	$19.0	$1.1	No change
Spending on capital(3)	$99.0	$29.8	$84.0

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

Guidance for finished nickel and finished cobalt production remains unchanged; however, based on the expected nickel to cobalt ratio in the ore, cobalt production is estimated to be at the lower end of the 3,400 – 3,700 tonne range.

Guidance for NDCC remains unchanged; however, is expected to be at the higher end of the US$4.00 – US$4.50/lb range with cobalt production estimated to be at the lower end of the guidance range.

The Corporation revised its guidance for sustaining spending on capital at the Moa Joint Venture and Fort Site from $75.0 million to $60.0 million primarily as a result of freight and order delays and lower contractor availability.

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

Significant factors influencing operations

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

Nickel

Following extreme volatility and multi-year highs experienced in the first quarter of 2022, the second quarter nickel prices experienced a period of reasonably stable prices before they declined towards the end of the quarter, with prices ending Q2 at US$10.48/lb, down from US$15.15/lb at the end of Q1. The nickel price averaged US$13.13/lb for Q2 2022, compared to US$11.97/lb for Q1 2022, a 10% increase. Reduced volatility on the London Metal Exchange (LME), continuing COVID-19 restrictions in China, inflationary pressures, and global economic recession concerns have all played a role in tempering the nickel price. Since the beginning of Q3, prices have continued to decline to US$9.66/lb at July 27.

Inventory levels on the LME and Shanghai Futures Exchange (SHFE) continued to decrease in Q2 with the LME inventory falling from 72,570 tonnes to 66,780 tonnes and the SHFE from 6,097 tonnes to 958 tonnes.

Near-term visibility of market fundamentals, including inventory levels, beyond 2022 is limited given the uncertainty caused by a number of recent geopolitical and macroeconomic developments relating to Russia's invasion of Ukraine, slower than expected resumption of demand from China, the ongoing impacts caused by COVID-19, continued global logistics issues, inflationary pressures and global economic recession concerns.

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

According to Wood Mackenzie in June 2022, they estimated nickel demand to increase by 41% between 2021 and 2026 and increase to 2040 at a compound annual growth rate (CAGR) of 4%, with EV battery and storage accounting for 38% of nickel demand in 2040 a CAGR of 10.5%.

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

Cobalt

Cobalt prices experienced a steady decline during the quarter due to concerns relating to the slow rate of full reopening of the Chinese economy, global inflation and economic recession concerns.

While the average price for Standard Grade cobalt in Q2 2022 of US$38.19/lb was 6.3% higher than Q1 2022's average of US$35.90/lb, according to data collected by Fastmarkets MB, cobalt prices steadily declined from US$39.35/lb at the end of Q1 to close at US$32.25/lb, down 18%. Since the beginning of Q3, prices continued to fall to US$25.70/lb at July 27.

Near term visibility on cobalt prices are limited for much of the same reasons as nickel and the ongoing logistics issues relating the transportation of cobalt hydroxide from the Democratic Republic of Congo (DRC), the world's largest supply market.

Longer-term, the demand for cobalt is forecast to be positive as cobalt is a significant component in electric vehicle battery chemistries. Given the expected increase in EV adoption in the coming years, cobalt demand is expected to increase despite the EV industry's efforts to minimize cobalt content to reduce battery cost. According to CRU in June 2022, they estimated that cobalt demand is expected to increase at a CAGR of 13% over the next five years (from 173 thousand tonnes in 2021 to 320 thousand tonnes in 2026), with EV battery driving much of this increase with a forecast CAGR of 23%.

Review of operations

MOA JOINT VENTURE AND FORT SITE

$ millions (Sherritt's share), except as otherwise noted	For the three months ended 2022 June 30	2021 June 30	Change	For the six months ended 2022 June 30	2021 June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue(1)	**$ 205.7**	$ 142.2	45%	**$ 391.3**	$ 268.5	46%
Cost of sales(1)	**125.7**	120.2	5%	**241.7**	216.6	12%
Earnings from operations	**78.4**	19.7	298%	**146.1**	47.5	208%
Adjusted EBITDA(2)	**91.9**	34.1	170%	**173.1**	75.8	128%
CASH FLOW						
Cash provided by continuing operations for operating activities	**$ 41.7**	$ 21.6	93%	**$ 65.9**	$ 45.1	46%
Free cash flow(2)	**29.5**	13.8	114%	**43.0**	32.7	31%
PRODUCTION VOLUME (tonnes)						
Mixed Sulphides	**3,906**	4,020	(3%)	**8,032**	7,951	1%
Finished Nickel	**3,704**	4,230	(12%)	**7,579**	8,418	(10%)
Finished Cobalt	**396**	476	(17%)	**842**	953	(12%)
Fertilizer	**61,965**	69,516	(11%)	**125,052**	133,308	(6%)
NICKEL RECOVERY(3) (%)	**89%**	85%	5%	**89%**	84%	6%
SALES VOLUME (tonnes)						
Finished Nickel	**3,148**	4,268	(26%)	**6,906**	8,445	(18%)
Finished Cobalt	**248**	452	(45%)	**646**	929	(30%)
Fertilizer	**49,951**	64,722	(23%)	**81,390**	91,833	(11%)
AVERAGE REFERENCE PRICE (US$ per pound)						
Nickel(4)	**$ 13.13**	$ 7.87	67%	**$ 12.54**	$ 7.92	58%
Cobalt(5)	**38.19**	21.06	81%	**37.00**	21.38	73%
AVERAGE-REALIZED PRICE(2)						
Nickel ($ per pound)	**$ 16.99**	$ 9.46	80%	**$ 15.83**	$ 9.71	63%
Cobalt ($ per pound)	**44.16**	22.82	94%	**42.62**	22.35	91%
Fertilizer ($ per tonne)	**1,090.96**	409.06	167%	**922.38**	380.50	142%
UNIT OPERATING COST(2) (US$ per pound)						
Nickel - net direct cash cost(3)	**$ 2.19**	$ 4.58	(52%)	**$ 2.85**	$ 4.20	(32%)
SPENDING ON CAPITAL(2)						
Sustaining	**$ 12.5**	$ 7.7	62%	**$ 28.2**	$ 12.4	127%
Growth	**0.8**	-	-	**1.1**	-	-
	$ 13.3	$ 7.7	73%	**$ 29.3**	$ 12.4	136%

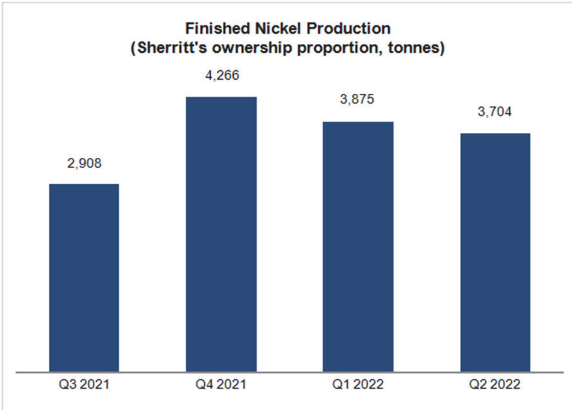
(1) Revenue and cost of sales of Moa Joint Venture and Fort Site is composed of revenue/cost of sales, respectively, recognized by the Moa Joint Venture at Sherritt's 50% share, which is equity-accounted and included in share of earnings (loss) of Moa Joint Venture, net of tax, and revenue/cost of sales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

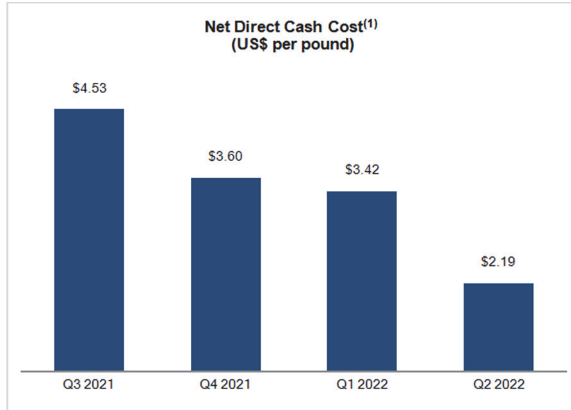
(2) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.

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

(4) The average nickel reference price for the six months ended June 30, 2022 was impacted by the suspension of nickel trading and disruption events on the LME during the month of March 2022.

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





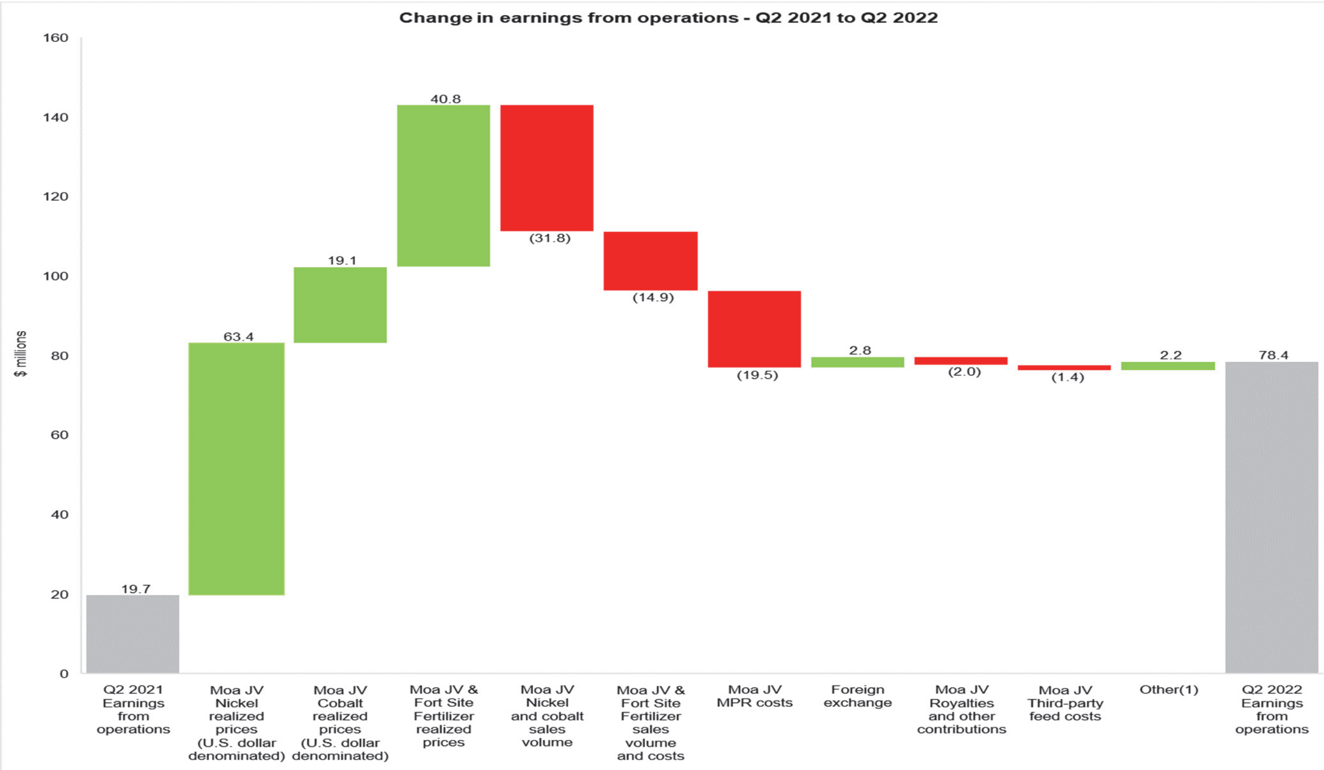
Revenue, cost of sales and NDCC[2] are composed of the following:

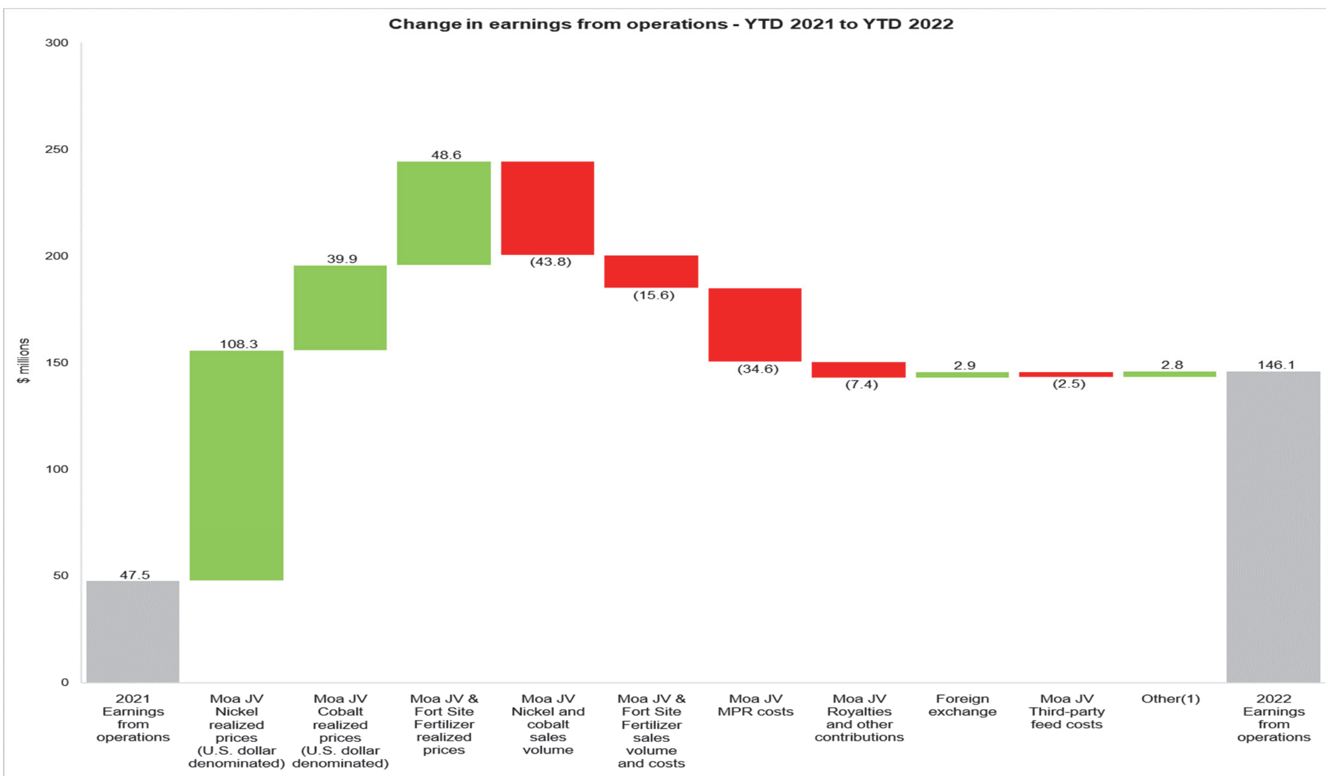
	For the three months ended			For the six months ended		
	2022	2021		**2022**	2021	
$ millions, except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
REVENUE						
Nickel	**$ 118.0**	$ 89.0	33%	**$ 241.0**	$ 180.8	33%
Cobalt	**24.1**	22.7	6%	**60.7**	45.7	33%
Fertilizers	**54.5**	26.4	106%	**75.1**	34.9	115%
Other	**9.1**	4.1	122%	**14.5**	7.1	104%
	$ 205.7	$ 142.2	45%	**$ 391.3**	$ 268.5	46%
COST OF SALES[1]						
Mining, processing and refining (MPR) costs	**$ 62.4**	$ 65.0	(4%)	**$ 128.3**	$ 124.1	3%
Third-party feed costs	**5.1**	5.4	(6%)	**11.2**	11.1	1%
Fertilizers	**25.1**	23.0	9%	**38.1**	31.0	23%
Selling costs	**4.7**	4.9	(4%)	**9.5**	8.7	9%
Other	**14.9**	7.5	99%	**27.6**	13.4	106%
	$ 112.2	$ 105.8	6%	**$ 214.7**	$ 188.3	14%
NET DIRECT CASH COST[2] (US$ per pound of nickel)						
Mining, processing and refining costs	**$ 7.54**	$ 5.86	29%	**$ 7.02**	$ 5.48	28%
Third-party feed costs	**0.58**	0.47	23%	**0.58**	0.48	21%
Cobalt by-product credits	**(2.73)**	(1.96)	(39%)	**(3.14)**	(1.97)	(59%)
Other[3]	**(3.20)**	0.21	nm[4]	**(1.61)**	0.21	(867%)
	$ 2.19	$ 4.58	(52%)	**$ 2.85**	$ 4.20	(32%)

(1) Excludes depletion, depreciation and amortization.
(2) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.
(3) Includes the Moa Joint Venture and Fort Site refinery fertilizer by-product profit or loss and marketing costs, discounts, and other by-product credits.
(4) Not meaningful (nm).

Financial results

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





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

Average-realized prices[1] for nickel were 80% and 63% higher for the three and six months ended June 30, 2022, respectively, compared to the same periods in the prior year, while average-realized prices for cobalt were 94% and 91% higher compared to the same periods in the prior year, respectively. Refer to the Significant factors influencing operations section of this MD&A for further discussion on nickel and cobalt pricing during the three months ended June 30, 2022, including the impact of sanctions against Russia on the reference price of nickel. Average-realized prices are impacted by the timing of deliveries, timing of settlement against contract terms and fluctuations in the value of the Canadian currency against the U.S. dollar. Average-realized prices for the three and six months ended June 30, 2022 were positively impacted by a stronger U.S. dollar relative to the Canadian dollar compared to the same periods in the prior year.

Mining, processing and refining (MPR) unit costs were 29% higher for the three months ended June 30, 2022 compared to the same period in the prior year primarily as a result of 178% increase in global sulphur prices, 102% increase in natural gas prices, 75% increase in fuel oil prices and higher maintenance costs, partially offset by lower purchased sulphuric acid consumption. MPR unit costs were 28% higher for the six months ended June 30, 2022 compared to the same period in the prior year primarily as a result of 183% increase in sulphur prices, 74% increase in natural gas prices, 55% increase in fuel oil prices and higher maintenance costs, partially offset by lower purchased sulphuric acid consumption. Purchased sulphuric acid was required in the prior year to offset lower sulphuric acid production at Moa ahead of the planned sulphuric acid plant shutdown in the second quarter of 2021. Higher maintenance costs primarily reflected the timing of the annual maintenance shutdown at the refinery which occurred during the second quarter of 2022 compared to the third quarter of 2021.

NDCC[1] for the three and six months ended June 30, 2022 was US$2.19 per pound and US$2.85 per pound, respectively, representing decreases of 52% and 32% compared to the same periods in the prior year. NDCC[1] was lower primarily due to higher cobalt, fertilizer and sulphuric acid by-product credits as a result of higher average-realized prices, partially offset by higher MPR costs, as discussed above, higher third-party feed costs as a result of higher prices and higher fertilizer and sulphuric acid by-product costs. Higher fertilizer and sulphuric acid by-product costs were primarily due to higher sulphur and energy prices. The Corporation's NDCC[1] for the second quarter of 2022 was the lowest since the third quarter of 2018 and continued to rank in the lowest cost quartile of all nickel producers according to annualized information tracked by Wood Mackenzie. Guidance for NDCC remains unchanged; however, is expected to be at the higher end of the US$4.00 – US$4.50/lb range with cobalt production estimated to be at the lower end of the guidance range.

Fertilizers revenue for the three and six months ended June 30, 2022 increased by 106% and 115%, respectively, compared to the same periods in the prior year primarily due to the significant increase in average-realized fertilizer prices[1], partially offset by lower sales volumes. Lower fertilizer sales volumes for the three and six months ended June 30, 2022 compared to the same periods in the prior year was primarily a result of lower demand caused by wet weather conditions in Western Canada including flooding in Manitoba. Fertilizers cost of sales for the three and six months ended June 30, 2022 increased by $2.1 million and $7.1 million, respectively, compared to the same periods in the prior year primarily due to higher sulphur and energy prices.

Royalties and other contributions for the three and six months ended June 30, 2022 increased by $2.0 million and $7.4 million, respectively, compared to the same periods in the prior year primarily due to increases in nickel and cobalt prices.

Further information on the financial results of the Moa Joint Venture for the three and six months ended June 30, 2022, including a variance analysis to the comparable periods in the prior year, is included in the Investment in Moa Joint Venture section on page 57.

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

Operational results

Mixed sulphides production was 3% lower and comparable for the three and six months ended June 30, 2022, respectively, compared to the same periods in the prior year.

Finished nickel and cobalt production for the three and six months ended June 30, 2022 was lower than the same periods in the prior year primarily due to the planned annual maintenance shutdown at the refinery during the second quarter of 2022, which in the prior year was deferred from the second quarter to the third quarter of 2021 to mitigate the risk of COVID-19 on employee and contractor health and safety.

Guidance for nickel and cobalt production remains unchanged; however, based on the expected nickel to cobalt ratio in the ore, cobalt is estimated to be at the lower end of the 3,400 – 3,700 tonne range.

Finished nickel and cobalt sales volumes for the three and six months ended June 30, 2022 were lower than production primarily due to logistics-related challenges in transporting finished product to customers and the deferral of orders by certain customers that were impacted by the slowdown of economic activity in China as a result of the country's zero-COVID policies and recent global economic headwinds. The affected sales orders were partially offset by higher netback sales to other markets and sales to new customers, with a portion of the new customer contracts finalizing after quarter end. Subsequent to period end, additional sales of nickel and cobalt continue to reduce inventory levels towards more typical levels.

Fertilizers production for the three and six months ended June 30, 2022 were lower compared to the same periods in the prior year due to lower metals production.

The nickel recovery rates for the three and six months ended June 30, 2022 were higher compared to the same periods in the prior year primarily due to continued optimization of acid concentration in the leach plant.

Financial position

During the three and six months ended June 30, 2022, the Moa Joint Venture paid distributions of $38.4 million and $86.8 million, respectively, to its shareholders, of which $19.2 million and $43.4 million, respectively, was paid to the Corporation directly, representing its 50% share, including $8.1 million that was deferred from the fourth quarter of 2021.

Distributions received during the six months ended June 30, 2022 have exceeded the total $35.9 million of distributions received in all of 2021. Given prevailing nickel and cobalt prices, planned spending on capital, including growth capital, working capital needs, and other expected liquidity requirements, the Corporation continues to anticipate higher distributions in the second half of 2022 compared to the first half of the year.

Sustaining spending on capital(1) for the three and six months ended June 30, 2022 was focused on the replacement of mine and plant equipment and was higher compared to the same periods in the prior year primarily due to higher planned spending as a result of spending deferred from 2021 to 2022 due to the impacts of COVID-19 and disruptions to logistics, supplies and contractor availability. The Corporation anticipates sustaining spending on capital at the Moa Joint Venture and Fort Site in 2022 to be significantly higher compared to 2021.

The Corporation revised its guidance for sustaining spending on capital at the Moa Joint Venture and Fort Site from $75.0 million to $60.0 million primarily as a result of freight and order delays and lower contractor availability.

Further information on the financial position of the Moa Joint Venture as at June 30, 2022, including a variance analysis to the prior year end, is included in the Investment in Moa Joint Venture section on page 57.

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

Expansion and growth update

The Moa Joint Venture advanced its expansion strategy aimed at growing annual nickel and cobalt production by 15 to 20% from the combined 34,710 tonnes produced in 2021, which should result in an increase in annual nickel production by approximately 4,700 to 6,200 tonnes (100% basis), once all projects are completed, and extending the life of mine at Moa beyond 2040. The first phase of this expansion, the slurry preparation plant at Moa, continues under construction and remains on budget and schedule for completion in early 2024. The Corporation continues to evaluate its growth capital spend estimates in light of supply chain challenges and inflationary price pressures on construction materials, equipment, and labour costs. Additional engineering and design work continues and will facilitate more accurate cost estimates. The most recent assessment of expansion capital costs continues to indicate that costs are expected to be approximately US$25,000 per tonne of new nickel capacity consistent with previous disclosure. Progress in Q2 2022 included:

Slurry Preparation Plant

- Ongoing construction of the slurry preparation plant at Moa is progressing on schedule with civil construction 50% complete, 85% of the contracts for supply of materials and services have been awarded and the slurry pipeline design has been completed and all materials have been ordered. In addition, the structural steel has arrived at site and pre-fabrication will commence in early Q3 with field assembly in the latter half of Q4.
- The project cost and schedule remain on track at an estimated cost of US$27.0 million (100% basis) with expected completion in early 2024. In 2022, US$9.0 million (100% basis) in growth spending on capital, all of which has been committed, will be used for long lead materials and equipment, civil and mechanical construction.
- The project is expected to deliver a number of benefits, including reduced ore haulage, lower carbon intensity from mining, and increased annual production of nickel and cobalt contained in mixed sulphides of approximately 1,700 tonnes commencing in mid-2024.

Moa Processing

- The feasibility study for a leach plant sixth train has been completed and approved by the Cuban authorities. Inspection of previously installed equipment has been completed by third party experts and determined to be in acceptable condition.
- Basic engineering continues on the acid plants to meet the acid requirements from the expansion projects.
- Initiated assessment of plant capacity and other infrastructure with expected completion in Q3.

Refinery

- An external engineering firm has been contracted and basic engineering has commenced.

Economic Cut-Off Grade and Life of Mine

- External consultants continued to advance on the initial pit designs for reserves.
- Continued to engage with the Oficina Nacional de Recursos Minerales (ONRM), Cuba's Natural Resources Ministry, with expected approval during the second half of the year.
- The Corporation plans to release an updated NI 43-101 Technical Report before the end of year.

The Corporation will review additional ESG considerations in the expansion plans as engineering advances.

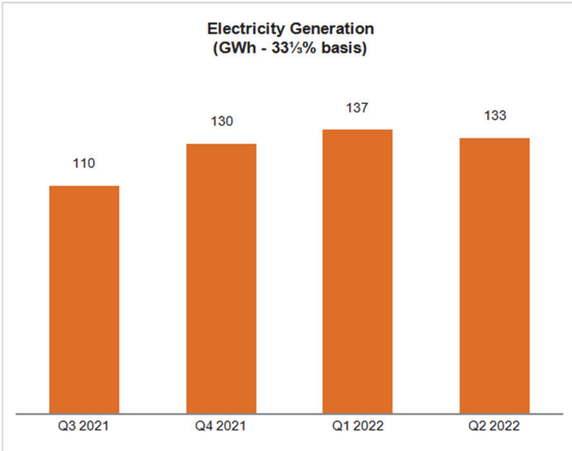
Spending on growth capital is expected to be self-funded by the Moa Joint Venture primarily using operating cash flows with the option to utilize the Corporation's revolving credit facility for up to $30.0 million at the refinery in Fort Saskatchewan. Total spending on growth capital of US$30.0 million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

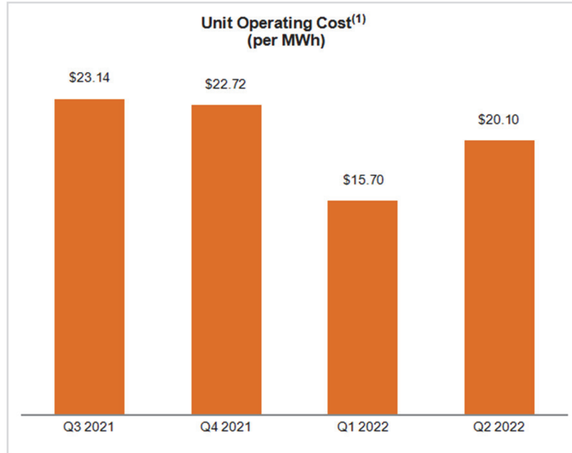
The Corporation expects to provide an update on the rollout and spending on capital related to the expansion strategy with each of its quarterly results with full project approval expected in the second half of 2022.

POWER

$ millions (Sherritt's share, 33⅓% basis), except as otherwise noted	For the three months ended **2022 June 30**	2021 June 30	Change	For the six months ended **2022 June 30**	2021 June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 8.6**	$ 7.0	23%	**$ 17.6**	$ 12.9	36%
Cost of sales	**6.5**	6.2	5%	**12.5**	12.6	(1%)
Earnings (loss) from operations	**2.3**	(0.2)	nm(3)	**2.8**	(1.3)	315%
Adjusted EBITDA(1)	**6.3**	3.7	70%	**10.7**	6.5	65%
CASH FLOW						
Cash provided by continuing operations for operating activities	**$ 6.1**	$ 11.5	(47%)	**$ 14.8**	$ 14.3	3%
Free cash flow(1)	**6.1**	11.5	(47%)	**14.3**	14.3	-
PRODUCTION AND SALES VOLUME						
Electricity (GWh(2))	**133**	115	16%	**270**	210	29%
AVERAGE-REALIZED PRICE(1)						
Electricity (per MWh(2))	**$ 55.21**	$ 52.60	5%	**$ 54.97**	$ 53.60	3%
UNIT OPERATING COST(1)						
Electricity (per MWh(2))	**20.10**	21.03	(4%)	**17.86**	23.23	(23%)
SPENDING ON CAPITAL(1)						
Sustaining	**$ -**	$ -	-	**$ 0.5**	$ -	-
	$ -	$ -	-	**$ 0.5**	$ -	-

(1) Non-GAAP and other financial measures. For additional information see the Non-GAAP and other financial measures section.
(2) Gigawatt hours (GWh), Megawatt hours (MWh).
(3) Not meaningful.





Power revenue is composed of the following:

	For the three months ended			For the six months ended		
	2022	2021		**2022**	2021	
$ millions (33⅓% basis)	**June 30**	June 30	Change	**June 30**	June 30	Change
Electricity sales	**$ 7.3**	$ 6.0	22%	**$ 14.8**	$ 11.2	32%
By-products and other	**1.3**	1.0	30%	**2.8**	1.7	65%
	$ 8.6	$ 7.0	23%	**$ 17.6**	$ 12.9	36%

Electricity production and sales volume were higher for the three and six months ended June 30, 2022 compared to the same periods in the prior year. This was primarily due to lower capacity on account of deferred maintenance from 2020 performed during the second quarter of 2021 at the Boca facility and the first quarter of 2021 at the Varadero facility, which reduced production and sales volumes in the prior year periods.

Unit operating costs(1) were lower for the three and six months ended June 30, 2022 compared to the same periods in the prior year primarily as a result of higher electricity production and sales volumes.

During the three and six months ended June 30, 2022, the Corporation received US$12.2 million ($15.6 million), all of which was used to support Energas maintenance and operations.

Power had negligible spending on capital for the three and six months ended June 30, 2022. Guidance for spending on capital of $5.0 million for 2022 is primarily earmarked towards maintenance activities.

The Corporation's current contract term for power generation with Energas expires in March 2023. A formal application to extend the term was submitted to the Ministry of Energy in late 2021 and has been approved by 8 out the 9 ministries in Cuba. Discussions continued during the six months ended June 30, 2022 and a requisite feasibility study was presented to the Cuban government at the end of the prior quarter. The Corporation anticipates a final decision on extending the power generation agreement from Cuba's Executive Council before the end of the year.

Subsequent to period end, the Corporation received an additional payment of US$4.2 million ($5.4 million) and expects to continue to receive sufficient liquidity to support operations for the remainder of the year.

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

TECHNOLOGIES

$ millions	For the three months ended 2022 June 30	2021 June 30	Change	For the six months ended 2022 June 30	2021 June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 0.8**	$ 0.1	700%	**$ 1.1**	$ 0.2	450%
Cost of sales	**(3.7)**	(3.0)	23%	**(8.0)**	(6.4)	25%
Loss from operations	**$ (2.9)**	$ (2.9)	-	**$ (6.9)**	$ (6.2)	11%

Overview

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

Sherritt Technologies is an incubator of industry solutions that can be commercialized externally to improve operational performance and product quality, reduce carbon emissions, and improve profitability or applied internally to support growth initiatives. Sherritt Technologies' efforts build on its considerable depth of project and operational experience, and its scientific expertise developed over the years; particularly in hydrometallurgy and lateritic ore processing, representing a key differentiator for Sherritt. Sherritt Technologies is also involved in strategic initiatives and the evaluation of M&A and investment opportunities.

During the three and six months ended June 30, 2022, Sherritt Technologies' primary activities centred on supporting development of the Moa Joint Venture's expansion strategy. These activities included efforts to implement an economic cut-off grade for determining reserves that will optimize mine planning and potentially upgrade resources into reserves and significantly expand the life of mine at Moa beyond 2040. Additionally, support was provided towards on-going capacity testing and debottlenecking work at both Moa and the Fort Site locations. Other activities included efforts to commercialize Sherritt's most advanced and innovative technologies are discussed below.

Treatment of complex concentrates ("Chimera"/"D-POX")

Sherritt Technologies has developed a suite of proprietary processes in response to current copper concentrate market developments based on the Corporation's deep expertise in hydrometallurgy. In these processes, complex copper concentrate is leached for base and precious metals extraction with high recoveries, while simultaneously locking up contaminants such as arsenic, antimony and bismuth in a chemically stable form. As a result, pressure leach process residues are generated that are significantly more environmentally stable than current industrial practice could achieve.

Chimera is a combination of complex copper concentrate and laterite processing into a single facility that enables additional environmental and economics benefits and the production of nickel and cobalt intermediate by-products. D-POX is a pressure oxidation process that enables treatment of higher arsenic concentrations while simplifying silver recovery. The suite of processing technologies enables the selection of the optimal approach depending on specific project drivers and circumstances. These processes can also be applied to other sulphide concentrates.

During the three and six months ended June 30, 2022, Sherritt. Technologies continued discussions with potential interested parties on a variety of commercialization routes and potential batch testing and piloting programs for specific project opportunities. Both of these processes are at a Technology Readiness Level of 4 with the prior completion of successful batch testing and a pilot plant campaign.

Metallurgical reactor technology - Dense slurry hydroprocessing ("DSH")

Sherritt Technologies has leveraged its mature and successful metallurgical reactor technology and applied it to the processing of bio-oils into second-generation renewable fuels and upgrading of refinery vacuum residue to create value add products and upgrading heavy oils and bitumen. The technology makes use of high concentrations of a cost effective, engineered catalyst that is recovered for re-use. The DSH flow sheet is simpler and is estimated to have a lower capital intensity than other hydroconversion processes currently used. The simplicity of the flow sheet can be attributed to the ability to treat the entire stream in a single vessel, thus lowering overall capital costs by eliminating requirements for additional front-end and back-end treatment.

During the three and six months ended June 30, 2022, engagement with external industry experts and discussions with potential interested parties continued. Sherritt Technologies commenced batch testing on bio-oils and refinery vacuum residues to quantify the performance of the technology on these streams, and continued its front-end engineering work to assess different scale facilities in order to satisfy the technical assessment requirements of potential partners. Additional batch testing and engineering work is planned for the third quarter of 2022. Sherritt Technologies will be looking to secure external interest and support before executing on a full piloting program for the new catalyst system on bio-oils and refinery residues.

The DSH process has been developed to a Technology Readiness Level of 5; however, Sherritt Technologies will need to conduct additional piloting with the new catalyst system on bio-oils and refinery residues to confirm key design parameters and variables.

Next-generation laterite processing technology

Sherritt Technologies also continued to advance its work on development of a next-generation laterite processing technology with an aim to make nickel laterite processing more economically viable and, more sustainable, as well as developing project opportunities for the generation of battery-grade nickel and cobalt products from lateritic ores. During the three and six months ended June 30, 2022, Sherritt Technologies completed initial unit operation pilot testing of its selected novel processing flowsheet and results demonstrated the ability for selective leaching of nickel and cobalt from both saprolite and limonite ores. Additional batch test work and initial engineering work is planned for the second half of 2022 in order to refine understanding around key components and assess the commercial viability of the process.

CORPORATE

	For the three months ended			For the six months ended		
	2022	2021		**2022**	2021	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
EXPENSES						
Administrative (recoveries) expenses	**$ (8.8)**	$ 13.3	(166%)	**$ 15.1**	$ 23.1	(35%)

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

Administrative expenses at Corporate for the three months ended June 30, 2022 decreased by $22.1 million compared to the same period in the prior year primarily due to a decrease of $20.0 million in share-based compensation expense, coupled with a decrease in employee costs of $3.0 million, partially offset by an increase in consulting costs, audit and legal fees. Administrative expenses at Corporate for the six months ended June 30, 2022 decreased by $8.0 million compared to the same period in the prior year primarily due to a decrease in share-based compensation expense of $4.9 million, coupled with a decrease in employee costs of $4.0 million, partially offset by an increase in consulting costs and legal fees.

The decrease in share-based compensation expense for the three months ended June 30, 2022 is primarily due to a 44% decrease of $0.34 in the Corporation's share price since March 31, 2022, compared to a 6% decrease of $0.03 during the same period in the prior year. The decrease in share-based compensation expense for the six months ended June 30, 2022 is primarily due to the 13% increase of $0.05 in the Corporation's share price since December 31, 2021, compared to a 25% increase of $0.10 during the same period in the prior year, in addition to accelerated share-based compensation expenses of $4.9 million in the prior year related to the departures of two senior executives and reduction of 10% of the Corporate office salaried workforce. Share-based compensation expense in the current year periods also included the impact of a higher number of vested share-based units as a result of the Corporate workforce reduction in May 2021 and senior executive departures in 2021 and 2022.

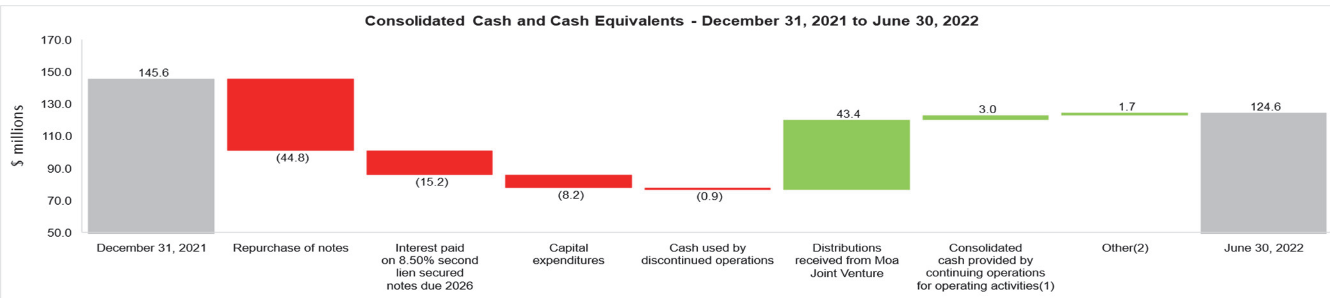
Liquidity

As at June 30, 2022, total available liquidity was $216.1 million, which is composed of cash and cash equivalents of $124.6 million and $91.5 million of available credit facilities and excludes restricted cash of $1.3 million. Refer to the Capital resources section for further details on the 8.50% second lien secured notes due 2026, the 10.75% unsecured PIK options notes due 2029 and the syndicated revolving-term credit facility, including repurchases of the notes in the six months ended June 30, 2022.

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

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

Cash and cash equivalents as at June 30, 2022 decreased by $21.0 million from December 31, 2021. The components of this change are shown below:



(1) Excludes interest paid on 8.50% second lien secured notes due 2026 and distributions received from Moa Joint Venture presented separately above.

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

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

$ millions, as at June 30, 2022	Cash	Cash equivalents	Total
Canada	$ 28.6	$ -	$ 28.6
Cuba	95.6	-	95.6
Other	0.4	-	0.4
	$ 124.6	$ -	$ 124.6
The Corporation's share of cash and cash equivalents in the Moa Joint Venture, not included in the above balances:			$ 21.0

SOURCES AND USES OF CASH

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

$ millions		For the three months ended 2022 June 30		2021 June 30	Change		For the six months ended 2022 June 30		2021 June 30	Change
Cash provided (used) by operating activities										
Cash provided (used) by operating activities:										
Fort Site	**$**	**12.6**	$	(4.5)	380%	**$**	**7.9**	$	(14.4)	155%
Metals Other		**(0.9)**		(5.1)	82%		**(5.2)**		10.5	(150%)
Oil and Gas		**(3.9)**		4.5	(187%)		**(5.6)**		(0.2)	nm(2)
Power		**6.1**		11.5	(47%)		**14.8**		14.3	3%
Technologies		**(3.5)**		(2.7)	(30%)		**(7.0)**		(5.9)	(19%)
Corporate(1)		**11.2**		(4.1)	373%		**(1.9)**		(13.8)	86%
Distributions received from Moa Joint Venture		**19.2**		16.9	14%		**43.4**		23.2	87%
Interest paid on 8.50% second lien secured notes due 2026		**(15.2)**		(15.0)	(1%)		**(15.2)**		(15.2)	-
Cash provided (used) by continuing operations		**25.6**		1.5	nm		**31.2**		(1.5)	nm
Cash used by discontinued operations		**(0.6)**		(0.5)	(20%)		**(0.9)**		(0.6)	(50%)
Cash provided (used) provided by operating activities	**$**	**25.0**	$	1.0	nm	**$**	**30.3**	$	(2.1)	nm
Cash used by investing activities	**$**	**(4.3)**	$	(2.7)	(59%)	**$**	**(7.8)**	$	(3.8)	(105%)
Cash used by financing activities		**(45.6)**		(1.7)	nm		**(46.0)**		(5.4)	(752%)
Effect of exchange rate changes on cash and cash		**4.0**		(1.1)	464%		**2.5**		(2.3)	209%
Decrease in cash and cash equivalents	**$**	**(20.9)**	$	(4.5)	(364%)	**$**	**(21.0)**	$	(13.6)	(54%)
Cash and cash equivalents:										
Beginning of the period	**$**	**145.5**	$	158.3	(8%)	**$**	**145.6**	$	167.4	(13%)
End of the period(3)	**$**	**124.6**	$	153.8	(19%)	**$**	**124.6**	$	153.8	(19%)

(1) Excluding distributions received from Moa Joint Venture and interest paid on 8.50% second lien secured notes due 2026, presented separately above.
(2) Not meaningful (nm).
(3) As at June 30, 2022, $91.8 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2021 - $78.9 million).

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

Cash provided by operating activities was higher for the three and six months ended June 30, 2022 compared to the same periods in the prior year, primarily as a result of the following:

- Higher cash provided by operating activities at Fort Site primarily due to significantly higher average-realized prices(1) for fertilizer of 167% and 142% during the three and six months ended June 30, 2022, respectively, compared to the prior year periods, partially offset by lower sales volumes primarily as a result of lower demand caused by wet weather conditions in Western Canada, including flooding in Manitoba;
- Lower cash provided by operating activities at Metals Other primarily due to a prepayment received for nickel sales of $20.3 million in the prior year with no comparable prepayment received in the current year;
- Lower cash provided by operating activities at Oil and Gas primarily due to lower Cuban energy receipts, partially offset by lower operational spending as a result of the expiration of the Puerto Escondido/Yumuri production-sharing contract during the first quarter of 2021 and higher receipts on oil and gas service revenue;
- Higher cash provided by operating activities at Power primarily due to higher electricity production, coupled with lower operating costs as a result of decreased maintenance activities, partially offset by lower energy payments received as the prior year periods included $11.3 million in dividend redirections from GNC;
- Lower cash used by operating activities at Corporate primarily due to timing of working capital payments; and
- Higher distributions received from Moa Joint Venture primarily due to higher average-realized prices(1) of nickel and cobalt.

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

Included in investing and financing activities for the three and six months ended June 30, 2022 are expenditures on property, plant and equipment and intangible assets, repurchase of notes, and net proceeds from the sale of property, plant and equipment, which were higher than the prior year periods.

The Corporation's decrease in cash and cash equivalents reconciles to Adjusted EBITDA[1] as follows for the three and six months ended June 30, 2022:

$ millions	For the three months ended June 30, 2022	For the six months ended June 30, 2022
Adjusted EBITDA[1]	**$ 102.0**	**$ 160.5**
Add (deduct):		
Moa Joint Venture Adjusted EBITDA[1]	**(68.0)**	**(144.9)**
Distributions from the Moa Joint Venture	**19.2**	**43.4**
Interest received on Energas conditional sales agreement	**-**	**0.9**
Interest paid	**(15.8)**	**(16.3)**
Net change in non-cash working capital	**3.6**	**(18.4)**
Share-based compensation (recovery) expense	**(17.2)**	**9.4**
Share-based compensation payments	**-**	**(5.7)**
Other[2]	**1.8**	**2.3**
Cash provided by continuing operations for operating activities per financial statements	**25.6**	**31.2**
Deduct:		
Cash used by discontinued operations	**(0.6)**	**(0.9)**
Repurchase of notes	**(44.8)**	**(44.8)**
Property, plant, equipment and intangible asset expenditures	**(3.3)**	**(8.2)**
Net proceeds from sale of property, plant and equipment	**-**	**1.3**
Fees paid on repurchase of notes	**(0.3)**	**(0.3)**
Effect of exchange rate changes on cash and cash equivalents	**2.7**	**1.2**
Other[2]	**(0.2)**	**(0.5)**
Change in cash and cash equivalents	**$ (20.9)**	**$ (21.0)**

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

(2) Other is composed of interest received, income taxes paid, receipts of advances, loans receivable and other financial assets and repayment of other financial liabilities.

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

CONSOLIDATED FINANCIAL POSITION

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

$ millions, except as noted, as at	**2022 June 30**	2021 December 31	Change
Working capital[1]	**$ 135.7**	$ 168.1	(19%)
Current ratio[2]	**1.51:1**	1.76:1	(17%)
Cash and cash equivalents	**$ 124.6**	$ 145.6	(14%)
Total assets	**1,444.9**	1,398.0	3%
Loans and borrowings	**393.4**	444.5	(11%)
Total liabilities	**754.7**	813.0	(7%)
Shareholders' equity	**690.2**	585.0	18%

(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.

Capital resources

CAPITAL RISK MANAGEMENT

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

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS(1)

The following table provides a summary of consolidated significant liquidity and capital commitments based on existing commitments and debt obligations (including accrued interest). For amounts payable that are not fixed, including mandatory redemptions discussed below, the amount disclosed is determined by reference to the conditions existing as at June 30, 2022.

Canadian $ millions, as at June 30, 2022	Total	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$ 212.9	$ 212.9	$ -	$ -	$ -	$ -	$ -
Income taxes payable	0.9	0.9	-	-	-	-	-
8.50% second lien secured notes due 2026 (includes principal, interest and premium)	455.2	31.8	26.3	26.3	26.3	344.5	-
10.75% unsecured PIK option notes due 2029 (includes principal and interest)	152.1	-	-	-	-	-	152.1
Syndicated revolving-term credit facility	8.9	0.5	8.4	-	-	-	-
Provisions	153.0	5.7	3.1	0.4	0.5	1.8	141.5
Lease liabilities	16.9	2.6	2.4	2.4	1.8	1.3	6.4
Capital commitments	8.1	8.1	-	-	-	-	-
Total	$ 1,008.0	$ 262.5	$ 40.2	$ 29.1	$ 28.6	$ 347.6	$ 300.0

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

8.50% SECOND LIEN SECURED NOTES DUE 2026

During the three months ended June 30, 2022, the Corporation repurchased $40.9 million of principal of the 8.50% second lien secured notes due 2026 at a cost of $34.8 million, plus $0.4 million of accrued interest, resulting in a gain on repurchase of notes of $4.9 million. The Corporation expects to achieve estimated annual savings of approximately $3.5 million in interest expense on the notes as a result of the repurchase.

As at June 30, 2022, the outstanding principal amount of the 8.50% second lien secured notes due 2026 is $309.6 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) annually on the interest payment dates in April and October. The mandatory excess cash flow redemption provision is in effect beginning with the two-quarter period ending June 30, 2021 and mandatory redemptions are based on excess cash flow (a measure calculated based on cash provided by (used in) operating activities excluding Energas, less sustaining property, plant and equipment expenditures excluding Energas, plus all cash distributed by Energas to the Corporation held in Canada), which mandatory redemption shall be required to be made only to the extent the Corporation has minimum liquidity (a measure calculated based on cash held in Canada by wholly-owned, guarantors of the Second Lien Notes, less outstanding principal of the syndicated revolving-term credit facility, plus any cash used to repurchase unsecured PIK option notes or Second Lien Notes in the relevant two-quarter period) as at the interest payment dates of $75.0 million calculated in accordance with the Second Lien Notes Indenture before and after such redemption.

As at the interest payment date in April 2022, the Corporation was not required to make any mandatory redemptions as the conditions pursuant to the provisions of the indenture agreement were not met.

Excess cash flow, as defined in the indenture agreement, for the two-quarter period ended June 30, 2022, was $11.0 million. Subject to minimum liquidity in October 2022, as per the minimum liquidity provision noted above, the Corporation will be required to redeem, at par, total Second Lien Notes equal to 50% of excess cash flow, or $5.5 million. The $44.8 million of cash used to repurchase the Second Lien Notes and unsecured PIK option notes during the three months ended June 30, 2022 will be added back to the calculation of minimum liquidity in October 2022 before and after any such redemption, as per the minimum liquidity provision noted above. As the Corporation expects to make the mandatory redemption in October 2022, $5.5 million of the Second Lien Notes has been reclassified to current liabilities as at June 30, 2022.

10.75% UNSECURED PIK OPTION NOTES DUE 2029

During the three months ended June 30, 2022, the Corporation repurchased $18.3 million of principal of the 10.75% unsecured PIK option notes due 2029 at a cost of $10.0 million, resulting in a gain on repurchase of notes of $8.9 million. The Corporation expects to achieve estimated annual savings of approximately $2.0 million in interest expense on the notes as a result of the repurchase.

During the six months ended June 30, 2022, the Corporation elected not to pay cash interest due in January of $4.4 million on the 10.75% unsecured PIK option notes due 2029 and added the payment-in-kind interest to the principal amount owed to noteholders. The Corporation anticipates that it will elect to not pay cash interest of $3.7 million due on July 31, 2022.

As at June 30, 2022, the outstanding principal amount of the 10.75% unsecured PIK option notes due 2029 is $68.7 million.

SYNDICATED REVOLVING-TERM CREDIT FACILITY

As at June 30, 2022, the Corporation was in compliance with all syndicated revolving-term credit facility covenants.

As at June 30, 2022, the outstanding principal amount of the syndicated revolving-term credit facility is $8.0 million.

MOA JOINT VENTURE COMMITMENTS

As a result of the Corporation's 50% interest in the Moa Joint Venture, its proportionate share of significant undiscounted commitments of the joint venture includes the following, which are not reflected in the table above and are non-recourse to the Corporation:

- Environmental rehabilitation commitments of $90.3 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of $38.5 million;
- Income taxes payable of $6.7 million;
- Lease liabilities of $0.5 million;
- Loans and borrowings of $14.7 million; and
- Property, plant and equipment commitments of $21.0 million. $5.8 million (50% basis) in spending on growth capital is expected in 2022, all of which has been committed, for the ordering of long-lead materials and equipment, and civil and mechanical construction.

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

COMMON SHARES

As at July 27, 2022, the Corporation had 397,288,680 common shares outstanding. An additional 2,701,741 common shares are issuable upon exercise of outstanding stock options granted to employees and directors pursuant to the Corporation's stock option plan.

Managing risk

RUSSIAN INVASION OF UKRAINE

During the three and six months ended June 30, 2022, the Russian invasion of Ukraine and ensuing global sanctions imposed on Russia did not have a material adverse impact on the Corporation. During the three months ended June 30, 2022, the Corporation completed an assessment on the long-term potential impact of the replacement of a Russian supplier, the results of which indicated that the long-term impact is not expected to be material.

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

COVID-19 AND CUBA RISK

During the three and six months ended June 30, 2022, Cuba continued to experience hardships as a result of the impact of COVID-19 and continued U.S. sanctions, impacting the country’s tourism and other industries and hampering the country’s foreign currency liquidity. The foregoing may contribute to increased political, economic and related risks to the Corporation. See the discussion of risks associated with COVID-19 in “Risk Factors – Liquidity and Access to Capital” and “Risk Factors – Political, Economic and Other Risks of Foreign Operations” in the Corporation’s Annual Information Form.

FOREIGN OPERATIONS AND COMMUNICATION

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

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

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

RISKS RELATED TO SHERRITT’S CORPORATE STRUCTURE

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

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

DIFFICULTY IN ENFORCEMENT OF JUDGMENTS

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

OTHER RISKS

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

Basis of presentation and critical accounting judgments

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

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

The condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2021, except for IAS 16 amendments for Property, Plant and Equipment – Proceeds before Intended Use which was adopted effective January 1, 2022. For further information, see note 4 of the condensed consolidated financial statements for the three and six months ended June 30, 2022.

The critical accounting estimates and judgments used in the preparation of the condensed consolidated financial statements are consistent with those used in the Corporation's annual consolidated financial statements as at and for the year ended December 31, 2021.

Summary of quarterly results

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

$ millions, except per share amounts, for the three months ended	**2022 Jun 30**	2022 Mar 31	2021 Dec 31	2021 Sep 30	2021 Jun 30	2021 Mar 31	2020 Dec 31	2020 Sep 30
Revenue	**$ 65.9**	$ 34.1	$ 36.6	$ 20.7	$ 31.0	$ 21.9	$ 28.2	$ 24.9
Share of earnings of Moa Joint Venture, net of tax	**47.4**	47.9	33.2	7.5	17.7	28.1	11.4	4.2
Net earnings (loss) from continuing operations	**81.5**	16.4	14.4	(15.5)	(10.4)	(1.9)	(49.3)	11.4
(Loss) earnings from discontinued operations, net of tax(1)	**(0.4)**	(0.7)	(0.3)	(0.7)	(0.3)	(3.7)	(0.3)	217.1
Net earnings (loss) for the period	**$ 81.1**	$ 15.7	$ 14.1	$ (16.2)	$ (10.7)	$ (5.6)	$ (49.6)	$ 228.5
Net earnings (loss) per share, basic ($ per share)								
Net earnings (loss) from continuing operations	**$ 0.21**	$ 0.04	$ 0.04	$ (0.04)	$ (0.03)	$ 0.00	$ (0.12)	$ 0.03
Net earnings (loss)	**0.20**	0.04	0.04	(0.04)	(0.03)	(0.01)	(0.12)	0.58

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

In general, net earnings or losses of the Corporation are primarily affected by production and sales volumes, commodity prices, maintenance and operating costs, and exchange rates. The average Canadian dollar cost to purchase one U.S. dollar for the above quarters ranged from $1.23 (Q2 2021) to $1.33 (Q3 2020) and period-end rates ranged between $1.24 (Q2 2021) to $1.33 (Q3 2020).

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

- Q2 2022: $13.8 million gain on repurchase of notes, $17.2 million of share-based compensation recovery within cost of sales and administrative expenses and $3.8 million of unrealized foreign exchange gains in continuing operations;
- Q1 2022: $26.6 million of share-based compensation expense within cost of sales and administrative expenses and $1.1 million of unrealized foreign exchange gains in continuing operations;
- Q4 2021: $1.4 million of unrealized foreign exchange gains in continuing operations and $0.6 million of share-based compensation expense related to the planned retirement of a senior executive;
- Q3 2021: $1.2 million gain on disposal of assets and $3.1 million of other contractual benefits expense related to the departures of two senior executives;
- Q2 2021: $8.6 million of unrealized foreign exchange gains in continuing operations, a $0.8 million gain on repurchase of notes, $3.7 million of unrealized losses on commodity put options, in addition to a $4.9 million share-based compensation expense and $2.4 million severance and other contractual benefits expense, both of which related to the Corporate workforce reduction and departures of two senior executives;
- Q1 2021: $2.6 million of unrealized foreign exchange gains in continuing operations and a $1.3 million gain on repurchase of notes;
- Q4 2020: $4.3 million of unrealized foreign exchange losses in continuing operations and a $9.4 million impairment of Power assets; and
- Q3 2020: $3.6 million of unrealized foreign exchange gains in continuing operations, a $115.6 million impairment loss of Oil assets, a $143.4 gain on debenture exchange within net finance income (expense) and $217.2 million of earnings from discontinued operations related to the Ambatovy Joint Venture.

Off-balance sheet arrangements

As at June 30, 2022, the Corporation had no options, futures or forward contracts.

Transactions with related parties

The Corporation enters into transactions related to its joint arrangements. For further detail, refer to notes 7 and 20 of the Corporation's condensed consolidated financial statements for the three and six months ended June 30, 2022.

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

Supplementary information

INVESTMENT IN MOA JOINT VENTURE

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

Statements of financial position

Canadian $ millions, 100% basis, as at		**2022 June 30**		2021 December 31	Variance	
Assets						
Cash and cash equivalents	**$**	**42.0**	$	48.9	(6.9)	Decrease is primarily due to distributions paid to shareholders, capital additions, income taxes paid and changes in working capital, which were partially offset by cash generated from operations.
Other current assets		**20.2**		14.0	6.2	Increase is primarily due to prepaid insurance.
Trade accounts receivable, net		**142.9**		153.4	(10.5)	Decrease is primarily due to lower nickel and cobalt sales volumes, partially offset by higher average-realized[1] prices of nickel and cobalt.
Inventories		**444.4**		303.7	140.7	Increase is primarily due to an increase in the volume of material on hand as a result of lower sales volumes, coupled with higher input commodity prices.
Other non-current assets		**13.2**		12.4	0.8	
Property, plant and equipment		**1,052.3**		1,067.6	(15.3)	Decrease is primarily driven by depletion, depreciation and amortization, partially offset by capital additions and the increase in the U.S. dollar relative to the Canadian dollar.
Total assets		**1,715.0**		1,600.0	115.0	
Liabilities						
Trade accounts payable and accrued liabilities		**77.1**		64.1	13.0	Increase is primarily due to the timing of payments to suppliers and higher input commodity costs, primarily for sulphur and fuel oil.
Income taxes payable		**13.4**		13.2	0.2	
Other current financial liabilities		**0.2**		0.2	-	
Loans and borrowings		**26.1**		21.3	4.8	
Environmental rehabilitation provisions		**81.4**		105.5	(24.1)	Decrease is primarily due to $22.7 million of changes in estimates primarily as a result of an increase in discount rates.
Other non-current financial liabilities		**4.7**		4.9	(0.2)	
Deferred income taxes		**23.5**		22.4	1.1	
Total liabilities		**226.4**		231.6	(5.2)	
Net assets of Moa Joint Venture	**$**	**1,488.6**	$	1,368.4	120.2	
Proportion of Sherritt's ownership interest		**50%**		50%		
Total		**744.3**		684.2		
Intercompany capitalized interest elimination		**(42.2)**		(41.8)		
Investment in Moa Joint Venture	**$**	**702.1**	$	642.4		

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

Foreign currency translation differences are included in the financial information of the Moa Joint Venture presented in the financial statements and MD&A, as the Corporation's presentation currency is the Canadian dollar, while the Moa Joint Venture's functional currency is the U.S. dollar. During the six months ended June 30, 2022, the U.S. dollar increased in value relative to the Canadian dollar, resulting in lower assets and higher liabilities reported in Canadian dollars as compared to December 31, 2021.

Statements of comprehensive income

Canadian $ millions, 100% basis	For the six months ended 2022 June 30	2021 June 30	Variance	
Revenue	$ **647.5**	$ 482.3	165.2	Increase is primarily due to increases in nickel revenue of $120.4 million and cobalt revenue of $30.0 million primarily as a result of increases in the average-realized prices(1) of nickel and cobalt, partially offset by lower sales volumes of finished nickel and cobalt.
Cost of sales	**(395.4)**	(368.9)	(26.5)	Increase is primarily due to a 183% increase in sulphur prices, 74% increase in natural gas prices and 55% increase in fuel oil prices, coupled with an increase in royalties and other contributions primarily due to increases in nickel and cobalt prices, partially offset by lower purchased sulphuric acid consumption of $16.9 million.
Administrative expenses	**(5.5)**	(4.9)	(0.6)	
Earnings from operations	**246.6**	108.5	138.1	
Financing income	**0.2**	0.1	0.1	
Financing expense	**(14.2)**	0.7	(14.9)	Increase is primarily due to the impact of changes in foreign exchange rates on Euro and Canadian-dollar denominated receivables.
Net finance (expense) income	**(14.0)**	0.8	(14.8)	
Earnings before income tax	**232.6**	109.3	123.3	
Income tax expense	**(45.9)**	(21.5)	(24.4)	Increase is primarily due to an increase in taxable earnings as a result of increases in the average-realized prices(1) for nickel and cobalt, partially offset by lower sales volumes.
Net earnings and comprehensive income of Moa Joint Venture	$ **186.7**	$ 87.8	98.9	
Proportion of Sherritt's ownership interest	**50%**	50%	-	
Total	**93.4**	43.9	49.5	
Intercompany elimination	**1.9**	1.9	-	
Share of earnings of Moa Joint Venture, net of tax	$ **95.3**	$ 45.8	49.5	

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

For the three and six months ended June 30, 2022, Moa Joint Venture's revenue was positively impacted and cost of sales and other expenses were negatively impacted by a stronger average U.S. dollar relative to the Canadian dollar compared to the same periods in the prior year.

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation's net earnings (loss) and earnings (loss) per share from continuing operations for the three months ended June 30, 2022 from a change in selected key variables. The impact is measured by changing one variable at a time and may not necessarily be indicative of sensitivities on future results.

Factor		Increase	Approximate change in quarterly net earnings (loss) (CAD$ millions) Increase/ (decrease)	Approximate change in quarterly basic earnings (loss) per share (EPS) Increase/ (decrease)
Prices				
Nickel - LME price per pound[1]	US$	1.00	$ 7	$ 0.02
Cobalt - Fastmarkets MB price per pound[1]	US$	5.00	3	0.01
Fertilizers - price per tonne[1]	$	50.00	3	0.01
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	(4)	(0.01)
Operating costs[1]				
Natural gas - cost per gigajoule (Moa Joint Venture and Fort Site)	$	1.00	(1)	-
Fuel oil - cost per tonne (Moa Joint Venture and Fort Site)	US$	50.00	(1)	-
Sulphur - cost per tonne (Moa Joint Venture and Fort Site)	US$	25.00	(1)	-

(1) Changes are applied at the operating level with the approximate change in net earnings (loss) and basic EPS representing the Corporation's 50% interest in the Moa Joint Venture.

NON-GAAP AND OTHER FINANCIAL MEASURES

Management uses the measures below to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace IFRS measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies.

The non-GAAP and other financial measures are reconciled to the most directly comparable IFRS measure in the sections below.

Combined revenue

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

Management uses this measure to reflect the Corporation's economic interest in its operations prior to the application of equity accounting to help allocate financial resources and provide investors with information that it believes is useful in understanding the scope of Sherritt's business, based on its economic interest, irrespective of the accounting treatment.

The table below reconciles combined revenue to revenue per the financial statements:

	For the three months ended			For the six months ended		
	2022	2021		**2022**	2021	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
Revenue by reportable segment						
Moa Joint Venture and Fort Site[(1)]	**$ 205.7**	$ 142.2	45%	**$ 391.3**	$ 268.5	46%
Metals Other	**2.3**	1.8	28%	**4.3**	3.4	26%
Oil and Gas	**4.0**	1.2	233%	**9.0**	8.7	3%
Power	**8.6**	7.0	23%	**17.6**	12.9	36%
Technologies	**0.8**	0.1	700%	**1.1**	0.2	450%
Corporate	**0.1**	-	-	**0.4**	0.3	33%
Combined revenue	**$ 221.5**	$ 152.3	45%	**$ 423.7**	$ 294.0	44%
Adjustment for Moa Joint Venture	**(155.6)**	(121.3)		**(323.7)**	(241.1)	
Financial statement revenue	**$ 65.9**	$ 31.0	113%	**$ 100.0**	$ 52.9	89%

(1) Revenue of Moa Joint Venture and Fort Site for the three months ended June 30, 2022 is composed of revenue recognized by the Moa Joint Venture of $155.6 million (50% basis), which is equity-accounted and included in share of earnings of Moa Joint Venture, net of tax, and revenue recognized by Fort Site of $50.1 million, which is included in consolidated revenue (for the three months ended June 30, 2021 - $121.3 million and $20.9 million, respectively). Revenue of Moa Joint Venture and Fort Site for the six months ended June 30, 2022 is composed of revenue recognized by the Moa Joint Venture of $323.7 million (50% basis), which is equity-accounted and included in share of earnings of Moa Joint Venture, net of tax, and revenue recognized by Fort Site of $67.6 million, which is included in consolidated revenue (for the three months ended June 30, 2021 - $241.1 million and $27.4 million, respectively).

Adjusted EBITDA

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

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

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

$ millions, for the three months ended 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**

$ 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 2021
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**

$ 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).

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**			

$ 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			

$ millions, except average-realized price and sales volume, for the six 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	**$ 241.0**	**$ 60.7**	**$ 75.1**	**$ 17.6**	**$ 29.3**	**$ (323.7)**	**$ 100.0**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(2.8)**			
Revenue for purposes of average-realized price calculation	**241.0**	**60.7**	**75.1**	**14.8**			
Sales volume for the period	**15.2**	**1.4**	**81.4**	**270**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	**$ 15.83**	**$ 42.62**	**$ 922.38**	**$ 54.97**			

$ millions, except average-realized price and sales volume, for the six 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	$ 180.8	$ 45.7	$ 34.9	$ 12.9	$ 19.7	$ (241.1)	$ 52.9
Adjustments to revenue:							
By-product revenue	-	-	-	(1.7)			
Revenue for purposes of average-realized price calculation	180.8	45.7	34.9	11.2			
Sales volume for the period	18.6	2.0	91.8	210			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	$ 9.71	$ 22.35	$ 380.50	$ 53.60			

(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.

Unit operating cost/NDCC

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

The Moa Joint Venture's NDCC is calculated by dividing cost of sales, as reported in the financial statements, adjusted for the following: depreciation, depletion, amortization and impairment losses in cost of sales; cobalt by-product, fertilizer and other revenue; and other costs primarily related to the impact of opening and closing inventory values, by the number of finished nickel pounds sold in the period, expressed in U.S. dollars.

Unit operating costs for nickel and electricity are key measures that management and investors uses to monitor performance. NDCC of nickel is a widely-used performance measure for nickel producers. Management uses unit operating costs/NDCC to assess how well the Corporation's producing mine and power facilities are performing and to assess overall production efficiency and effectiveness internally across periods and compared to its competitors.

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

The tables below reconcile cost of sales per the financial statements to unit operating cost/NDCC:

$ millions, except unit cost and sales volume, for the three months ended 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**				

$ 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**				

$ 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.

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

The Corporation defines adjusted net earnings/loss from continuing operations as net earnings/loss from continuing operations less items not reflective of operational performance. These adjusting items include, but are not limited to, inventory obsolescence, impairment of assets, gains and losses on the acquisition or disposal of assets, unrealized foreign exchange gains and losses, gains and losses on financial assets and liabilities and other one-time adjustments. While some adjustments are recurring (such as unrealized foreign exchange (gain) loss and revaluations of allowances for expected credit losses (ACL)), management believes that they do not reflect the Corporation's operational performance or future operational performance. Adjusted net earnings/loss from continuing operations per share is defined consistent with the definition above and divided by the Corporation's weighted-average number of common shares outstanding.

Management uses these measures internally and believes that they provide investors with performance measures with which to assess the Corporation's core operations by adjusting for items or transactions that are not reflective of its core operating activities.

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

			2022		2021
For the three months ended June 30		**$ millions**	**$/share**	$ millions	$/share
Net earnings (loss) from continuing operations	**$**	**81.5**	**$ 0.21**	$ (10.4)	$ (0.03)
Adjusting items:					
Sherritt - Unrealized foreign exchange gain - continuing operations		**(3.8)**	**(0.01)**	(8.6)	(0.02)
Corporate - Gain on repurchase of notes		**(13.8)**	**(0.03)**	(0.8)	-
Corporate - Transaction finance charges on repurchase of notes		**1.2**	**-**	-	-
Corporate - Severance and other contractual benefits expense		**-**	**-**	2.4	0.01
Corporate - Unrealized losses on commodity put options		**-**	**-**	3.7	0.01
Oil and Gas and Power - ACL revaluation		**1.2**	**-**	(0.1)	-
Other(1)		**-**	**-**	0.8	-
Total adjustments, before tax	**$**	**(15.2)**	**$ (0.04)**	$ (2.6)	$ -
Tax adjustments		**(0.3)**	**-**	-	-
Adjusted net earnings (loss) from continuing operations	**$**	**66.0**	**$ 0.17**	$ (13.0)	$ (0.03)

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

			2022		2021
For the six months ended June 30		**$ millions**	**$/share**	$ millions	$/share
Net earnings (loss) from continuing operations	**$**	**97.9**	**$ 0.25**	$ (12.3)	$ (0.03)
Adjusting items:					
Sherritt - Unrealized foreign exchange gain - continuing operations		**(4.9)**	**(0.02)**	(11.2)	(0.03)
Corporate - Gain on repurchase of notes		**(13.8)**	**(0.03)**	(2.1)	(0.01)
Corporate - Transaction finance charges on repurchase of notes		**1.2**	**-**	-	-
Corporate - Severance and other contractual benefits expense		**-**	**-**	2.4	0.01
Corporate - Unrealized losses on commodity put options		**(0.9)**	**-**	4.3	0.01
Corporate - Realized losses on commodity put options		**0.9**	**-**	-	-
Oil and Gas - Gain on disposal of property, plant and equipment		**(1.3)**	**-**	-	-
Oil and Gas and Power - ACL revaluation		**1.5**	**-**	1.5	-
Other(1)		**0.5**	**-**	2.6	0.01
Total adjustments, before tax	**$**	**(16.8)**	**$ (0.05)**	$ (2.5)	$ (0.01)
Tax adjustments		**(0.4)**	**-**	(0.5)	-
Adjusted net loss from continuing operations	**$**	**80.7**	**$ 0.20**	$ (15.3)	$ (0.04)

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

Combined spending on capital

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

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

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

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

$ millions, for the three months ended June 30	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements **2022**
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**		

$ millions, for the three months ended June 30	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements 2021
Property, plant and equipment expenditures[2]	$ 7.8	$ -	$ -	$ 7.8	$ (5.2)	$ 2.6
Intangible asset expenditures[2]	-	-	0.3	0.3	-	0.3
	7.8	-	0.3	8.1	$ (5.2)	$ 2.9
Adjustments:						
Accrual adjustment	(0.1)	-	-	(0.1)		
Spending on capital	$ 7.7	$ -	$ 0.3	$ 8.0		

$ millions, for the six months ended June 30	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements 2022
Property, plant and equipment expenditures[2]	**$ 22.9**	**$ 0.5**	**$ -**	**$ 23.4**	**$ (15.8)**	**$ 7.6**
Intangible asset expenditures[2]	**-**	**-**	**0.6**	**0.6**	**-**	**0.6**
	22.9	**0.5**	**0.6**	**24.0**	**$ (15.8)**	**$ 8.2**
Adjustments:						
Accrual adjustment	**6.4**	**-**	**-**	**6.4**		
Spending on capital	**$ 29.3**	**$ 0.5**	**$ 0.6**	**$ 30.4**		

$ millions, for the six months ended June 30	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	2021 Total derived from financial statements
Property, plant and equipment expenditures[2]	$ 12.4	$ -	$ 0.3	$ 12.7	$ (9.0)	$ 3.7
Intangible asset expenditures[2]	-	-	0.5	0.5	-	0.5
	12.4	-	0.8	13.2	$ (9.0)	$ 4.2
Adjustments:						
Accrual adjustment	-	-	(0.1)	(0.1)		
Spending on capital	$ 12.4	$ -	$ 0.7	$ 13.1		

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

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

Combined free cash flow

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

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

Free cash flow is used by management, and management believes this information is used by investors, to analyze cash flows generated from operations and assess its operations' ability to provide cash or its use of cash, after funding cash capital requirements, to service current and future working capital needs and service debt.

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

$ millions, for the three months ended June 30									**2022**
	Moa JV and Fort Site(1)	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities(2)	**$ 41.7**	**$ (0.9)**	**$ (3.9)**	**$ 6.1**	**$ (3.5)**	**$ (4.0)**	**$ 35.5**	**$ (9.9)**	**$ 25.6**
Less:									
Property, plant and equipment expenditures	**(12.2)**	**-**	**-**	**-**	**-**	**-**	**(12.2)**	**8.7**	**(3.5)**
Intangible expenditures	**-**	**-**	**0.2**	**-**	**-**	**-**	**0.2**	**-**	**0.2**
Free cash flow	**$ 29.5**	**$ (0.9)**	**$ (3.7)**	**$ 6.1**	**$ (3.5)**	**$ (4.0)**	**$ 23.5**	**$ (1.2)**	**$ 22.3**

$ millions, for the three months ended June 30									2021
	Moa JV and Fort Site(1)	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities(2)	$ 21.6	$ (5.1)	$ 4.5	$ 11.5	$ (2.7)	$ (19.1)	$ 10.7	$ (9.2)	$ 1.5
Less:									
Property, plant and equipment expenditures	(7.8)	-	-	-	-	-	(7.8)	5.2	(2.6)
Intangible expenditures	-	-	(0.3)	-	-	-	(0.3)	-	(0.3)
Free cash flow	$ 13.8	$ (5.1)	$ 4.2	$ 11.5	$ (2.7)	$ (19.1)	$ 2.6	$ (4.0)	$ (1.4)

$ millions, for the six months ended June 30	Moa JV and Fort Site(3)	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2022									
Cash provided (used) by continuing operations for operating activities(4)	**$ 65.9**	**$ (5.2)**	**$ (5.6)**	**$ 14.8**	**$ (7.0)**	**$ (17.1)**	**$ 45.8**	**$ (14.6)**	**$ 31.2**
Less:									
Property, plant and equipment expenditures	**(22.9)**	**-**	**-**	**(0.5)**	**-**	**-**	**(23.4)**	**15.8**	**(7.6)**
Intangible expenditures	**-**	**-**	**(0.6)**	**-**	**-**	**-**	**(0.6)**	**-**	**(0.6)**
Free cash flow	**$ 43.0**	**$ (5.2)**	**$ (6.2)**	**$ 14.3**	**$ (7.0)**	**$ (17.1)**	**$ 21.8**	**$ 1.2**	**$ 23.0**

$ millions, for the six months ended June 30	Moa JV and Fort Site(3)	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2021									
Cash provided (used) by continuing operations for operating activities(4)	$ 45.1	$ 10.5	$ (0.2)	$ 14.3	$ (5.9)	$ (29.0)	$ 34.8	$ (36.3)	$ (1.5)
Less:									
Property, plant and equipment expenditures	(12.4)	-	(0.2)	-	-	(0.1)	(12.7)	9.0	(3.7)
Intangible expenditures	-	-	(0.5)	-	-	-	(0.5)	-	(0.5)
Free cash flow	$ 32.7	$ 10.5	$ (0.9)	$ 14.3	$ (5.9)	$ (29.1)	$ 21.6	$ (27.3)	$ (5.7)

(1) Property, plant and equipment expenditures and intangible expenditures for the Moa Joint Venture and Fort Site was $8.7 million and $3.5 million, respectively, for the three months ended June 30, 2022 (June 30, 2021 - $5.2 million and $2.6 million, respectively).

(2) Cash provided (used) by continuing operations for operating activities for the Moa Joint Venture and Fort Site was $29.1 million and $12.6 million, respectively, for the three months ended June 30, 2022 (June 30, 2021 - $26.1 million and $(4.5) million, respectively).

(3) Property, plant and equipment expenditures and intangible expenditures for the Moa Joint Venture and Fort Site was $15.8 million and $7.1 million, respectively, for the six months ended June 30, 2022 (June 30, 2021 - $9.0 million and $3.4 million, respectively).

(4) Cash provided (used) by continuing operations for operating activities for the Moa Joint Venture and Fort Site was $58.0 million and $7.9 million, respectively, for the six months ended June 30, 2022 (June 30, 2021 - $59.5 million and $(14.4) million, respectively).

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

As at June 30, 2022, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the quarter ended June 30, 2022, the Corporation did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as “believe”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “likely”, “may”, “will”, “could”, “should”, “suspect”, “outlook”, “potential”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture; growing and increasing nickel and cobalt production; extending the Moa life of mine; conversion of mineral resources to reserves; commercializing Technologies projects; growing shareholder value; updating technical reports and optimizing mine planning and performance; statements set out in the “Outlook” section of this MD&A and certain expectations regarding production volumes, operating costs and capital spending; sales volumes; revenue, costs and earnings; supply, demand and pricing outlook in the nickel, cobalt and electric vehicle markets; the impact of COVID-19; Sherritt’s strategy, plans, targets and goals in respect of environmental and social governance issues, including climate change and greenhouse gas emissions reduction targets; anticipated payments of outstanding receivables, distributions from the Corporation’s Moa Joint Venture; the impact of the U.S. sanctions on Cuba; anticipated economic conditions in Cuba; sufficiency of working capital and capital project funding; strengthening the Corporation’s capital structure and reducing annual interest expenses; and amounts of certain other commitments.

Forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share-price volatility; production results; realized prices for production; earnings and revenues; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; the commercialization of certain proprietary technologies and services; advancements in environmental and greenhouse gas (GHG) reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to Environmental, Social and Governance (ESG) matters which are based on assumptions or developing standards; environmental rehabilitation provisions; development and exploration wells and enhanced oil recovery in Cuba; environmental risks and liabilities; compliance with applicable environmental laws and regulations; debt repayments; redemptions and interest deferrals; collection of accounts receivable; availability of regulatory and creditor approvals and waivers; risks related to the U.S. government policy toward Cuba; and certain corporate objectives, goals and plans for 2022. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this MD&A not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the impact of infectious diseases (including the COVID-19 pandemic), the impact of global conflicts, changes in the global price for nickel, cobalt, oil, gas, fertilizers or certain other commodities; security market fluctuations and price volatility; level of liquidity; access to capital; access to financing; the risk to Sherritt’s entitlements to future distributions from the Moa Joint Venture; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; identification and management of growth opportunities; risk of future non-compliance with debt restrictions and covenants; Sherritt’s ability to replace depleted mineral reserves; risks associated with the Corporation’s joint venture partners; variability in production at Sherritt’s operations in Cuba; risks associated with mining, processing and refining activities; risks related to Sherritt’s operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; potential interruptions in transportation; uncertainty of gas supply for electrical generation; the Corporation’s reliance on key personnel and skilled workers; growth opportunity risks; the possibility of equipment and other failures; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies, including diesel; supplies quality issues; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; risks related to the Corporation’s corporate structure; political, economic and other risks of foreign operations; risks associated with Sherritt’s operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; maintaining the Corporation’s social license to grow and operate; risks relating to community relations; credit risks; shortage of equipment and supplies; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; legal contingencies; risks related to the Corporation’s accounting policies; uncertainty in the ability of the Corporation to obtain government permits; risks to information technologies systems and cybersecurity; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2022; and the Corporation’s ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents.

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

The Corporation may, from time to time, make oral forward-looking statements. The Corporation advises that the above paragraph and the risk factors described in this MD&A and in the Corporation's other documents filed with the Canadian securities authorities should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from those in the oral forward-looking statements. The forward-looking information and statements contained in this MD&A are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any oral or written forward-looking information or statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and six months ended June 30, 2022 and 2021

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statements of comprehensive income (loss)

Unaudited, Canadian $ millions, except per share amounts	Note	For the three months ended 2022 June 30	2021 June 30	For the six months ended 2022 June 30	2021 June 30
Revenue	5	**$ 65.9**	$ 31.0	**$ 100.0**	$ 52.9
Cost of sales	6	**(48.5)**	(40.3)	**(79.0)**	(70.7)
Administrative recoveries (expenses)	6	**9.2**	(15.7)	**(18.8)**	(29.2)
Share of earnings of Moa Joint Venture, net of tax	7	**47.4**	17.7	**95.3**	45.8
Earnings (loss) from operations and joint venture		**74.0**	(7.3)	**97.5**	(1.2)
Interest income on financial assets measured at amortized cost	8	**3.9**	3.8	**7.7**	7.5
Revaluation of allowances for expected credit losses	8	**(1.2)**	0.1	**(1.5)**	(1.5)
Other financing items	8	**13.3**	(4.4)	**12.9**	(5.2)
Financing expense	8	**(8.2)**	(2.1)	**(18.1)**	(11.2)
Net finance income (expense)		**7.8**	(2.6)	**1.0**	(10.4)
Earnings (loss) before income tax		**81.8**	(9.9)	**98.5**	(11.6)
Income tax expense		**(0.3)**	(0.5)	**(0.6)**	(0.7)
Net earnings (loss) from continuing operations		**81.5**	(10.4)	**97.9**	(12.3)
Loss from discontinued operations, net of tax	9	**(0.4)**	(0.3)	**(1.1)**	(4.0)
Net earnings (loss) for the period		**$ 81.1**	$ (10.7)	**$ 96.8**	$ (16.3)
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations, net of tax		**19.7**	(8.8)	**10.0**	(17.3)
Items that will not be subsequently reclassified to profit or loss:					
Actuarial (losses) gains on pension plans, net of tax		**(0.9)**	0.3	**(1.6)**	-
Other comprehensive income (loss)		**18.8**	(8.5)	**8.4**	(17.3)
Total comprehensive income (loss)		**$ 99.9**	$ (19.2)	**$ 105.2**	$ (33.6)
Net earnings (loss) from continuing operations per common share:					
Basic and diluted	10	**$ 0.21**	$ (0.03)	**$ 0.25**	$ (0.03)
Net earnings (loss) per common share:					
Basic and diluted	10	**$ 0.20**	$ (0.03)	**$ 0.24**	$ (0.04)

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

Condensed consolidated statements of financial position

Unaudited, Canadian $ millions, as at	Note		2022 June 30		2021 December 31
ASSETS					
Current assets					
Cash and cash equivalents	11	**$**	**124.6**	$	145.6
Restricted cash			**1.3**		1.3
Advances, loans receivable and other financial assets	12		**18.4**		18.1
Trade accounts receivable, net	11		**213.7**		190.7
Inventories			**35.8**		30.3
Prepaid expenses			**5.6**		4.0
			399.4		390.0
Non-current assets					
Investment in Moa Joint Venture	7		**702.1**		642.4
Advances, loans receivable and other financial assets	12		**195.4**		190.2
Property, plant and equipment			**129.8**		150.9
Intangible assets			**18.2**		24.3
Other non-financial assets			**-**		0.2
			1,045.5		1,008.0
Total assets		**$**	**1,444.9**	$	1,398.0
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Loans and borrowings	13	**$**	**13.6**	$	-
Trade accounts payable and accrued liabilities			**212.9**		196.0
Other financial liabilities	13, 15		**23.4**		7.4
Deferred revenue			**7.2**		14.4
Provisions	14		**5.7**		3.2
Income taxes payable			**0.9**		0.9
			263.7		221.9
Non-current liabilities					
Loans and borrowings	13		**379.8**		444.5
Other financial liabilities	13, 15		**19.6**		33.5
Other non-financial liabilities			**9.1**		6.7
Provisions	14		**80.8**		104.8
Deferred income taxes			**1.7**		1.6
			491.0		591.1
Total liabilities			**754.7**		813.0
Shareholders' equity					
Capital stock	18		**2,894.9**		2,894.9
Deficit			**(2,801.7)**		(2,898.5)
Reserves			**233.4**		233.4
Accumulated other comprehensive income			**363.6**		355.2
			690.2		585.0
Total liabilities and shareholders' equity		**$**	**1,444.9**	$	1,398.0

Commitments for expenditures (note 16)

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

Condensed consolidated statements of cash flow

Unaudited, Canadian $ millions	Note	For the three months ended 2022 June 30	2021 June 30	For the six months ended 2022 June 30	2021 June 30
Operating activities					
Net earnings (loss) from continuing operations		**$ 81.5**	$ (10.4)	**$ 97.9**	$ (12.3)
Add (deduct):					
Depletion, depreciation and amortization	5, 6	**7.5**	8.9	**14.8**	18.4
Share-based compensation (recovery) expense	6, 15	**(17.2)**	7.1	**9.4**	14.2
Share of earnings of Moa Joint Venture, net of tax	7	**(47.4)**	(17.7)	**(95.3)**	(45.8)
Net finance (income) expense	8	**(7.8)**	2.6	**(1.0)**	10.4
Income tax expense		**0.3**	0.5	**0.6**	0.7
Net change in non-cash working capital	17	**3.6**	8.0	**(18.4)**	4.3
Interest received		**0.4**	1.8	**1.6**	4.0
Interest paid		**(15.8)**	(15.7)	**(16.3)**	(16.6)
Income tax paid		**(0.2)**	(0.8)	**(0.4)**	(1.0)
Distributions received from Moa Joint Venture	7	**19.2**	16.9	**43.4**	23.2
Share-based compensation payments		**-**	-	**(5.7)**	(1.7)
Other operating items		**1.5**	0.3	**0.6**	0.7
Cash provided (used) by continuing operations		**25.6**	1.5	**31.2**	(1.5)
Cash used by discontinued operations	9	**(0.6)**	(0.5)	**(0.9)**	(0.6)
Cash provided (used) by operating activities		**25.0**	1.0	**30.3**	(2.1)
Investing activities					
Property, plant and equipment expenditures	5	**(3.5)**	(2.6)	**(7.6)**	(3.7)
Intangible asset expenditures	5	**0.2**	(0.3)	**(0.6)**	(0.5)
Receipts of advances, loans receivable and other financial assets		**0.3**	0.2	**0.4**	0.4
Net proceeds from sale of property, plant and equipment		**-**	-	**1.3**	-
Cash used by continuing operations		**(3.0)**	(2.7)	**(6.5)**	(3.8)
Cash used by investing activities		**(3.0)**	(2.7)	**(6.5)**	(3.8)
Financing activities					
Repurchase of notes	13	**(44.8)**	(1.3)	**(44.8)**	(4.6)
Repayment of other financial liabilities		**(0.5)**	(0.4)	**(0.9)**	(0.6)
Fees paid on repurchase of notes		**(0.3)**	-	**(0.3)**	(0.2)
Cash used by continuing operations		**(45.6)**	(1.7)	**(46.0)**	(5.4)
Cash used by financing activities		**(45.6)**	(1.7)	**(46.0)**	(5.4)
Effect of exchange rate changes on cash and cash equivalents		**2.7**	(1.1)	**1.2**	(2.3)
Decrease in cash and cash equivalents		**(20.9)**	(4.5)	**(21.0)**	(13.6)
Cash and cash equivalents at beginning of the period		**145.5**	158.3	**145.6**	167.4
Cash and cash equivalents at end of the period	11	**$ 124.6**	$ 153.8	**$ 124.6**	$ 153.8

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

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian $ millions

	Capital stock	Deficit	Reserves	Accumulated other comprehensive income (loss)	Total
Balance as at December 31, 2020	**$ 2,894.9**	**$ (2,880.1)**	**$ 233.3**	**$ 358.7**	**$ 606.8**
Total comprehensive loss:					
Net loss for the period	-	(16.3)	-	-	(16.3)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(17.3)	(17.3)
	-	(16.3)	-	(17.3)	(33.6)
Stock option plan expense	-	-	0.1	-	0.1
Balance as at June 30, 2021	**$ 2,894.9**	**$ (2,896.4)**	**$ 233.4**	**$ 341.4**	**$ 573.3**
Total comprehensive income:					
Net loss for the period	-	(2.1)	-	-	(2.1)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	13.0	13.0
Actuarial gains on pension plans, net of tax	-	-	-	0.8	0.8
	-	(2.1)	-	13.8	11.7
Balance as at December 31, 2021	**$ 2,894.9**	**$ (2,898.5)**	**$ 233.4**	**$ 355.2**	**$ 585.0**
Total comprehensive income:					
Net earnings for the period	-	96.8	-	-	96.8
Foreign currency translation differences on foreign operations, net of tax	-	-	-	10.0	10.0
Actuarial losses on pension plans, net of tax	-	-	-	(1.6)	(1.6)
	-	96.8	-	8.4	105.2
Balance as at June 30, 2022	**$ 2,894.9**	**$ (2,801.7)**	**$ 233.4**	**$ 363.6**	**$ 690.2**

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

Notes to the condensed consolidated financial statements

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

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

The Corporation is domiciled in Ontario, Canada and its registered office is 22 Adelaide Street West, Toronto, Ontario, M5H 4E3. These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors of Sherritt on July 27, 2022.

2. BASIS OF PRESENTATION

The condensed consolidated financial statements of the Corporation are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34), as issued by the International Accounting Standards Board (IASB). Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB, have been omitted or condensed. These condensed consolidated financial statements include the financial results of the Corporation's interest in its subsidiaries and joint arrangements. All financial information is presented in Canadian dollars rounded to the nearest hundred thousand, except as otherwise noted.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

These condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2021.

These condensed consolidated financial statements have been prepared using the same critical accounting estimates and judgments as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2021.

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

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

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

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

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

Accounting pronouncements issued but not yet effective

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

5. SEGMENTED INFORMATION

Canadian $ millions, for the three months ended June 30 — 2022

	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Tech-nologies	Corporate	Adjustments for Moa Joint Venture	Total
Revenue[2]	$ 205.7	$ 2.3	$ 4.0	$ 8.6	$ 0.8	$ 0.1	$ (155.6)	$ 65.9
Cost of sales	(125.7)	(3.0)	(6.5)	(6.5)	(3.7)	-	96.9	(48.5)
Administrative (expenses) recoveries	(1.6)	0.1	0.2	0.2	-	8.8	1.5	9.2
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	-	-	47.4	47.4
Earnings (loss) from operations and joint venture	78.4	(0.6)	(2.3)	2.3	(2.9)	8.9	(9.8)	74.0
Interest income on financial assets measured at amortized cost								3.9
Revaluation of allowances for expected credit losses								(1.2)
Other financing items								13.3
Financing expense								(8.2)
Net finance income								7.8
Earnings before income tax								81.8
Income tax expense								(0.3)
Net earnings from continuing operations								81.5
Loss from discontinued operations, net of tax								(0.4)
Net earnings for the period								$ 81.1
Supplementary information								
Depletion, depreciation and amortization	$ 13.5	$ -	$ 0.2	$ 4.0	$ 0.1	$ 0.4	$ (10.7)	$ 7.5
Property, plant and equipment expenditures	12.2	-	-	-	-	-	(8.7)	3.5
Intangible asset expenditures	-	-	(0.2)	-	-	-	-	(0.2)

Canadian $ millions, as at June 30 — 2022

	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Tech-nologies	Corporate	Adjustments for Moa Joint Venture	Total
Non-current assets[3]	$ 600.0	$ 0.5	$ 8.1	$ 16.0	$ 0.8	$ 6.6	$ (484.0)	$ 148.0
Total assets	988.0	139.5	53.2	339.5	1.4	36.3	(113.0)	1,444.9

Canadian $ millions, for the three months ended June 30 — 2021

	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Tech-nologies	Corporate	Adjustments for Moa Joint Venture	Total
Revenue[2]	$ 142.2	$ 1.8	$ 1.2	$ 7.0	$ 0.1	$ -	$ (121.3)	$ 31.0
Cost of sales	(120.2)	(2.4)	(5.7)	(6.2)	(3.0)	-	97.2	(40.3)
Administrative expenses	(2.3)	0.1	(0.5)	(1.0)	-	(13.3)	1.3	(15.7)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	-	-	17.7	17.7
Earnings (loss) from operations and joint venture	19.7	(0.5)	(5.0)	(0.2)	(2.9)	(13.3)	(5.1)	(7.3)
Interest income on financial assets measured at amortized cost								3.8
Revaluation of allowances for expected credit losses								0.1
Other financing items								(4.4)
Financing expense								(2.1)
Net finance expense								(2.6)
Loss before income tax								(9.9)
Income tax expense								(0.5)
Net loss from continuing operations								(10.4)
Loss from discontinued operations, net of tax								(0.3)
Net loss for the period								$ (10.7)
Supplementary information								
Depletion, depreciation and amortization	$ 14.4	$ -	$ 1.7	$ 3.9	$ 0.1	$ 0.1	$ (11.3)	$ 8.9
Property, plant and equipment expenditures	7.8	-	-	-	-	-	(5.2)	2.6
Intangible asset expenditures	-	-	0.3	-	-	-	-	0.3

Canadian $ millions, as at December 31 — 2021

	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Tech-nologies	Corporate	Adjustments for Moa Joint Venture	Total
Non-current assets[3]	$ 626.9	$ 0.5	$ 12.5	$ 19.2	$ 0.9	$ 7.1	$ (491.9)	$ 175.2
Total assets	943.3	125.4	53.1	322.5	1.1	68.2	(115.6)	1,398.0

Canadian $ millions, for the six months ended June 30								2022
	Moa JV and Fort Site[1]	**Metals Other**	**Oil and Gas**	**Power**	**Tech-nologies**	**Corporate**	**Adjustments for Moa Joint Venture**	**Total**
Revenue[2]	**$ 391.3**	**$ 4.3**	**$ 9.0**	**$ 17.6**	**$ 1.1**	**$ 0.4**	**$ (323.7)**	**$ 100.0**
Cost of sales	**(241.7)**	**(5.6)**	**(8.9)**	**(12.5)**	**(8.0)**	**-**	**197.7**	**(79.0)**
Administrative expenses	**(3.5)**	**0.1**	**(0.8)**	**(2.3)**	**-**	**(15.1)**	**2.8**	**(18.8)**
Share of earnings of Moa Joint Venture, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**95.3**	**95.3**
Earnings (loss) from operations and joint venture	**146.1**	**(1.2)**	**(0.7)**	**2.8**	**(6.9)**	**(14.7)**	**(27.9)**	**97.5**
Interest income on financial assets measured at amortized cost								**7.7**
Revaluation of allowances for expected credit losses								**(1.5)**
Other financing items								**12.9**
Financing expense								**(18.1)**
Net finance income								**1.0**
Earnings before income tax								**98.5**
Income tax expense								**(0.6)**
Net earnings from continuing operations								**97.9**
Loss from discontinued operations, net of tax								**(1.1)**
Net earnings for the period								**$ 96.8**
Supplementary information								
Depletion, depreciation and amortization	**$ 27.0**	**$ -**	**$ 0.7**	**$ 7.9**	**$ 0.1**	**$ 0.7**	**$ (21.6)**	**$ 14.8**
Property, plant and equipment expenditures	**22.9**	**-**	**-**	**0.5**	**-**	**-**	**(15.8)**	**7.6**
Intangible asset expenditures	**-**	**-**	**0.6**	**-**	**-**	**-**	**-**	**0.6**
Canadian $ millions, as at June 30								**2022**
Non-current assets[3]	**$ 600.0**	**$ 0.5**	**$ 8.1**	**$ 16.0**	**$ 0.8**	**$ 6.6**	**$ (484.0)**	**$ 148.0**
Total assets	**988.0**	**139.5**	**53.2**	**339.5**	**1.4**	**36.3**	**(113.0)**	**1,444.9**

Canadian $ millions, for the six months ended June 30								2021
	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Tech-nologies	Corporate	Adjustments for Moa Joint Venture	Total
Revenue[2]	$ 268.5	$ 3.4	$ 8.7	$ 12.9	$ 0.2	$ 0.3	$ (241.1)	$ 52.9
Cost of sales	(216.6)	(4.6)	(14.9)	(12.6)	(6.4)	-	184.4	(70.7)
Administrative expenses	(4.4)	0.1	(2.7)	(1.6)	-	(23.1)	2.5	(29.2)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	-	-	45.8	45.8
Earnings (loss) from operations and joint venture	47.5	(1.1)	(8.9)	(1.3)	(6.2)	(22.8)	(8.4)	(1.2)
Interest income on financial assets measured at amortized cost								7.5
Revaluation of allowances for expected credit losses								(1.5)
Other financing items								(5.2)
Financing expense								(11.2)
Net finance expense								(10.4)
Loss before income tax								(11.6)
Income tax expense								(0.7)
Net loss from continuing operations								(12.3)
Loss from discontinued operations, net of tax								(4.0)
Net loss for the period								$ (16.3)
Supplementary information								
Depletion, depreciation and amortization	$ 28.3	$ 0.1	$ 4.3	$ 7.8	$ 0.1	$ 0.4	$ (22.6)	$ 18.4
Property, plant and equipment expenditures	12.4	-	0.2	-	-	0.1	(9.0)	3.7
Intangible asset expenditures	-	-	0.5	-	-	-	-	0.5
Canadian $ millions, as at December 31								2021
Non-current assets[3]	$ 626.9	$ 0.5	$ 12.5	$ 19.2	$ 0.9	$ 7.1	$ (491.9)	$ 175.2
Total assets	943.3	125.4	53.1	322.5	1.1	68.2	(115.6)	1,398.0

(1) Included in the Moa JV and Fort Site segment are the operations of the Corporation's 50% interest in the Moa Joint Venture and its 100% interest in the utility and fertilizer operations in Fort Saskatchewan, Alberta.

(2) Revenue in the Metals Other segment includes $0.7 million and $1.4 million of intersegment revenue, net of elimination, with the Moa JV and Fort Site segment related to marketing of nickel and cobalt for the three and six months ended June 30, 2022, respectively ($0.8 million and $1.5 million for the three and six months ended June 30, 2021, respectively).

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

Disaggregation of revenue by product and service type

Revenue in the below table excludes the revenue of the equity-accounted investment in the Moa Joint Venture:

Canadian $ millions	For the three months ended 2022 June 30 Total revenue	2021 June 30 Total revenue	For the six months ended 2022 June 30 Total revenue	2021 June 30 Total revenue
Fertilizer[1]	$ 51.0	$ 21.4	$ 69.2	$ 28.4
Oil and gas product revenue	-	1.1	-	7.9
Oil and gas service revenue	4.0	-	9.0	-
Power generation[2]	7.3	6.1	14.8	11.3
Other	3.6	2.4	7.0	5.3
	$ 65.9	$ 31.0	$ 100.0	$ 52.9

(1) Due to the seasonal nature of the fertilizer operations in Fort Saskatchewan, Alberta, higher fertilizer revenue is expected in the second and fourth quarters of the year. For the year ended December 31, 2021, 36% of fertilizer revenue was recognized in the second quarter, 37% was recognized in the fourth quarter and the remaining 27% was recognized in the first and third quarters combined. Revenue from other product and service types is recognized more evenly throughout the year.

(2) Included in power generation revenue for the three and six months ended June 30, 2022 is $5.7 million and $11.5 million, respectively, of revenue from service concession arrangements ($4.7 million and $9.0 million for the three and six months ended June 30, 2021, respectively).

6. EXPENSES

Cost of sales includes the following:

Canadian $ millions	For the three months ended 2022 June 30	2021 June 30	For the six months ended 2022 June 30	2021 June 30
Employee costs	$ 17.1	$ 14.2	$ 33.2	$ 28.3
Severance	-	0.3	0.4	0.6
Depletion, depreciation and amortization of property, plant and equipment and intangible assets	7.0	8.5	13.9	17.6
Raw materials and consumables	29.5	16.4	49.5	30.5
Repairs and maintenance	9.2	11.4	19.5	21.9
Shipping and treatment costs	0.6	0.7	1.0	1.1
Share-based compensation (recovery) expense	(1.8)	0.3	1.7	1.5
Changes in inventories and other	(13.1)	(11.5)	(40.2)	(30.8)
	$ 48.5	$ 40.3	$ 79.0	$ 70.7

Administrative (recoveries) expenses include the following:

Canadian $ millions	For the three months ended 2022 June 30	2021 June 30	For the six months ended 2022 June 30	2021 June 30
Employee costs	$ 4.4	$ 5.2	$ 9.1	$ 11.2
Severance and other contractual benefits	-	2.5	0.1	2.6
Depreciation	0.5	0.4	0.9	0.8
Share-based compensation (recovery) expense	(15.4)	6.8	7.7	12.7
Consulting services and audit fees	0.8	0.6	1.5	1.3
Other	0.5	0.2	(0.5)	0.6
	$ (9.2)	$ 15.7	$ 18.8	$ 29.2

7. JOINT ARRANGEMENTS

Investment in Moa Joint Venture

During the three and six months ended June 30, 2022, the Moa Joint Venture paid distributions of $38.4 million and $86.8 million, respectively, of which $19.2 million and $43.4 million, respectively, were paid to the Corporation representing its 50% ownership interest ($33.8 million and $46.3 million, and $16.9 million and $23.2 million, respectively, for the three and six months ended June 30, 2021).

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

Statements of financial position

Canadian $ millions, 100% basis, as at	2022 June 30	2021 December 31
Assets		
Cash and cash equivalents	**$ 42.0**	$ 48.9
Other current assets	**20.2**	14.0
Trade accounts receivable, net	**142.9**	153.4
Inventories	**444.4**	303.7
Other non-current assets	**13.2**	12.4
Property, plant and equipment	**1,052.3**	1,067.6
Total assets	**1,715.0**	1,600.0
Liabilities		
Trade accounts payable and accrued liabilities	**77.1**	64.1
Income taxes payable	**13.4**	13.2
Other current financial liabilities	**0.2**	0.2
Loans and borrowings	**26.1**	21.3
Environmental rehabilitation provisions	**81.4**	105.5
Other non-current financial liabilities	**4.7**	4.9
Deferred income taxes	**23.5**	22.4
Total liabilities	**226.4**	231.6
Net assets of Moa Joint Venture	**$ 1,488.6**	$ 1,368.4
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**744.3**	684.2
Intercompany capitalized interest elimination	**(42.2)**	(41.8)
Investment in Moa Joint Venture	**$ 702.1**	$ 642.4

Statements of comprehensive income

	For the three months ended		For the six months ended	
Canadian $ millions, 100% basis	**2022 June 30**	2021 June 30	**2022 June 30**	2021 June 30
Revenue	**$ 311.3**	$ 242.8	**$ 647.5**	$ 482.3
Cost of sales(1)	**(193.9)**	(194.6)	**(395.4)**	(368.9)
Administrative expenses	**(2.9)**	(2.6)	**(5.5)**	(4.9)
Earnings from operations	**114.5**	45.6	**246.6**	108.5
Financing income	**0.1**	-	**0.2**	0.1
Financing expense	**(7.5)**	(2.0)	**(14.2)**	0.7
Net finance (expense) income	**(7.4)**	(2.0)	**(14.0)**	0.8
Earnings before income tax	**107.1**	43.6	**232.6**	109.3
Income tax expense(2)	**(14.2)**	(10.2)	**(45.9)**	(21.5)
Net earnings and comprehensive income of Moa Joint Venture	**$ 92.9**	$ 33.4	**$ 186.7**	$ 87.8
Proportion of Sherritt's ownership interest	**50%**	50%	**50%**	50%
Total	**46.5**	16.7	**93.4**	43.9
Intercompany elimination	**0.9**	1.0	**1.9**	1.9
Share of earnings of Moa Joint Venture, net of tax	**$ 47.4**	$ 17.7	**$ 95.3**	$ 45.8

(1) Included in cost of sales for the three and six months ended June 30, 2022 is depreciation and amortization of $21.3 million and $43.1 million, respectively ($22.8 million and $45.3 million for the three and six months ended June 30, 2021, respectively).

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

Joint operation

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

Canadian $ millions, 33⅓% basis, as at	2022 June 30	2021 December 31
Current assets[1]	$ **111.0**	$ 97.8
Non-current assets	**10.8**	16.8
Current liabilities	**6.7**	6.3
Non-current liabilities	**101.0**	98.1
Net assets	$ **14.1**	$ 10.2

(1) Included in current assets is $91.8 million of cash and cash equivalents (December 31, 2021 - $78.9 million).

	For the three months ended		For the six months ended	
Canadian $ millions, 33⅓% basis	**2022 June 30**	2021 June 30	**2022 June 30**	2021 June 30
Revenue	$ **8.6**	$ 7.0	$ **17.6**	$ 12.9
Expenses	**(4.6)**	(9.1)	**(13.1)**	(17.9)
Net earnings (loss)	$ **4.0**	$ (2.1)	$ **4.5**	$ (5.0)

8. NET FINANCE INCOME (EXPENSE)

		For the three months ended		For the six months ended	
Canadian $ millions	Note	**2022 June 30**	2021 June 30	**2022 June 30**	2021 June 30
Interest income on trade accounts receivable, net		**0.1**	0.1	**0.3**	0.2
Interest income on advances and loans receivable		**3.8**	3.7	**7.4**	7.3
Interest income on financial assets measured at amortized cost		**3.9**	3.8	**7.7**	7.5
Revaluation of allowances for expected credit (losses) gain on trade accounts receivable, net		**(1.2)**	0.1	**(1.5)**	(1.5)
Revaluation of allowances for expected credit losses		**(1.2)**	0.1	**(1.5)**	(1.5)
Revaluation of cobalt-linked warrants		**-**	-	**-**	0.2
Unrealized (losses) gain on commodity put options		**-**	(3.7)	**0.9**	(4.3)
Realized losses on commodity put options		**-**	(0.8)	**(0.9)**	(0.8)
Gain on repurchase of notes	13	**13.8**	0.8	**13.8**	2.1
Other interest income and unrealized losses on financial instruments		**(0.5)**	(0.7)	**(0.9)**	(2.4)
Other financing items		**13.3**	(4.4)	**12.9**	(5.2)
Interest expense and accretion on loans and borrowings		**(10.3)**	(10.4)	**(20.9)**	(20.8)
Unrealized foreign exchange gain		**3.8**	8.6	**4.9**	11.2
Realized foreign exchange gain (loss)		**-**	0.5	**-**	(0.1)
Other interest expense and finance charges		**(1.7)**	(0.7)	**(2.0)**	(1.3)
Accretion expense on environmental rehabilitation provisions	14	**-**	(0.1)	**(0.1)**	(0.2)
Financing expense		**(8.2)**	(2.1)	**(18.1)**	(11.2)
Net finance income (expense)		$ **7.8**	$ (2.6)	$ **1.0**	$ (10.4)

9. DISCONTINUED OPERATIONS

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

Canadian $ millions	Note	For the three months ended 2022 June 30	2021 June 30	For the six months ended 2022 June 30	2021 June 30
Loss from discontinued operations, net of tax - Ambatovy Joint Venture		**$ -**	$ (0.3)	**$ (0.2)**	$ (0.6)
Loss from discontinued operations, net of tax - Other discontinued operations	14	**(0.4)**	-	**(0.9)**	(3.4)
Loss from discontinued operations, net of tax		**$ (0.4)**	$ (0.3)	**$ (1.1)**	$ (4.0)

Other discontinued operations

For the three and six months ended June 30, 2022, the Corporation recognized $0.4 million and $0.9 million losses, respectively, from discontinued operations, net of tax as a result of revisions to the estimated future costs of provisions retained by the Corporation (note 14) (nil and $3.4 million for the three and six months ended June 30, 2021). Cash used by discontinued operations includes payments of $0.5 million and $0.7 million, respectively, made in respect of one of the provisions during the three and six months ended June 30, 2022 (note 14) ($0.6 million payments made for the three and six months ended June 30, 2021).

10. EARNINGS (LOSS) PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars	For the three months ended 2022 June 30	2021 June 30	For the six months ended 2022 June 30	2021 June 30
Net earnings (loss) from continuing operations	**$ 81.5**	$ (10.4)	**$ 97.9**	$ (12.3)
Loss from discontinued operations, net of tax	**(0.4)**	(0.3)	**(1.1)**	(4.0)
Net earnings (loss) for the period - basic and diluted	**$ 81.1**	$ (10.7)	**$ 96.8**	$ (16.3)
Weighted-average number of common shares - basic and diluted[1]	**397.3**	397.3	**397.3**	397.3
Net earnings (loss) from continuing operations per common share:				
Basic and diluted	**$ 0.21**	$ (0.03)	**$ 0.25**	$ (0.03)
Loss from discontinued operations, net of tax, per common share:				
Basic and diluted	**$ 0.00**	$ 0.00	**$ 0.00**	$ (0.01)
Net earnings (loss) per common share:				
Basic and diluted	**$ 0.20**	$ (0.03)	**$ 0.24**	$ (0.04)

(1) The determination of the weighted-average number of common shares - diluted excludes 2.7 million shares related to stock options and nil shares related to the warrants from the 2016 debenture extension that were anti-dilutive for the three and six months ended June 30, 2022, respectively (8.6 million and 10.4 million, respectively, for the three and six months ended June 30, 2021).

11. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents consist of:

Canadian $ millions, as at	2022 June 30	2021 December 31
Cash equivalents	**$ 0.1**	$ 16.1
Cash held in banks	**124.5**	129.5
	$ 124.6	$ 145.6

Cash and cash equivalents of the Corporation and its wholly-owned subsidiaries held in Canada was $28.6 million as at June 30, 2022 (December 31, 2021 - $64.2 million).

The Corporation's cash balances are deposited with major financial institutions rated A or higher by Standard and Poor's except for institutions located in Cuba that are not rated. The total cash held in Cuban bank deposit accounts was $95.6 million as at June 30, 2022 (December 31, 2021 - $80.6 million).

As at June 30, 2022, $91.8 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2021 - $78.9 million). These funds are for use locally by the joint operation and will be transferred to the Corporation upon foreign exchange approval.

Fair value measurement

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

Canadian $ millions, as at	Note	Hierarchy level	2022 June 30 Carrying value	2022 June 30 Fair value	2021 December 31 Carrying value	2021 December 31 Fair value
Liabilities:						
8.50% second lien secured notes due 2026[(1)]	13	1	**$ 316.6**	**$ 247.7**	$ 354.5	$ 196.3
10.75% unsecured PIK option notes due 2029[(1)]	13	1	**68.7**	**35.0**	82.6	28.9

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

Trade accounts receivable, net

Canadian $ millions, as at	2022 June 30	2021 December 31
Trade accounts receivable	**$ 193.3**	$ 174.0
Allowance for expected credit losses	**(23.1)**	(21.8)
Accounts receivable from Moa Joint Venture	**19.4**	18.2
Other	**24.1**	20.3
	$ 213.7	$ 190.7

Aging of trade accounts receivable, net

Canadian $ millions, as at	2022 June 30	2021 December 31
Not past due	**$ 183.2**	$ 152.1
Past due no more than 30 days	**0.2**	4.7
Past due for more than 30 days but no more than 60 days	**0.7**	8.5
Past due for more than 60 days	**29.6**	25.4
	$ 213.7	$ 190.7

12. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at		2022 June 30		2021 December 31
Advances and loans receivable				
Energas conditional sales agreement	**$**	**210.5**	$	204.7
Other financial assets				
Finance lease receivables		**3.3**		3.6
		213.8		208.3
Current portion of advances, loans receivable and other financial assets(1)		**(18.4)**		(18.1)
Non-current portion of advances, loans receivable and other financial assets	**$**	**195.4**	$	190.2

(1) Included in the current portion of advances, loans receivable and other financial assets is the Energas conditional sales agreement of $17.5 million (December 31, 2021 - $17.3 million).

13. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

				For the six months ended June 30, 2022				
				Cash flows		Non-cash changes		
Canadian $ millions	Note		As at 2021 December 31	Repurchase of notes		Other		**As at 2022 June 30**
8.50% second lien secured notes due 2026	11	$	354.5	**$ (34.8)**	**$**	**(3.1)**	**$**	**316.6**
10.75% unsecured PIK option notes due 2029	11		82.6	**(10.0)**		**(3.9)**		**68.7**
Syndicated revolving-term credit facility			7.4	**-**		**0.7**		**8.1**
		$	444.5	**$ (44.8)**	**$**	**(6.3)**	**$**	**393.4**
Current portion of loans and borrowings(1)			-					**(13.6)**
Non-current portion of loans and borrowings		$	444.5				**$**	**379.8**

(1) Includes $5.5 million of 8.50% second lien secured notes due 2026 relating to the mandatory redemption in October 2022.

8.50% second lien secured notes due 2026

During the three months ended June 30, 2022, the Corporation repurchased $40.9 million of principal of the 8.50% second lien secured notes due 2026 at a cost of $34.8 million, plus $0.4 million of accrued interest, resulting in a gain on repurchase of notes of $4.9 million (note 8).

As at June 30, 2022, the outstanding principal amount of the 8.50% second lien secured notes due 2026 is $309.6 million.

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

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

As at the interest payment date in April 2022, the Corporation was not required to make any mandatory redemptions as the conditions pursuant to the provisions of the indenture agreement were not met.

Excess cash flow, as defined in the indenture agreement, for the two-quarter period ended June 30, 2022, was $11.0 million. Subject to minimum liquidity in October 2022, as per the minimum liquidity provision noted above, the Corporation will be required to redeem, at par, total Second Lien Notes equal to 50% of excess cash flow, or $5.5 million in October 2022. The $44.8 million of cash used to repurchase the Second Lien Notes and unsecured PIK option notes during the three months ended June 30, 2022 will be added back to the calculation of minimum liquidity in October 2022 before and after any such redemption, as per the minimum liquidity provision noted above.

10.75% unsecured PIK option notes due 2029

During the three months ended June 30, 2022, the Corporation repurchased $18.3 million of principal of the 10.75% unsecured PIK option notes due 2029 at a cost of $10.0 million, resulting in a gain on repurchase of notes of $8.9 million (note 8).

During the six months ended June 30, 2022, the Corporation elected not to pay cash interest due in January of $4.4 million on the 10.75% unsecured PIK option notes due 2029 and added the payment-in-kind interest to the principal amount owed to noteholders.

As at June 30, 2022, the outstanding principal amount of the 10.75% unsecured PIK option notes due 2029 is $68.7 million.

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

Syndicated revolving-term credit facility

As at June 30, 2022, the outstanding principal amount of the syndicated revolving-term credit facility is $8.0 million.

Other non-cash changes on the syndicated revolving-term credit facility consist of accretion and a loss due to revisions of cash flows.

Other financial liabilities

Canadian $ millions, as at	Note	**2022 June 30**	2021 December 31
Lease liabilities		**$ 13.3**	$ 14.2
Share-based compensation liability	15	**26.6**	22.8
Other financial liabilities		**3.1**	3.9
		43.0	40.9
Current portion of other financial liabilities		**(23.4)**	(7.4)
Non-current portion of other financial liabilities		**$ 19.6**	$ 33.5

14. PROVISIONS

Canadian $ millions, as at	Note	**2022 June 30**	2021 December 31
Environmental rehabilitation provisions		**$ 81.9**	$ 103.8
Other provisions	9	**4.6**	4.2
		86.5	108.0
Current portion of provisions		**(5.7)**	(3.2)
Non-current portion of provisions		**$ 80.8**	$ 104.8

Environmental rehabilitation provisions

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian $ millions	Note	For the six months ended 2022 June 30	For the year ended 2021 December 31
Balance, beginning of the period		**$ 103.8**	$ 109.9
Change in estimates		**(18.4)**	0.1
Gain on settlement of environmental rehabilitation provisions		**(0.1)**	(1.2)
Utilized during the period		**(0.3)**	(1.1)
Accretion	8	**-**	0.3
Effect of movement in exchange rates		**(3.1)**	(4.2)
Balance, end of the period		**$ 81.9**	$ 103.8

Change in estimates includes the impact of changes in discount rates, which ranged from 2.83% to 6.83% as at June 30, 2022 and were applied to expected future cash flows to determine the carrying value of the environmental rehabilitation provisions (as at December 31, 2021 – discount rates from 1.08% to 5.45%).

Other provisions

The following is a reconciliation of other provisions:

Canadian $ millions	Note	For the six months ended 2022 June 30	For the year ended 2021 December 31
Balance, beginning of the period		**$ 4.2**	$ 2.2
Change in estimates	9	**1.1**	4.1
Utilized during the period	9	**(0.7)**	(2.1)
Balance, end of the period		**$ 4.6**	$ 4.2

15. SHARE-BASED COMPENSATION PLANS

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

The fair value of the Corporation's PSU liability is also based on the expected achievement of certain performance conditions of the Corporation, as well as market conditions. The vesting of the PSUs will be subject to the achievement of two equally-weighted performance conditions measured over the 3-year vesting period: (i) the Corporation's total shareholder return relative to benchmark indices composed of mining and oil and gas companies (a market condition); and (ii) certain specified internal measures related to achieving strategic objectives and unit cost of production compared to budget (non-market conditions).

Cash payments for share-based units are made in the first quarter of each year and are dependent upon the market value of the Corporation's shares on the settlement date, and in the case of PSUs, cash payments are also dependent upon the achievement of the market and non-market performance conditions described above. The market value of the Corporation's shares as at June 30, 2022 and December 31, 2021 was $0.43 and $0.38, respectively.

During the three and six months ended June 30, 2022, the Corporation recognized a share-based compensation recovery of $17.2 million and expense of $9.4 million, respectively, during which time the market value of the Corporation's shares decreased by $0.34 and increased by $0.05, respectively. During the three and six months ended June 30, 2021, the Corporation recognized share-based compensation expenses of $7.1 million and $14.2 million, respectively, which included accelerated share-based compensation expenses of $4.9 million related to the departures of two senior executives and reduction of 10% of the Corporate office salaried workforce, and during which time the market value of the Corporation's shares decreased by $0.03 and increased by $0.10, respectively.

Share-based compensation liability

Canadian $ millions, as at	Note	2022 June 30	2021 December 31
Share-based compensation liability	13	**$ 26.6**	$ 22.8
Current portion of share-based compensation liability		**(21.5)**	(5.6)
Non-current portion of share-based compensation liability		**$ 5.1**	$ 17.2

Share-based compensation (recovery) expense

		For the three months ended		For the six months ended	
Canadian $ millions	Note	**2022 June 30**	2021 June 30	**2022 June 30**	2021 June 30
Share-based compensation (recovery) expense	6	**$ (17.2)**	$ 7.1	**$ 9.4**	$ 14.2

16. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at June 30	2022
Property, plant and equipment commitments	**$ 8.1**
Moa Joint Venture:	
Property, plant and equipment commitments(1)	**21.0**

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

17. SUPPLEMENTAL CASH FLOW INFORMATION

Working capital is defined as the Corporation's current assets less current liabilities and was $135.7 million as at June 30, 2022 ($168.1 million - December 31, 2021).

Net change in non-cash working capital

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

	For the three months ended		For the six months ended	
Canadian $ millions	**2022 June 30**	2021 June 30	**2022 June 30**	2021 June 30
Trade accounts receivable, net, and unbilled revenue	**$ 45.0**	$ 4.1	**$ (20.2)**	$ (32.1)
Inventories	**0.5**	5.8	**(5.0)**	(0.3)
Prepaid expenses	**(2.7)**	(2.4)	**(1.4)**	(0.9)
Trade accounts payable and accrued liabilities	**(17.5)**	17.2	**14.5**	28.6
Deferred revenue	**(21.7)**	(16.7)	**(6.3)**	9.0
	$ 3.6	$ 8.0	**$ (18.4)**	$ 4.3

18. SHAREHOLDERS' EQUITY

Capital stock

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

Canadian $ millions, except share amounts		**For the six months ended 2022 June 30**		For the year ended 2021 December 31
	Number	**Capital stock**	Number	Capital stock
Balance, beginning of the period	**397,288,680**	**$ 2,894.9**	397,284,652	$ 2,894.9
Warrants exercised - 2016 debenture extension	**-**	**-**	4,028	-
Balance, end of the period	**397,288,680**	**$ 2,894.9**	397,288,680	$ 2,894.9

During the year ended December 31, 2021, the 2016 debenture warrants expired and nil warrants were outstanding as at June 30, 2022 (December 31, 2021 – nil).

19. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Russian invasion of Ukraine

During the six months ended June 30, 2022, the Russian invasion of Ukraine and ensuing global sanctions imposed on Russia did not have a material adverse impact on the Corporation. The Russian invasion of Ukraine could have a material impact on the Corporation's financial position, performance and cash flows in future periods and the full extent of the impact cannot be reasonably estimated at this time.

COVID-19 and Cuba risk

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

The Corporation continues to monitor the impact of the COVID-19 pandemic, including the impact on economic activities in Canada, Cuba and globally. During the six months ended June 30, 2022 and June 30, 2021, the Corporation took a number of measures to safeguard the health of its employees and their local communities while continuing to operate safely and responsibly. Government-ordered restrictions resulted in health and safety measures being put in place at operations in Canada and Cuba.

Operations at these sites continued during the six months ended June 30, 2022 and June 30, 2021, with COVID-19 having a limited impact on mining and refining activities and no material impact on finished nickel and cobalt production at the Moa Joint Venture and Fort Site during the six months ended June 30, 2022 and June 30, 2021.

During the six months ended June 30, 2022, Cuba continued to experience hardships as a result of the impact of COVID-19 and continued U.S. sanctions, impacting the country's tourism and other industries and hampering the country's foreign currency liquidity. The foregoing may contribute to increased political, economic and related risks to the Corporation. See the discussion of risks associated with COVID-19 in "Risk Factors – Liquidity and Access to Capital" and "Risk Factors – Political, Economic and Other Risks of Foreign Operations" in the Corporation's Annual Information Form.

The timing and amount of receipts of Cuban energy payments were negatively impacted during the six months ended June 30, 2022, as they are dependent upon Cuba's economy, which has been impacted by restrictions on tourism as a result of COVID-19, as well as U.S. sanctions limiting Cuba's access to foreign currency and Cuban currency unification. The uncertainty on the timing and amount of receipts of Cuban energy payments impacts judgments made by the Corporation, including those relating to determining the collection and carrying values of Cuban trade accounts receivable for the Oil and Gas and Power segments (note 11), and the Energas conditional sales agreement (note 12), in addition to the recoverable values of the Corporation's non-current non-financial assets in Cuba. The carrying values of trade accounts receivable for the Oil and Gas and Power segments and the Energas conditional sales agreement within the Corporation's condensed consolidated statements of financial position reflect the Corporation's exposure to credit risk. The net carrying value represents the Corporation's best estimate of amounts collectible as at the reporting date.

As a result of the COVID-19 pandemic, the Corporation's financial position, performance and cash flows could be impacted by COVID-19 and the full extent of the impact cannot be reasonably estimated at this time. For the six months ended June 30, 2022 and June 30, 2021, there have been no significant impacts from COVID-19 on the Corporation, other than the items described above.

Liquidity risk

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

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

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

Capital risk management

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

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

Financial obligation maturity analysis

The Corporation's significant contractual commitments, obligations, and interest and principal repayments in respect of its financial liabilities, income taxes payable and provisions are presented in the following table. For amounts payable that are not fixed, including mandatory redemptions of the 8.50% second lien notes due 2026 (note 12), the amount disclosed is determined by reference to the conditions existing as at June 30, 2022.

Canadian $ millions, as at June 30, 2022	Total	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$ 212.9	$ 212.9	$ -	$ -	$ -	$ -	$ -
Income taxes payable	0.9	0.9	-	-	-	-	-
8.50% second lien secured notes due 2026 (includes principal, interest and premium)	455.2	31.8	26.3	26.3	26.3	344.5	-
10.75% unsecured PIK option notes due 2029 (includes principal and interest)	152.1	-	-	-	-	-	152.1
Syndicated revolving-term credit facility	8.9	0.5	8.4	-	-	-	-
Provisions	153.0	5.7	3.1	0.4	0.5	1.8	141.5
Lease liabilities	16.9	2.6	2.4	2.4	1.8	1.3	6.4
Total	$ 999.9	$ 254.4	$ 40.2	$ 29.1	$ 28.6	$ 347.6	$ 300.0

20. RELATED PARTY TRANSACTIONS

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

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