Q2

2024 SECOND QUARTER REPORT

Sherritt International Corporation

For the three and six months ended June 30, 2024

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Sherritt Reports Second Quarter 2024 Results; Metals and Power Deliver Strong Performance; Net Direct Cash Cost Significantly Improved

TORONTO – July 29, 2024 – Sherritt International Corporation ("Sherritt", the "Corporation") (TSX: S), a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition – today reported its financial results for the three and six months ended June 30, 2024. All amounts are in Canadian dollars unless otherwise noted.

Leon Binedell, President and CEO of Sherritt commented, "We are encouraged by the strong operational turnaround and improved performance delivered by both our Metals and Power businesses in line with our plans developed last year in response to the market decline and operational challenges experienced. At Metals, nickel, cobalt and fertilizer production benefitted from improved operating reliability and increased mixed sulphides availability as we begin to see the positive impacts of the slurry preparation plant commissioned earlier this year. Notably, our net direct cash cost of US$5.75 per pound was a significant improvement and with our continued focus on operating stability, margin improvement and cash generation, we see the potential to realize further cost improvements ahead. At Power, we continue to achieve increased production and improved utilization. We are pleased to announce an additional well is scheduled to be drilled this year which will increase our output further. The additional supply of gas in Power has resulted in a materially higher dividend of $5.1 million received in Canada this quarter and we expect to continue receiving higher dividends going forward."

Mr. Binedell continued, "With nickel and cobalt both facing headwinds and prices considered at or near the bottom, our lower operating costs and the advancements in operational improvements we have made, place us in a strong position to weather these near-term market uncertainties unlike many non-Chinese linked suppliers which have already announced their exit from the market. Once these near-term market uncertainties abate, we will ultimately capitalize on the future growth opportunities ahead with strong demand expected over the medium-term for the responsibly sourced critical minerals we produce."

SECOND QUARTER 2024 SELECTED DEVELOPMENTS

- Sherritt's share(1) of finished nickel and cobalt production at the Moa Joint Venture ("Moa JV") was 3,383 tonnes and 342 tonnes, respectively.
- Sherritt's share of finished nickel and cobalt sales was 3,791 tonnes and 390 tonnes, respectively. Nickel sales volumes exceeded production volumes on continued strong spot sales which are expected to continue in the second half of the year, driving progress on reducing nickel inventory.
- Net direct cash cost ("NDCC")(2) was US$5.75/lb benefitting from lower mining, processing and refining costs per pound of nickel sold ("MPR/lb"), the largest component of NDCC(2), which improved 15% compared to Q2 2023. Compared to Q1 2024, NDCC(2) continued to improve as expected decreasing by 21%.
- Received $5.1 million of dividends in Canada from Energas during the quarter. Based on current 2024 guidance estimates for production volumes, unit operating costs(2) and spending on capital(2) disclosed in the Outlook section of the MD&A, Sherritt expects total dividends in Canada from Energas to exceed $10.0 million in 2024(3).
- Electricity production was 205 GWh benefitting from increased gas supply from the two wells that went into production at the end of Q2 2023.
- Electricity unit operating cost(2) was $42.74/MWh reflecting timing of higher scheduled maintenance, partly offset by higher sales volume.
- 2024 guidance for production volumes, unit operating costs/NDCC(1) and spending on capital(1) remain unchanged.
- Net loss from continuing operations was $11.5 million, or $(0.03) per share primarily due to lower average-realized prices(2) for nickel, cobalt and fertilizers, partly offset by higher nickel sales volumes.
- Adjusted net loss from continuing operations(2) was $10.0 million or $(0.03) per share, which primarily excludes a non-cash $5.3 million revaluation loss on the net receivable pursuant to the Cobalt Swap(4) on updates to valuation assumptions and a $3.4 million unrealized gain on nickel put options.
- Adjusted EBITDA(2) was $13.0 million.

- Available liquidity in Canada as at June 30, 2024 was $55.9 million supported by $27.0 million received from the Moa JV as full repayment of short-term working capital advances primarily offset by $7.8 million used for operating activities at Power to support scheduled maintenance activities, a $9.4 million interest payment on Second Lien Notes and a $10.8 million payment on rehabilitation and closure costs related to legacy Oil and Gas assets in Spain.
- Sherritt's syndicated revolving-term credit facility was amended to extend its maturity by one year from April 30, 2025 to April 30, 2026 and change the EBITDA-to-Interest Expense covenant as defined in the agreement. There were no other significant changes to the terms, financial covenants or restrictions.
- Purchased put options on 3,876 tonnes of nickel, or 646 tonnes per month, at an exercise price of US$8.16/lb at a cost of $2.2 million for a six-month period starting from June 1, 2024. Any settlements will be paid in cash monthly based on the average monthly nickel price on the London Metal Exchange ("LME"). The economic hedging strategy provides Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes in nickel prices by providing a minimum price of US$8.16/lb on approximately 25% of expected nickel production from the Moa JV during the six-month period. In July, Sherritt received $0.4 million upon settlement of the June 2024 in-the-money put option.
- Opportunistically repurchased $1.5 million of 10.75% unsecured PIK option notes ("PIK Notes") at a 50% discount.
- Released the Corporation's 2023 Sustainability Report marking the 16th year of sustainability reporting and outlining significant progress made during the year toward its ESG goals and highlighting achievements made during the year including maintaining conformity with the LME's Track B Responsible Sourcing Requirements.
- Completed a 10% workforce reduction at its Corporate office in Q2 2024 in addition to the Canada-wide restructuring completed in Q1 2024. Annual cost savings from these cumulative employee and other cost reductions are expected to be $15.0 million per year.
- Phase two of the Moa JV expansion continues with commissioning and ramp up expected in the first half of 2025.
- Advanced the mixed hydroxide precipitate processing project ("MHP Project") with the commencement of an engineering study and continued batch test work and process flowsheet development, which yielded very positive results for metal recoveries and impurity removals.

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

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

(3) Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to dividends in Canada from Energas.

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

DEVELOPMENTS SUBSEQUENT TO THE QUARTER

Subsequent to the quarter end:

- The Moa JV received approval for US$12 million of foreign currency financing from a Cuban bank to support international payments related to construction of the Sixth Leach Train, the primary component of phase two of the expansion project.
- Elected not to pay cash interest due July 2024 of $3.5 million and added the payment-in-kind interest to the principal amount owed to noteholders on its 10.75% unsecured PIK notes.

Q2 2024 FINANCIAL HIGHLIGHTS

$ millions, except per share amount	For the three months ended 2024 June 30	2023 June 30	Change	For the six months ended 2024 June 30	2023 June 30	Change
Revenue	**$ 51.4**	$ 93.5	(45%)	**$ 80.2**	$ 152.1	(47%)
Combined revenue(1)	**163.2**	197.0	(17%)	**290.9**	384.4	(24%)
(Loss) earnings from operations and joint venture	**(1.9)**	2.2	(186%)	**(24.3)**	23.8	(202%)
Net (loss) earnings from continuing operations	**(11.5)**	0.3	nm(2)	**(52.4)**	13.9	(477%)
Net (loss) earnings for the period	**(11.5)**	0.3	nm	**(52.0)**	13.6	(482%)
Adjusted EBITDA(1)	**13.0**	14.2	(8%)	**6.5**	55.4	(88%)
Adjusted net (loss) earnings from continuing operations(1)	**(10.0)**	(2.5)	(300%)	**(34.6)**	11.3	(406%)
Net (loss) earnings from continuing operations ($ per share)	**(0.03)**	0.00	nm	**(0.13)**	0.03	(533%)
Adjusted net (loss) earnings from continuing operations ($ per share)(1)	**(0.03)**	(0.01)	(200%)	**(0.08)**	0.02	(500%)
Cash (used) provided by continuing operations for operating activities	**(37.8)**	32.0	(218%)	**(24.8)**	41.9	(159%)
Combined free cash flow(1)	**(27.0)**	5.6	(582%)	**(11.2)**	34.9	(132%)
Average exchange rate (CAD/US$)	**1.368**	1.343	2%	**1.359**	1.348	1%

(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	2024 June 30	2023 December 31	Change
Cash and cash equivalents			
Canada	**$ 25.5**	$ 21.5	19%
Cuba(1)	**105.4**	96.3	9%
Other	**1.4**	1.3	8%
	132.3	119.1	11%
Loans and borrowings	**369.9**	355.6	4%
The Corporation's share of cash and cash equivalents in the Moa Joint Venture, not included in the above balances:	**$ 8.5**	$ 5.9	44%

(1) As at June 30, 2024, $104.2 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2023 - $93.9 million).

Cash and cash equivalents as at June 30, 2024 were $132.3 million, decreasing from $144.4 million as at March 31, 2024.

As at June 30, 2024, total available liquidity in Canada, which is composed of cash and cash equivalents in Canada of $25.5 million and available credit facilities of $30.4 million was $55.9 million decreasing from $67.9 million as at March 31, 2024 as expected. Available liquidity in Canada during the quarter was supported by $27.0 million received from the Moa JV as full repayment of short-term working capital advances, and $5.1 million of dividends from Energas received in Canada. These receipts were primarily offset by $7.8 million used for operating activities at Power primarily to support scheduled maintenance activities, a $9.4 million interest payment on Second Lien Notes and a $10.8 million payment on rehabilitation and closure costs related to legacy Oil and Gas assets in Spain. The receipt of the Moa JV advance repayment is reflected in cash provided by investing activities.

Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements. Determinants of liquidity include anticipated nickel and cobalt prices, planned spending on capital at the Moa JV including growth capital, working capital needs, expected financing 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. Based on the midpoint of the Moa JV's 2024 guidance ranges for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of the MD&A, and the first half 2024 nickel and cobalt average reference prices of US$8.00/lb and US$13.50/lb, respectively, Sherritt expects to receive approximately $50.0 million in Cobalt Swap distributions (including both Sherritt's share and GNC's redirected share). As defined by the agreement, any short fall in the annual minimum payment amount will be added to the following year. With the full repayment of the short-term working capital advances to the Moa JV received in the second quarter of 2024, Sherritt expects the joint venture will commence dividends pursuant to the Cobalt Swap during the fourth quarter of 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to distributions from the Moa JV.

In Power, based on 2024 guidance estimates for production volumes, unit operating costs[(1)] and spending on capital[(1)] disclosed in the Outlook section of the MD&A, Sherritt expects total dividends in Canada from Energas to exceed $10.0 million in 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to dividends in Canada from Energas.

During the quarter, Sherritt purchased put options on 3,876 tonnes of nickel, or 646 tonnes per month, at an exercise price of US$8.16/lb at a cost of $2.2 million for a six-month period starting from June 1, 2024. Any settlements will be paid in cash monthly based on the average monthly nickel price on the LME. The economic hedging strategy provides Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes in nickel prices by providing a minimum price of US$8.16/lb on approximately 25% of expected nickel production from the Moa JV during the six-month period. In July, Sherritt received $0.4 million upon settlement of the June 2024 in-the-money put option.

Sherritt's syndicated revolving-term credit facility was amended to extend its maturity by one year from April 30, 2025 to April 30, 2026 and change the EBITDA-to-Interest Expense covenant as defined in the agreement. The amendment included terms to transition the interest rate of bankers' acceptance plus 4.00% to CORRA plus 4.00%. There were no other significant changes to the terms, financial covenants or restrictions.

At the Second Lien Note interest payment date in April 2024, the Corporation was not required to make a mandatory redemption of Second Lien Notes as it did not have Excess Cash Flow as defined in the Second Lien Notes indenture agreement for the two-quarter period ended December 31, 2023. Additionally, for the two-quarter period ended June 30, 2024, the Corporation did not have Excess Cash Flow as defined in the Second Lien Notes indenture agreement and, therefore, will not be required to make a mandatory redemption with its October 2024 interest payment.

As at June 30, 2024, the Corporation was in compliance with all its debt covenants.

Subsequent to the quarter end:

- The Moa JV received approval for US$12 million of foreign currency financing from a Cuban bank to support international payments related to construction of the Sixth Leach Train, the primary component of phase two of the expansion project.
- Elected not to pay cash interest due July 2024 of $3.5 million and added the payment-in-kind interest to the principal amount owed to noteholders on its PIK notes.

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

REVIEW OF OPERATIONS

Metals

$ millions (Sherritt's share), except as otherwise noted	For the three months ended 2024 June 30	2023 June 30	Change	For the six months ended 2024 June 30	2023 June 30	Change
FINANCIAL HIGHLIGHTS(1)						
Revenue	**$ 150.6**	$ 185.6	(19%)	**$ 265.7**	$ 362.1	(27%)
Cost of sales	**144.5**	182.2	(21%)	**275.6**	326.7	(16%)
(Loss) earnings from operations	**2.7**	3.8	(29%)	**(18.3)**	34.8	(153%)
Adjusted EBITDA(2)	**18.0**	18.6	(3%)	**10.5**	63.1	(83%)
CASH FLOW(1)						
Cash provided by continuing operations for operating activities(2)	**$ 21.2**	$ 38.8	(45%)	**$ 52.4**	$ 101.8	(49%)
Free cash flow(2)	**13.5**	22.7	(41%)	**35.2**	76.1	(54%)
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**4,095**	3,783	8%	**8,147**	7,533	8%
Finished Nickel	**3,383**	3,268	4%	**6,980**	6,751	3%
Finished Cobalt	**342**	331	3%	**684**	698	(2%)
Fertilizer	**60,355**	52,224	16%	**117,419**	110,215	7%
NICKEL RECOVERY(3) (%)	**88%**	85%	4%	**87%**	85%	2%
SALES VOLUMES (tonnes)						
Finished Nickel	**3,791**	3,188	19%	**7,814**	6,532	20%
Finished Cobalt	**390**	1,064	(63%)	**752**	1,795	(58%)
Fertilizer	**60,682**	63,384	(4%)	**84,591**	93,263	(9%)
AVERAGE-REFERENCE PRICE(4) (US$ per pound)						
Nickel	**$ 8.35**	$ 10.12	(17%)	**$ 7.94**	$ 10.94	(27%)
Cobalt	**13.34**	15.27	(13%)	**13.59**	16.46	(17%)
AVERAGE-REALIZED PRICE(2) (CAD)						
Nickel ($ per pound)	**$ 11.25**	$ 13.58	(17%)	**$ 10.55**	$ 15.06	(30%)
Cobalt ($ per pound)	**14.32**	16.36	(12%)	**14.41**	17.48	(18%)
Fertilizer ($ per tonne)	**574.70**	709.67	(19%)	**528.73**	663.94	(20%)
UNIT OPERATING COST(2) (US$)						
Nickel - net direct cash cost (US$ per pound)	**$ 5.75**	$ 7.22	(20%)	**$ 6.50**	$ 6.88	(6%)
SPENDING ON CAPITAL(2)(CAD)						
Sustaining	**$ 7.4**	$ 13.6	(46%)	**$ 14.8**	$ 19.5	(24%)
Growth	**0.4**	2.5	(84%)	**2.4**	6.2	(61%)
	$ 7.8	$ 16.1	(52%)	**$ 17.2**	$ 25.7	(33%)

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

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

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

(4) Reference sources: Nickel – LME. Cobalt - Average standard-grade cobalt price published per Argus.

Revenue

Metals revenue in Q2 2024 was $150.6 million compared to $185.6 million in Q2 2023. Revenue in the current year period was lower primarily due to lower average-realized prices(1) for nickel, cobalt and fertilizer and the timing of receipts and sales of cobalt by Sherritt under the Cobalt Swap agreement, partly offset by higher nickel sales volumes. In Q2 2024 the average-realized prices(1) for nickel, cobalt and fertilizers were $11.25/lb, $14.32/lb and $574.70/tonne, 17%, 12% and 19% lower, respectively, compared to the same period in the prior year.

Nickel revenue in Q2 2024 was $94.0 million compared to $95.5 million in Q2 2023. Finished nickel sales volumes in Q2 2024 were 19% higher than Q2 2023 and exceeded production volumes as Metals continued reducing its inventory with strong spot sales which are expected to continue in the second half of the year, driving progress on reducing nickel inventory.

Cobalt revenue in Q2 2024 was $12.3 million compared to $38.4 million in Q2 2023. Lower revenue was primarily due to the timing of receipts and sales of cobalt under the Cobalt Swap and lower average-realized prices(1). For more information regarding the timing of Cobalt Swap distributions in 2024, refer to the Cobalt Swap sales section below.

Fertilizer revenue in Q2 2024 was $34.8 million compared to $45.0 million in Q2 2023. In addition to lower average-realized prices(1), sales volumes for Q2 2024 were 4% lower compared to Q2 2023.

Cobalt Swap sales

For 2024, Cobalt Swap distributions are anticipated to start in the fourth quarter of the year whereas in 2023, Sherritt had received 100% of the annual maximum amount of cobalt (2,082 tonnes) and had sold approximately 85% of that cobalt by the end the first half of the year.

While the timing of receipts and sales of cobalt under the Cobalt Swap results in variances in cobalt sales volumes, revenue and cost of sales for Sherritt, they do not have a material impact on earnings from operations, average-realized prices(1), cobalt by-product credits, or NDCC(1) as the variance in revenue and costs of Sherritt's share of cobalt under the Cobalt Swap is offset by Sherritt's share of revenue and costs of the Moa JV and the cost of cobalt sold on volumes of cobalt redirected from GNC(2) is determined based on the in-kind value of cobalt calculated as the cobalt reference price from the month preceding distribution less a mutually agreed selling cost adjustment.

Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements. Determinants of liquidity include anticipated nickel and cobalt prices, planned spending on capital at the Moa JV including growth capital, working capital needs, expected financing 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. Based on the midpoint of the Moa JV's 2024 guidance ranges for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of the MD&A, and the first half 2024 nickel and cobalt average reference prices of US$8.00/lb and US$13.50/lb, respectively, Sherritt expects to receive approximately $50.0 million in Cobalt Swap distributions (including both Sherritt's share and GNC's redirected share). As defined by the agreement, any short fall in the annual minimum payment amount will be added to the following year. With the full repayment of the short-term working capital advances to the Moa JV received in the second quarter of 2024, Sherritt expects the joint venture will commence dividends pursuant to the Cobalt Swap during the fourth quarter of 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to distributions from the Moa JV.

Production

Mixed sulphides production at the Moa JV in Q2 2024 was 4,095 tonnes, up 8% from the Q2 2023 primarily due to lower unplanned maintenance and improved ore quality being fed to the processing plant following the completion of the new Slurry Preparation Plant ("SPP") in Q1 2024.

During the second quarter of 2024, the annual refinery maintenance shutdown occurred and has been factored into the Corporation's 2024 guidance with higher production expected in the second half of the year. The planned annual maintenance shutdown also took place during the second quarter in 2023.

Sherritt's share of finished nickel and cobalt production in Q2 2024 was 3,383 tonnes and 342 tonnes, each 4% and 3% higher, respectively, than Q2 2023, primarily as a result of improved mixed sulphides availability.

Fertilizer production in Q2 2024 of 60,355 tonnes was 16% higher compared to Q2 2023 in line with higher nickel production, implementation of operational improvements, and due to the unplanned ammonia plant maintenance that occurred in the prior year period.

NDCC(1)

NDCC(1) per pound of nickel sold was US$5.75/lb in Q2 2024 compared to US$7.22/in Q2 2023. NDCC(1) significantly improved as expected, primarily as a result of lower MPR/lb and lower third-party feed costs partly offset by lower cobalt and net fertilizer by-product credits(3). MPR/lb was 15% lower in Q2 2024 compared to Q2 2023 primarily due to lower sulphur and natural gas prices, lower purchased sulphuric acid, lower maintenance costs and the impact of higher nickel production and sales volumes. In Q2 2024 lower average-realized prices(1) and sales volumes for cobalt and fertilizers resulted in lower by-product credits.

Compared to Q1 2024, NDCC(1) continued to improve as expected decreasing by 21%. Sherritt maintains its 2024 guidance range for NDCC(1) at US$5.50 to US$6.00/lb.

Spending on capital(1)

Sustaining spending on capital in Q2 2024 was $7.4 million compared to $13.6 million in Q2 2023. Sustaining spending on capital is lower as a result of timing of spending and consistent with lower annual guidance.

With the SPP completed and operating during Q1, growth spending on capital in Q2 2024 of $0.4 million was primarily related to spending on the second phase of the Moa JV expansion program.

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

Expansion program and strategic developments

Moa JV expansion program update

Phase two of the Moa JV's expansion program, the Processing Plant, is continuing to advance. During the second quarter of 2024 civil construction and structural erection was completed and piping installation commenced.

Subsequent to the end of the second quarter of 2024, the Moa JV received approval for US$12 million of foreign currency financing from a Cuban bank to support international payments related to construction of the Sixth Leach Train, the primary component of phase two of the expansion project.

Phase two commissioning and ramp up remains scheduled for 2025 with Sherritt expecting to commence the ramp up during the first half of the year. With completion of phase two, annual mixed sulphide precipitate production is expected to further increase toward the combined expansion target, including the new SPP, of approximately 20% of contained nickel and cobalt and is expected to fill the refinery to nameplate capacity to maximize profitability from the joint venture's own mine feed, displacing lower margin third-party feeds and increasing overall finished nickel and cobalt production.

Strategic developments

Sherritt, through its MHP Project, is advancing a flowsheet to produce high-purity nickel and cobalt sulphates and reduce sodium sulphate effluent, a key environmental challenge for the downstream industry. The MHP Project provides a strategic opportunity to expand Sherritt's current business into the production of nickel and cobalt sulphates, a key intermediary product required in the electric vehicle battery supply chain, where a current significant gap exists in North America. Sherritt's technical expertise and innovative processing solutions are key differentiators and enablers towards the Corporation's near-term strategic focus to expand its midstream processing capacity of critical minerals to fill this gap in North America in line with governments' objectives and incentives.

During the quarter, Sherritt commenced an engineering study and continued batch test work and process flowsheet development, which yielded very positive results for metal recoveries and impurity removals. A small scale continuous solvent extraction ("SX") pilot is planned for H2 2024 and process development work is expected to be completed by year end. Sherritt also continued its external engagement with governments and potential customers and funding partners, with a goal to reach agreement on key commercial and project parameters, including site identification, by year end.

Power

$ millions (33 ⅓% basis), except as otherwise noted		For the three months ended **2024** **June 30**		2023 June 30	Change		For the six months ended **2024** **June 30**		2023 June 30	Change
FINANCIAL HIGHLIGHTS										
Revenue	**$**	**11.8**	$	10.9	8%	**$**	**23.8**	$	21.2	12%
Cost of sales		**9.3**		6.5	43%		**13.3**		9.9	34%
Earnings from operations		**1.2**		3.3	(64%)		**8.3**		9.2	(10%)
Adjusted EBITDA(1)		**1.8**		4.0	(55%)		**9.4**		10.4	(10%)
CASH FLOW										
Cash (used) provided by continuing operations for operating activities(1)	**$**	**(7.8)**	$	2.3	(439%)	**$**	**1.9**	$	6.7	(72%)
Free cash flow(1)		**(9.3)**		1.7	(647%)		**(2.2)**		5.4	(141%)
PRODUCTION AND SALES										
Electricity (GWh(2))		**205**		172	19%		**415**		330	26%
AVERAGE-REALIZED PRICE(1)										
Electricity ($/MWh(2))	**$**	**52.00**	$	57.25	(9%)	**$**	**51.62**	$	57.77	(11%)
UNIT OPERATING COSTS(1)										
Electricity ($/MWh)		**42.74**		34.13	25%		**29.81**		27.08	10%
SPENDING ON CAPITAL(1)										
Sustaining	**$**	**1.5**	$	0.6	150%	**$**	**4.1**	$	1.3	215%

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

Revenue in Q2 2024 was $11.8 million, up 8% compared to Q2 2023, primarily due to higher production. The increase in electricity production is a result of additional gas from two wells that went into production at the end of Q2 2023.

As a key partner in supporting the Cuban government's plans to increase power production, Sherritt continues to work with its Cuban partners to increase gas supply and an additional well is scheduled to be drilled in the third quarter which is expected to provide additional electricity production in the second half of the year.

Unit operating costs(1) in Q2 2024 were $42.74/MWh compared to $34.13/MWh in Q2 2023 primarily driven by the timing of scheduled maintenance activities which were completed in Q2 2024, partly offset by higher sales volumes.

Spending on capital(1) in Q2 2023 was $1.5 million primarily driven by maintenance activities.

Sherritt received $5.1 million of dividends in Canada from Energas during the quarter. Based on 2024 guidance estimates for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of the MD&A, Sherritt expects total dividends in Canada from Energas to exceed $10.0 million in 2024. Refer to the risks related to Sherritt’s corporate structure in the Corporation’s 2023 Annual Information Form for further information on risks related to dividends in Canada from Energas.

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

OUTLOOK

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

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast July 30, 2024 at 10:00 a.m. Eastern Time to review its second quarter 2024 results. Dial-in and webcast details are as follows:

North American callers, please dial:	1 (800) 717-1738 Passcode: 88402
International callers, please dial:	1 (289) 514-5100 Passcode: 88402
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 ("MD&A")

Sherritt's condensed consolidated financial statements and MD&A for the three and six months ended June 30, 2024 are available at www.sherritt.com or on SEDAR+ at www.sedarplus.ca. and should be read in conjunction with this news release. Financial and operating data can also be viewed in the investor relations section of Sherritt's website.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

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

ABOUT SHERRITT INTERNATIONAL CORPORATION

Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt's Moa Joint Venture has a current estimated mine life of 25 years and has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by approximately 20% of contained nickel and cobalt. The Corporation's Power division, through its ownership in Energas S.A., is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Sherritt's common shares are listed on the Toronto Stock Exchange under the symbol "S".

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as “believe”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “likely”, “may”, “will”, “could”, “should”, “suspect”, “outlook”, “potential”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture; growing and increasing nickel and cobalt production; the Moa Joint Venture expansion program update as it relates to the Processing Plant; statements set out in the “Outlook” section of this press release; certain expectations regarding production volumes and increases, inventory levels, operating costs, capital spending and intensity; sales volumes; revenue, costs and earnings; the availability of additional gas supplies to be used for power generation; the amount and timing of dividend distributions from the Moa JV, including in the form of finished cobalt or cash under the Cobalt Swap; sales of finished cobalt and associated receipts related to cobalt received pursuant to the Cobalt Swap; the amount and timing of dividend distributions from Energas; growing shareholder value; expected annualized employee and other Corporate office-related cost savings; sufficiency of working capital management and capital project funding; strengthening the Corporation’s capital structure and amounts of certain other commitments.

Forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility;; nickel, cobalt and fertilizer production results and realized prices; current and future demand products produced by Sherritt; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; revenues and net operating results; environmental risks and liabilities; compliance with applicable environmental laws and regulations; advancements in environmental and greenhouse gas (GHG) reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to Environmental, Social and Governance (ESG) matters which are based on assumptions or developing standards; environmental rehabilitation provisions; risks related to the U.S. government policy toward Cuba; current and future economic conditions in Cuba; the level of liquidity and access to funding; Sherritt share price volatility; and certain corporate objectives, goals and plans for 2024. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this press release not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, commodity risks related to the production and sale of nickel cobalt and fertilizers; security market fluctuations and price volatility; level of liquidity of Sherritt, including access to capital and financing; the ability of the Moa Joint Venture to pay dividends; the risk to Sherritt’s entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa JV; risks related to Sherritt’s operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; political, economic and other risks of foreign operations, including the impact of geopolitical events on global prices for nickel, cobalt, fertilizers, or certain other commodities; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; risk of future non-compliance with debt restrictions and covenants; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations; maintaining social license to grow and operate; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; risks to information technologies systems and cybersecurity; identification and management of growth opportunities; the ability to replace depleted mineral reserves; risks associated with the Corporation’s joint venture partners; variability in production at Sherritt’s operations in Cuba; risks associated with mining, processing and refining activities; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; the possibility of equipment and other failures; potential interruptions in transportation; uncertainty of gas supply for electrical generation; reliance on key personnel and skilled workers; growth opportunity risks; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies, including diesel; supplies quality issues; risks related to the Corporation’s corporate structure; foreign exchange and pricing risks; credit risks; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; legal contingencies; risks related to the Corporation’s accounting policies; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2024; and the ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents.

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

Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in the Corporation's other documents filed with the Canadian securities authorities, including without limitation the "Managing Risk" section of the Management's Discussion and Analysis for the three and six months ended June 30, 2024 and the Annual Information Form of the Corporation dated March 21, 2024 for the period ending December 31, 2023, which is available on SEDAR+ at www.sedarplus.ca.

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

For further investor information contact:

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APPENDIX – NON-GAAP AND OTHER FINANCIAL MEASURES

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

The non-GAAP and other financial measures are reconciled to the most directly comparable IFRS measure as presented in the consolidated financial statements for the three and six months ended June 30, 2024.

Combined revenue

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

Revenue at Oil and Gas is excluded from Combined revenue as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and CUPET, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or revenue generation potential. The exclusion of revenue at Oil and Gas from Combined revenue represented a change in the composition of Combined revenue during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and revenue generation potential and the prior year measure has been restated for comparative purposes.

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

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

	For the three months ended			For the six months ended		
	2024	2023		**2024**	2023	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
Revenue by reportable segment						
Metals[1]	**$ 150.6**	$ 185.6	(19%)	**$ 265.7**	$ 362.1	(27%)
Power	**11.8**	10.9	8%	**23.8**	21.2	12%
Corporate and Other	**0.8**	0.5	60%	**1.4**	1.1	27%
Combined revenue	**$ 163.2**	$ 197.0	(17%)	**$ 290.9**	$ 384.4	(24%)
Adjustment for Moa Joint Venture	**(117.8)**	(107.6)		**(222.0)**	(238.5)	
Adjustment for Oil and Gas	**6.0**	4.1		**11.3**	6.2	
Financial statement revenue	**$ 51.4**	$ 93.5	(45%)	**$ 80.2**	$ 152.1	(47%)

(1) Revenue of Metals for the three months ended June 30, 2024 is composed of revenue recognized by the Moa JV of $117.8 million (50% basis), which is equity-accounted and included in share of earnings of Moa JV, net of tax, coupled with revenue recognized by Fort Site of $31.9 million and Metals Marketing of $0.9 million, both of which are included in consolidated revenue (for the three months ended June 30, 2023 - $107.6 million, $38.5 million and $39.5 million, respectively). Revenue of Metals for the six months ended June 30, 2024 is composed of revenue recognized by the Moa JV of $222.0 million (50% basis), coupled with revenue recognized by Fort Site of $40.8 million and Metals Marketing of $2.9 million (for the six months ended June 30, 2023 - $238.5 million, $53.7 million and $69.9 million, respectively).

Adjusted EBITDA

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

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

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

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

$ millions, for the three months ended June 30						**2024**
	Metals[(1)]	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	$ **2.7**	$ **1.2**	$ **1.7**	$ **(6.9)**	$ **(0.6)**	$ **(1.9)**
Add (deduct):						
Depletion, depreciation and amortization	**2.9**	**0.6**	**0.1**	**0.1**	**-**	**3.7**
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	**-**	**-**	**(1.8)**	**-**	**-**	**(1.8)**
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	**11.9**	**-**	**-**	**-**	**-**	**11.9**
Impairment of property, plant and equipment	**0.5**	**-**	**-**	**-**	**-**	**0.5**
Net finance expense	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Income tax expense	**-**	**-**	**-**	**-**	**0.5**	**0.5**
Adjusted EBITDA	$ **18.0**	$ **1.8**	$ **-**	$ **(6.8)**	$ **-**	$ **13.0**

$ millions, for the three months ended June 30						2023 (Restated)
	Metals[(1)]	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	$ 3.8	$ 3.3	$ 1.5	$ (8.6)	$ 2.2	$ 2.2
Add (deduct):						
Depletion, depreciation and amortization	3.3	0.7	-	0.2	-	4.2
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	-	-	(1.5)	-	-	(1.5)
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	11.5	-	-	-	-	11.5
Net finance income	-	-	-	-	(3.0)	(3.0)
Income tax expense	-	-	-	-	0.8	0.8
Adjusted EBITDA	$ 18.6	$ 4.0	$ -	$ (8.4)	$ -	$ 14.2

$ millions, for the six months ended June 30						**2024**
	Metals(2)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
(Loss) earnings from operations and joint venture per financial statements	**$ (18.3)**	**$ 8.3**	**$ (0.6)**	**$ (13.9)**	**$ 0.2**	**$ (24.3)**
Add:						
Depletion, depreciation and amortization	**5.3**	**1.1**	**0.1**	**0.5**	**-**	**7.0**
Oil and Gas loss from operations, net of depletion, depreciation and amortization	**-**	**-**	**0.5**	**-**	**-**	**0.5**
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	**23.0**	**-**	**-**	**-**	**-**	**23.0**
Impairment of property, plant and equipment	**0.5**	**-**	**-**	**-**	**-**	**0.5**
Net finance income	**-**	**-**	**-**	**-**	**(1.1)**	**(1.1)**
Income tax expense	**-**	**-**	**-**	**-**	**0.9**	**0.9**
Adjusted EBITDA	**$ 10.5**	**$ 9.4**	**$ -**	**$ (13.4)**	**$ -**	**$ 6.5**

$ millions, for the six months ended June 30						2023 (Restated)
	Metals(2)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	$ 34.8	$ 9.2	$ 0.1	$ (18.6)	$ (1.7)	$ 23.8
Add (deduct):						
Depletion, depreciation and amortization	5.6	1.2	0.1	0.5	-	7.4
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	-	-	(0.2)	-	-	(0.2)
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	22.7	-	-	-	-	22.7
Net finance income	-	-	-	-	(2.6)	(2.6)
Income tax expense	-	-	-	-	4.3	4.3
Adjusted EBITDA	$ 63.1	$ 10.4	$ -	$ (18.1)	$ -	$ 55.4

(1) Adjusted EBITDA of Metals for the three months ended June 30, 2024 is composed of Adjusted EBITDA at Moa JV of $11.8 million (50% basis), Adjusted EBITDA at Fort Site of $7.2 million and Adjusted EBITDA at Metals Marketing of $(1.0) million (for the three months ended June 30, 2023 - $20.8 million, $4.9 million and $(7.1) million, respectively).

(2) Adjusted EBITDA of Metals for the six months ended June 30, 2024 is composed of Adjusted EBITDA at Moa JV of $9.8 million (50% basis), Adjusted EBITDA at Fort Site of $2.3 million and Adjusted EBITDA at Metals Marketing of $(1.6) million (for the six months ended June 30, 2023 - $65.8 million, $8.0 million and $(10.7) million, respectively).

Average-realized price

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

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

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

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

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

$ millions, except average-realized price and sales volume, for the three months ended June 30							**2024**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 94.0**	**$ 12.3**	**$ 34.8**	**$ 11.8**	**$ 16.3**	**$ (117.8)**	**$ 51.4**
Adjustments to revenue:							
By-product and other revenue	**-**	**-**	**-**	**(1.1)**			
Revenue for purposes of average-realized price calculation	**94.0**	**12.3**	**34.8**	**10.7**			
Sales volume for the period	**8.3**	**0.9**	**60.7**	**205**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	**$ 11.25**	**$ 14.32**	**$ 574.70**	**$ 52.00**			

$ millions, except average-realized price and sales volume, for the three months ended June 30							2023
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 95.5	$ 38.4	$ 45.0	$ 10.9	$ 11.3	$ (107.6)	$ 93.5
Adjustments to revenue:							
By-product and other revenue	-	-	-	(1.0)			
Revenue for purposes of average-realized price calculation	95.5	38.4	45.0	9.9			
Sales volume for the period	7.0	2.4	63.4	172			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	$ 13.58	$ 16.36	$ 709.67	$ 57.25			

$ millions, except average-realized price and sales volume, for the six months ended June 30							**2024**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 181.8**	**$ 23.9**	**$ 44.7**	**$ 23.8**	**$ 28.0**	**$ (222.0)**	**$ 80.2**
Adjustments to revenue:							
By-product and other revenue	**-**	**-**	**-**	**(2.4)**			
Revenue for purposes of average-realized price calculation	**181.8**	**23.9**	**44.7**	**21.4**			
Sales volume for the period	**17.2**	**1.7**	**84.6**	**415**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	**$ 10.55**	**$ 14.41**	**$ 528.73**	**$ 51.62**			

$ millions, except average-realized price and sales volume, for the six months ended June 30							2023
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 216.9	$ 69.2	$ 61.9 $	21.2	$ 21.4	$ (238.5)	$ 152.1
Adjustments to revenue:							
By-product and other revenue	-	-	-	(2.1)			
Revenue for purposes of average-realized price calculation	216.9	69.2	61.9	19.1			
Sales volume for the period	14.4	4.0	93.3	330			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	$ 15.06	$ 17.48	$ 663.94	$ 57.77			

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

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

Unit operating cost/Net direct cash cost

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

Metals' NDCC is calculated by dividing cost of sales, as reported in the financial statements, adjusted for the following: depreciation, depletion, amortization and impairment losses in cost of sales; cobalt by-product, fertilizer and other revenue; cobalt gain/loss; and other costs primarily related to the impact of opening and closing inventory values, by the number of finished nickel pounds sold in the period.

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

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

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

$ millions, except unit cost and sales volume, for the three months ended June 30					**2024**
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 144.5**	**$ 9.3**	**$ 4.6**	**$ (116.6)**	**$ 41.8**
Less:					
Depletion, depreciation and amortization in cost of sales	**(14.8)**	**(0.5)**			
	129.7	**8.8**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(56.6)**	**-**			
Impact of opening/closing inventory and other(2)	**(8.1)**	**-**			
Cost of sales for purposes of unit cost calculation	**65.0**	**8.8**			
Sales volume for the period	**8.3**	**205**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	**$ 7.87**	**$ 42.74**			
Unit operating cost (US$ per pound) (NDCC)(5)	**$ 5.75**				

$ millions, except unit cost and sales volume, for the three months ended June 30										2023
		Metals		Power		Other(1)		Adjustment for Moa Joint Venture		Total
Cost of sales per financial statements	$	182.2	$	6.5	$	6.4	$	(99.0)	$	96.1
Less:										
Depletion, depreciation and amortization in cost of sales		(14.7)		(0.4)						
		167.5		6.1						
Adjustments to cost of sales:										
Cobalt by-product, fertilizer and other revenue		(90.1)		-						
Cobalt gain		(1.9)		-						
Impact of opening/closing inventory and other(2)		(6.1)		-						
Cost of sales for purposes of unit cost calculation		69.4		6.1						
Sales volume for the period		7.0		172						
Volume units		Millions of pounds		Gigawatt hours						
Unit operating cost(3)(4)	$	9.87	$	34.13						
Unit operating cost (US$ per pound) (NDCC)(5)	$	7.22								

$ millions, except unit cost and sales volume, for the six months ended June 30										2024
		Metals		Power		Other(1)		Adjustment for Moa Joint Venture		Total
Cost of sales per financial statements	**$**	**275.6**	**$**	**13.3**	**$**	**12.9**	**$**	**(232.5)**	**$**	**69.3**
Less:										
Depletion, depreciation and amortization in cost of sales		**(28.3)**		**(0.9)**						
		247.3		**12.4**						
Adjustments to cost of sales:										
Cobalt by-product, fertilizer and other revenue		**(83.9)**		**-**						
Impact of opening/closing inventory and other(2)		**(11.5)**		**-**						
Cost of sales for purposes of unit cost calculation		**151.9**		**12.4**						
Sales volume for the period		**17.2**		**415**						
Volume units		Millions of pounds		Gigawatt hours						
Unit operating cost(3)(4)	**$**	**8.82**	**$**	**29.81**						
Unit operating cost (US$ per pound) (NDCC)(5)	**$**	**6.50**								

$ millions, except unit cost and sales volume, for the six months ended June 30										2023
		Metals		Power		Other(1)		Adjustment for Moa Joint Venture		Total
Cost of sales per financial statements	$	326.7	$	9.9	$	14.1	$	(195.3)	$	155.4
Less:										
Depletion, depreciation and amortization in cost of sales		(28.2)		(0.9)						
		298.5		9.0						
Adjustments to cost of sales:										
Cobalt by-product, fertilizer and other revenue		(145.2)		-						
Cobalt gain		(2.4)								
Impact of opening/closing inventory and other(2)		(17.1)		-						
Cost of sales for purposes of unit cost calculation		133.8		9.0						
Sales volume for the period		14.4		330						
Volume units		Millions of pounds		Gigawatt hours						
Unit operating cost(3)(4)	$	9.29	$	27.08						
Unit operating cost (US$ per pound) (NDCC)(5)	$	6.88								

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

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

The Corporation defines adjusted net earnings/loss from continuing operations as net earnings/loss from continuing operations less items not reflective of the Corporation's current or future operational performance. These adjusting items include, but are not limited to, inventory write-downs/obsolescence, impairment of assets, gains and losses on the acquisition or disposal of assets, unrealized foreign exchange gains and losses, gains and losses on financial assets and liabilities and other one-time adjustments that have not occurred in the past two years and are not expected to recur in the next two years. While some adjustments are recurring (such as unrealized foreign exchange (gain) loss and revaluations of allowances for expected credit losses (ACL)), management believes that they do not reflect the Corporation's current or future operational performance.

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

Adjusted net earnings/loss from continuing operations per share is defined consistent with the definition above and divided by the Corporation's weighted-average number of common shares outstanding.

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

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

		2024		2023
For the three months ended June 30	**$ millions**	**$/share**	$ millions	$/share
Net (loss) earnings from continuing operations	**$ (11.5)**	**$ (0.03)**	$ 0.3	$ -
Adjusting items:				
Sherritt - Unrealized foreign exchange loss - continuing operations	**-**	**-**	0.2	-
Corporate and Other - Gain on repurchase of notes	**(0.7)**	**-**	(2.2)	-
Corporate and Other - Unrealized gain on nickel put options	**(3.4)**	**(0.01)**	-	-
Metals - Moa JV - Impairment of property, plant and equipment	**0.5**	**-**	-	-
Metals - Moa JV - Inventory write-down/obsolescence	**1.6**	**-**	1.1	-
Metals - Fort Site - Inventory write-down	**-**	**-**	0.8	-
Metals - Metals Marketing - Inventory write-down	**-**	**-**	1.1	-
Metals - Metals Marketing - Cobalt gain	**-**	**-**	1.9	-
Power - Loss (gain) on revaluation of GNC receivable	**7.9**	**0.02**	(4.7)	(0.01)
Power - (Gain) loss on revaluation of Energas payable	**(2.6)**	**(0.01)**	0.8	-
Oil and Gas - Net loss from continuing operations, net of unrealized foreign exchange gain/loss	**(1.9)**	**-**	(2.0)	-
Total adjustments, before tax	**$ 1.4**	**$ -**	$ (3.0)	$ (0.01)
Tax adjustments	**0.1**	**-**	0.2	-
Adjusted net loss from continuing operations	**$ (10.0)**	**$ (0.03)**	$ (2.5)	$ (0.01)

For the six months ended June 30		**2024** **$ millions**		**$/share**		2023 $ millions		$/share
Net (loss) earnings from continuing operations	**$**	**(52.4)**	**$**	**(0.13)**	$	13.9	$	0.03
Adjusting items:								
Sherritt - Unrealized foreign exchange loss - continuing operations		**-**		**-**		1.1		-
Sherritt's share - Severance related to restructuring		**3.5**		**0.01**		-		-
Corporate and Other - Unrealized gain on nickel put options		**(3.4)**		**(0.01)**		-		-
Corporate and Other - Gain on repurchase of notes		**(0.7)**		**-**		(3.5)		(0.01)
Metals - Moa JV - Impairment of property, plant and equipment		**0.5**		**-**		-		-
Metals - Moa JV - Inventory write-down/obsolescence		**2.5**		**0.01**		1.4		-
Metals - Fort Site - Inventory write-down		**0.9**		**-**		0.8		-
Metals - Metals Marketing - Inventory write-down		**-**		**-**		1.1		-
Metals - Metals Marketing - Cobalt gain		**-**		**-**		2.4		0.01
Power - Loss (gain) on revaluation of GNC receivable		**18.4**		**0.05**		(13.2)		(0.03)
Power - (Gain) loss on revaluation of Energas payable		**(4.0)**		**(0.01)**		8.4		0.02
Oil and Gas - Net loss (earnings) from continuing operations, net of unrealized foreign exchange gain/loss		**0.4**		**-**		(1.1)		-
Total adjustments, before tax	**$**	**18.1**	**$**	**0.05**	$	(2.6)	$	(0.01)
Tax adjustments		**(0.3)**		**-**		-		-
Adjusted net (loss) earnings from continuing operations	**$**	**(34.6)**	**$**	**(0.08)**	$	11.3	$	0.02

Spending on capital

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

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

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

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

$ millions, for the three months ended June 30	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements 2024
Property, plant and equipment expenditures[2]	**$ 7.7**	**$ 1.5**	**$ -**	**$ 9.2**	**$ (7.6)**	**$ 1.6**
Intangible asset expenditures[2]	**-**	**-**	**-**	**-**	**-**	**-**
	7.7	**1.5**	**-**	**9.2**	**$ (7.6)**	**$ 1.6**
Adjustments:						
Accrual adjustment	**0.1**	**-**	**-**	**0.1**		
Spending on capital	**$ 7.8**	**$ 1.5**	**$ -**	**$ 9.3**		

$ millions, for the three months ended June 30	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements 2023
Property, plant and equipment expenditures[2]	$ 16.1	$ 0.6	$ -	$ 16.7	$ (12.6)	$ 4.1
Intangible asset expenditures[2]	-	-	0.2	0.2	-	0.2
	16.1	0.6	0.2	16.9	$ (12.6)	$ 4.3
Adjustments:						
Accrual adjustment	-	-	-	-		
Spending on capital	$ 16.1	$ 0.6	$ 0.2	$ 16.9		

$ millions, for the six months ended June 30							**2024**
		Metals	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures(2)		**$ 17.2**	**$ 4.1**	**$ -**	**$ 21.3**	**$ (16.0)**	**$ 5.3**
Intangible asset expenditures(2)		**-**	**-**	**0.2**	**0.2**	**-**	**0.2**
		17.2	**4.1**	**0.2**	**21.5**	**$ (16.0)**	**$ 5.5**
Adjustments:							
Accrual adjustment		**-**	**-**	**(0.1)**	**(0.1)**		
Spending on capital		**$ 17.2**	**$ 4.1**	**$ 0.1**	**$ 21.4**		

$ millions, for the six months ended June 30							2023
		Metals	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures(2)		$ 25.7	$ 1.3	$ -	$ 27.0	$ (19.3)	$ 7.7
Intangible asset expenditures(2)		-	-	1.1	1.1	-	1.1
		25.7	1.3	1.1	28.1	$ (19.3)	$ 8.8
Adjustments:							
Accrual adjustment		-	-	(0.7)	(0.7)		
Spending on capital		$ 25.7	$ 1.3	$ 0.4	$ 27.4		

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

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

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

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

The Corporation defines free cash flow for each segment as cash provided (used) by continuing operations for operating activities by segment, less cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets. Combined free cash flow is the aggregate of each segment's free cash flow or the Corporation's consolidated cash provided (used) by continuing operations for operating activities, less consolidated cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets, less distributions received from Moa JV, plus cash provided (used) by continuing operations for operating activities for the Corporation's 50% share of the Moa JV, less cash expenditures on property, plant and equipment and intangible assets for the Corporation's 50% share of the Moa JV.

The Corporate and Other segment's cash used by continuing operations for operating activities is adjusted to exclude distributions received from Moa JV. Distributions from the Moa JV excluded from Corporate and Other are included in the Adjustment for Moa Joint Venture to arrive at total cash provided (used) by continuing operations for operating activities per the financial statements.

The Metals segment's free cash flow includes the Fort Site and Metals Marketing's free cash flow, plus the Corporation's 50% share of the Moa JV's free cash flow, which is accounted for using the equity method for accounting purposes.

Combined cash provided (used) by continuing operations for operating activities and combined free cash flow are used by management, and management believes this information is used by investors, to analyze cash flows generated from operations and assess its operations' ability to provide cash or its use of cash, and in the case of combined free cash flow, after funding cash capital requirements, to service current and future working capital needs and service debt.

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

$ millions, for the three months ended June 30							2024
	Metals[1][2]	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	**$ 21.2**	**$ (7.8)**	**$ (14.8)**	**$ (16.4)**	**$ (17.8)**	**$ (20.0)**	**$ (37.8)**
Less:							
Property, plant and equipment expenditures	**(7.7)**	**(1.5)**	**-**	**-**	**(9.2)**	**7.6**	**(1.6)**
Intangible expenditures	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Free cash flow	**$ 13.5**	**$ (9.3)**	**$ (14.8)**	**$ (16.4)**	**$ (27.0)**	**$ (12.4)**	**$ (39.4)**

$ millions, for the three months ended June 30							2023 (Restated)
	Metals[1][2]	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	$ 38.8	$ 2.3	$ 0.2	$ (18.8)	$ 22.5	$ 9.5	$ 32.0
Less:							
Property, plant and equipment expenditures	(16.1)	(0.6)	-	-	(16.7)	12.6	(4.1)
Intangible expenditures	-	-	(0.2)	-	(0.2)	-	(0.2)
Free cash flow	$ 22.7	$ 1.7	$ -	$ (18.8)	$ 5.6	$ 22.1	$ 27.7

$ millions, for the six months ended June 30							2024
	Metals[3][4]	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	**$ 52.4**	**$ 1.9**	**$ (18.8)**	**$ (25.2)**	**$ 10.3**	**$ (35.1)**	**$ (24.8)**
Less:							
Property, plant and equipment expenditures	**(17.2)**	**(4.1)**	**-**	**-**	**(21.3)**	**16.0**	**(5.3)**
Intangible expenditures	**-**	**-**	**(0.2)**	**-**	**(0.2)**	**-**	**(0.2)**
Free cash flow	**$ 35.2**	**$ (2.2)**	**$ (19.0)**	**$ (25.2)**	**$ (11.2)**	**$ (19.1)**	**$ (30.3)**

$ millions, for the six months ended June 30	Metals[3][4]	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
							2023 (Restated)
Cash provided (used) by continuing operations for operating activities	$ 101.8	$ 6.7	$ 1.2	$ (46.7)	$ 63.0	$ (21.1)	$ 41.9
Less:							
Property, plant and equipment expenditures	(25.7)	(1.3)	-	-	(27.0)	19.3	(7.7)
Intangible expenditures	-	-	(1.1)	-	(1.1)	-	(1.1)
Free cash flow	$ 76.1	$ 5.4	$ 0.1	$ (46.7)	$ 34.9	$ (1.8)	$ 33.1

(1) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $20.0 million, $0.7 million and $0.5 million, respectively, for the three months ended June 30, 2024 (June 30, 2023 - $22.6 million, $(17.6) million and $33.8 million, respectively).

(2) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $7.5 million, $0.2 million and nil, respectively, for the three months ended June 30, 2024 (June 30, 2023 - $12.6 million, $3.5 million and nil, respectively).

(3) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $35.1 million, $12.0 million and $5.3 million, respectively, for the six months ended June 30, 2024 (June 30, 2023 - $53.4 million, $(5.2) million and $53.6 million, respectively).

(4) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $16.0 million, $1.2 million and nil, respectively, for the six months ended June 30, 2024 (June 30, 2023 - $19.3 million, $6.4 million and nil, respectively).

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2024

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Sherritt International Corporation's operations, financial performance and the present and future business environment. This MD&A, which has been prepared as of July 29, 2024, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three and six months ended June 30, 2024 and Sherritt's audited consolidated financial statements and the MD&A for the year ended December 31, 2023. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR+ at www.sedarplus.ca or on the Corporation's website at www.sherritt.com.

References to "Sherritt" or the "Corporation" refer to Sherritt International Corporation and its share of subsidiaries and joint arrangements, unless the context indicates otherwise. All amounts are in Canadian dollars, unless otherwise indicated. References to "US$" are to United States dollars.

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

The business we manage

Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt's Moa Joint Venture has a current estimated mine life of 25 years and has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by approximately 20% of contained nickel and cobalt. The Corporation's Power division, through its ownership in Energas S.A., is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Sherritt's common shares are listed on the Toronto Stock Exchange under the symbol "S".

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

	Relationship for accounting purposes	Interest	Basis of accounting
Metals - Moa Joint Venture ("Moa JV")	Joint venture	50%	Equity method
Metals - Metals Marketing	Subsidiaries	100%	Consolidation
Power	Joint operation	33⅓%	Share of assets, liabilities revenues and expenses
Oil and Gas	Subsidiaries	100%	Consolidation

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

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

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

The Corporation's reportable segments are as follows:

Metals: Includes the Corporation's:

Moa JV:	50% interest in the Moa JV;
Fort Site:	100% interest in the utility and fertilizer operations in Fort Saskatchewan;
Metals Marketing:	100% interest in subsidiaries established to market and sell certain of the Moa JV's nickel and cobalt production and the Corporation's cobalt inventories received under the Cobalt Swap agreement.

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

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

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

Operating and financial results presented in this MD&A for reportable segments can be reconciled to note 5 of the condensed consolidated financial statements for the three and six months ended June 30, 2024.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Management uses these measures to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace International Financial Reporting Standards ("IFRS") measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies. Further information on the composition and usefulness of each non-GAAP and other financial measure, including reconciliation to their most directly comparable IFRS measures, is included in the Non-GAAP and other financial measures section starting on page 53.

Highlights

2024 SELECTED DEVELOPMENTS

- Sherritt's share[(1)] of finished nickel and cobalt production at the Moa Joint Venture ("Moa JV") was 3,383 tonnes and 342 tonnes, respectively, in Q2 2024. In the six months ended June 30, 2024 Sherritt's share of finished nickel and cobalt production was 6,980 tonnes and 684 tonnes, respectively.
- Sherritt's share of finished nickel and cobalt sales was 3,791 tonnes and 390 tonnes in Q2 2024, respectively. In the six months ended June 30, 2024 Sherritt's share of finished nickel and cobalt sales was 7,814 tonnes and 752 tonnes, respectively. Nickel sales volumes exceeded production volumes in the current year periods on continued strong spot sales which are expected to continue in the second half of the year, driving progress on reducing nickel inventory.
- Net direct cash cost ("NDCC")[(2)] was US$5.75/lb and US$6.50/lb in Q2 2024 and the six months ended June 30, 2024, respectively, both periods benefitting from lower mining, processing and refining ("MPR") costs per pound of nickel sold ("MPR/lb"), the largest component of NDCC[(2)], which improved 15% in each period compared to the same periods in 2023. Compared to Q1 2024, NDCC[(2)] continued to improve as expected decreasing by 21%.
- Received $5.1 million of dividends in Canada from Energas during the quarter. Based on 2024 guidance estimates for production volumes, unit operating costs[(2)] and spending on capital[(2)] disclosed in the Outlook section of this MD&A, Sherritt expects total dividends in Canada from Energas to exceed $10.0 million in 2024[(3)].
- Electricity production was 205 GWh and 415 GWh in Q2 2024 and the six months ended June 30, 2024, respectively, benefitting from increased gas supply from the wells that went into production at the end of Q2 2023.
- Electricity unit operating cost[(2)] was $42.74/MWh and $29.81/MWh, in Q2 2024 and the six months ended June 30, 2024 reflecting timing of higher scheduled maintenance in the second quarter, partly offset by higher sales volumes.
- 2024 guidance for production volumes, unit operating costs/NDCC[(1)] and spending on capital[(1)] remain unchanged.
- Net loss from continuing operations was $11.5 million, or $(0.03) per share, and $52.4 million, or $(0.13) per share, in Q2 2024 and the six months ended June 30, 2024, respectively, primarily due to lower average-realized prices[(2)] for nickel, cobalt and fertilizers, partly offset by higher nickel sales volumes.
- Adjusted net loss from continuing operations[(2)] was $10.0 million, or $(0.03) per share, and $34.6 million, or $(0.08) per share, in Q2 2024 and the six months ended June 30, 2024, respectively, which primarily excludes a non-cash revaluation loss on the net receivable pursuant to the Cobalt Swap[(4)] on updates to valuation assumptions of $5.3 million in Q2 2024 and $14.4 million in the six months ended June 30, 2024 and a $3.4 million unrealized gain on nickel put options in the current year periods. The six-month period also excludes $3.5 million of severance costs on restructuring.
- Adjusted EBITDA[(2)] was $13.0 million and $6.5 million in Q2 2024 and the six months ended June 30, 2024, respectively.
- Available liquidity in Canada as at June 30, 2024 was $55.9 million supported by $27.0 million received from the Moa JV as full repayment of short-term working capital advances primarily offset by $7.8 million used for operating activities at Power to support scheduled maintenance activities, a $9.4 million interest payment on Second Lien Notes and a $10.8 million payment on rehabilitation and closure costs related to legacy Oil and Gas assets in Spain.
- Sherritt's syndicated revolving-term credit facility was amended to extend its maturity by one year from April 30, 2025 to April 30, 2026 and change the EBITDA-to-Interest Expense covenant as defined in the agreement. There were no other significant changes to the terms, financial covenants or restrictions.
- Purchased put options on 3,876 tonnes of nickel, or 646 tonnes per month, at an exercise price of US$8.16/lb at a cost of $2.2 million for a six-month period starting from June 1, 2024. Any settlements will be paid in cash monthly based on the average monthly nickel price on the London Metal Exchange ("LME"). The economic hedging strategy provides Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes in nickel prices by providing a minimum price of US$8.16/lb on approximately 25% of expected nickel production from the Moa JV during the six month period. In July, Sherritt received $0.4 million upon settlement of the June 2024 in-the-money put option.
- Opportunistically repurchased $1.5 million of 10.75% unsecured PIK option notes ("PIK Notes") at a 50% discount.

- Released the Corporation's 2023 Sustainability Report marking the 16th year of sustainability reporting and outlining significant progress made during the year toward its ESG goals and highlighting achievements made during the year including maintaining conformity with the LME's Track B Responsible Sourcing Requirements.
- Completed a 10% workforce reduction at its Corporate office in Q2 2024 in addition to the Canada-wide restructuring completed in Q1 2024. Annual cost savings from these cumulative employee and other cost reductions are expected to be $15.0 million per year.
- Phase two of the Moa JV expansion continues with commissioning and ramp up expected in the first half of 2025.
- Advanced the mixed hydroxide precipitate processing project ("MHP Project") with the commencement of an engineering study and continued batch test work and process flowsheet development, which yielded very positive results for metal recoveries and impurity removals.

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

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

(3) Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to dividends in Canada from Energas.

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

DEVELOPMENTS SUBSEQUENT TO THE QUARTER

Subsequent to the quarter end:

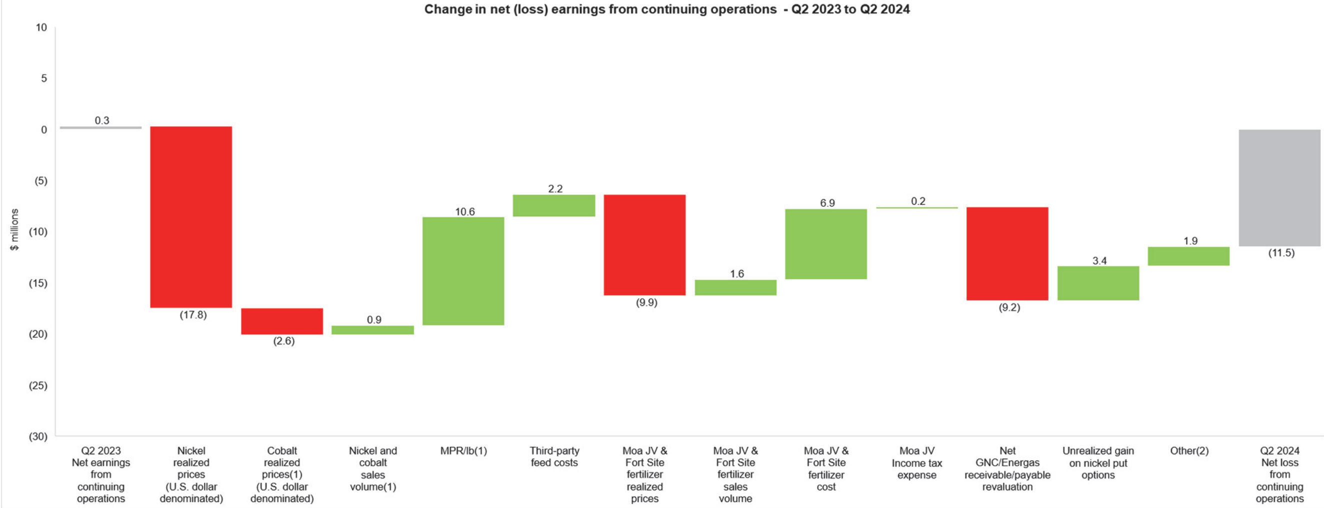
- The Moa JV received approval for US$12 million of foreign currency financing from a Cuban bank to support international payments related to construction of the Sixth Leach Train, the primary component of phase two of the expansion project.
- Elected not to pay cash interest due July 2024 of $3.5 million and added the payment-in-kind interest to the principal amount owed to noteholders on its 10.75% unsecured PIK notes.

Financial results

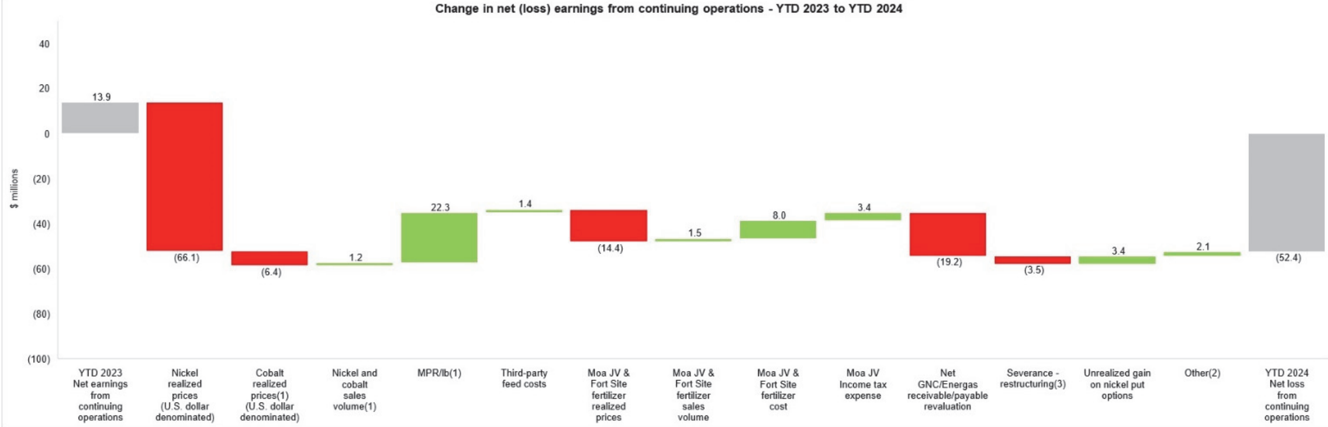
$ millions, except as otherwise noted	For the three months ended 2024 June 30	2023 June 30	Change	For the six months ended 2024 June 30	2023 June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 51.4**	$ 93.5	(45%)	**$ 80.2**	$ 152.1	(47%)
Combined revenue[1]	**163.2**	197.0	(17%)	**290.9**	384.4	(24%)
(Loss) earnings from operations and joint venture	**(1.9)**	2.2	(186%)	**(24.3)**	23.8	(202%)
Net (loss) earnings from continuing operations	**(11.5)**	0.3	nm[2]	**(52.4)**	13.9	(477%)
Earnings (loss) from discontinued operations, net of tax	**-**	-	-	**0.4**	(0.3)	233%
Net (loss) earnings for the period	**(11.5)**	0.3	nm	**(52.0)**	13.6	(482%)
Adjusted net (loss) earnings from continuing operations[1]	**(10.0)**	(2.5)	(300%)	**(34.6)**	11.3	(406%)
Adjusted EBITDA[1]	**13.0**	14.2	(8%)	**6.5**	55.4	(88%)
Net (loss) earnings from continuing operations ($ per share) (basic and diluted)	**$ (0.03)**	$ 0.00	nm	**$ (0.13)**	$ 0.03	(533%)
Net (loss) earnings ($ per share) (basic and diluted)	**(0.03)**	0.00	nm	**(0.13)**	0.03	(533%)
Adjusted net (loss) earnings from continuing operations[1] ($ per share)	**(0.03)**	(0.01)	(200%)	**(0.08)**	0.02	(500%)
CASH						
Cash and cash equivalents (prior period, December 31, 2023)	**$ 132.3**	$ 119.1	11%	**$ 132.3**	$ 119.1	11%
Cash (used) provided by continuing operations for operating activities	**(37.8)**	32.0	(218%)	**(24.8)**	41.9	(159%)
Combined free cash flow[1]	**(27.0)**	5.6	(582%)	**(11.2)**	34.9	(132%)
Distributions received from Moa Joint Venture						
Proceeds from Cobalt Swap - Sherritt share	**-**	17.6	nm	**0.6**	27.0	(98%)
Proceeds from Cobalt Swap - GNC[3] redirected share	**-**	17.6	nm	**0.6**	27.0	(98%)
Cash distributions - Cobalt Swap	**-**	32.0	nm	**-**	32.0	(100%)
Cash distributions - GNC receivable receipts	**-**	32.0	nm	**-**	32.0	(100%)
OPERATIONAL DATA						
COMBINED SPENDING ON CAPITAL[1]	**9.3**	$ 16.9	(45%)	**$ 21.4**	$ 27.4	(22%)
PRODUCTION VOLUMES						
Mixed sulphides (50% basis, tonnes)	**4,095**	3,783	8%	**8,147**	7,533	8%
Finished nickel (50% basis, tonnes)	**3,383**	3,268	4%	**6,980**	6,751	3%
Finished cobalt (50% basis, tonnes)	**342**	331	3%	**684**	698	(2%)
Fertilizer (tonnes)	**60,355**	52,224	16%	**117,419**	110,215	7%
Electricity (gigawatt hours) (33⅓% basis)	**205**	172	19%	**415**	330	26%
SALES VOLUMES						
Finished nickel (50% basis, tonnes)	**3,791**	3,188	19%	**7,814**	6,532	20%
Finished cobalt (50% basis, tonnes)	**390**	1,064	(63%)	**752**	1,795	(58%)
Fertilizer (tonnes)	**60,682**	63,384	(4%)	**84,591**	93,263	(9%)
Electricity (gigawatt hours) (33⅓% basis)	**205**	172	19%	**415**	330	26%
AVERAGE EXCHANGE RATE (CAD/US$)	**1.368**	1.343	2%	**1.359**	1.348	1%
AVERAGE-REALIZED PRICES (CAD)[1]						
Nickel ($ per pound)	**$ 11.25**	$ 13.58	(17%)	**$ 10.55**	$ 15.06	(30%)
Cobalt ($ per pound)	**14.32**	16.36	(12%)	**14.41**	17.48	(18%)
Fertilizer ($ per tonne)	**574.70**	709.67	(19%)	**528.73**	663.94	(20%)
Electricity ($ per megawatt hour)	**52.00**	57.25	(9%)	**51.62**	57.77	(11%)
UNIT OPERATING COSTS[1]						
Nickel (NDCC) (US$ per pound)	**$ 5.75**	$ 7.22	(20%)	**$ 6.50**	$ 6.88	(6%)
Electricity ($ per megawatt hour)	**42.74**	34.13	25%	**29.81**	27.08	10%

(1) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.
(2) Not meaningful ("nm")
(3) General Nickel Company S.A. ("GNC").

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



Change in net (loss) earnings from continuing operations - Q2 2023 to Q2 2024



Change in net (loss) earnings from continuing operations - YTD 2023 to YTD 2024

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

(2) Other primarily relates to changes in Moa Joint Venture royalties, net costs and revenue on sold cobalt from GNC under the Cobalt Swap agreement, foreign exchange gains/losses, depletion, depreciation, amortization, electricity revenue and costs, oil and gas revenue and costs, and administrative expenses, excluding Sherritt’s share of severance expenses related to the January 2024 restructuring, presented separately.

(3) Sherritt’s share of severance expenses related to the January 2024 restructuring.

Consolidated revenue, which excludes revenue from the Moa Joint Venture as it is accounted for under the equity method, for the three and six months ended June 30, 2024 was $51.4 million and $80.2 million, respectively, compared to $93.5 million and $152.1 in the same periods in the prior year. Revenue in the current year periods was lower primarily due to the timing of receipts and sales of cobalt by Sherritt under the Cobalt Swap agreement(1) and lower fertilizer revenue. Cobalt Swap revenue for the three and six months ended June 30, 2024 was nil and $0.9 million, respectively, compared to $38.4 million and $68.2 million for the same periods in 2023. Fort Site fertilizer revenue for the three and six months ended June 30, 2024 was $24.8 million and $30.2 million, respectively, compared to $35.5 million and to $46.0 million for the same periods in 2023 primarily due to lower average-realized prices(2) and sales volumes in the current year periods.

Combined revenue(2) which includes the Corporation’s consolidated revenue and the revenue of its 50% share of the Moa JV, was $163.2 million and $290.9 million for the three and six months ended June 30, 2024, respectively, compared to $197.0 million and $384.4 million primarily as a result of lower consolidated revenue as discussed above, and lower nickel revenue during the current year periods which was primarily due to lower average-realized prices(2), partly offset by higher sales volumes. While cobalt revenue under the Cobalt Swap was lower, combined revenue includes Sherritt’s share of cobalt revenue of the Moa JV of $12.3 million and $23.0 million for the three and six months ended June 30, 2024, respectively, compared to nil and $1.0 million in the same periods in 2023.

In the three months ended June 30, 2024, average-realized prices[2] for nickel, cobalt and fertilizers were 17%, 12% and 19% lower than in the prior year period, respectively. In the six months ended June 30, 2024, average-realized prices[2] for nickel, cobalt and fertilizers were 30%, 18% and 20% lower than in the prior year period, respectively.

While the timing of receipts and sales of cobalt under the Cobalt Swap results in variances in cobalt sales volumes, revenue and cost of sales for Sherritt, it does not have a material impact on earnings from operations, average-realized prices[2], cobalt by-product credits, or NDCC[2]. For more information regarding the Cobalt Swap, refer to the Cobalt Swap sales section in Metals.

The loss from continuing operations was primarily due to lower nickel, cobalt and fertilizer average-realized prices[1] partly offset by higher nickel sales volume and lower MPR/lb compared to the prior year periods. Nickel sales volume was 19% and 20% higher in the three and six months ended June 30, 2024, respectively compared to the prior year periods. MPR/lb was 15% lower for each of the current year periods primarily due to increased operating efficiencies on better feed availability and lower sulphur and natural gas input costs, lower purchased sulphuric acid and lower maintenance costs in each of the current year periods. Prices for sulphur and natural gas were 27% and 30% lower in Q2 2024, respectively, and each was 33% lower in the six-month period of 2024 compared to the same periods in 2023. For the six months ended June 30, 2024, MPR cost was impacted by higher opening inventory costs on nickel and cobalt sold in the current year periods.

Amounts related to the GNC receivable and Energas payable pursuant to the Cobalt Swap are non-cash revaluation adjustments based on updates to valuation assumptions, primarily revisions to forecast timing of receipts of cobalt and cash distributions and forecast cobalt prices.

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

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

CONSOLIDATED FINANCIAL POSITION

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

$ millions, except as noted, as at	**2024 June 30**	2023 December 31	Change
Working capital[1]	**$ 72.2**	$ 111.7	(35%)
Current ratio[2]	**1.28:1**	1.39:1	(8%)
Cash and cash equivalents	**$ 132.3**	$ 119.1	11%
Total assets	**1,330.7**	1,390.6	(4%)
Loans and borrowings	**369.9**	355.6	4%
Total liabilities	**746.2**	777.0	(4%)
Shareholders' equity	**584.5**	613.6	(5%)

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

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

Cash and cash equivalents as at June 30, 2024 were $132.3 million, decreasing from $144.4 million as at March 31, 2024.

As at June 30, 2024, total available liquidity in Canada, which is composed of cash and cash equivalents in Canada of $25.5 million and available credit facilities of $30.4 million was $55.9 million decreasing from $67.9 million as at March 31, 2024 as expected. Available liquidity in Canada during the quarter was supported by $27.0 million received from the Moa JV as full repayment of short-term working capital advances, and $5.1 million of dividends from Energas received in Canada. These receipts were primarily offset by $7.8 million used for operating activities at Power primarily to support scheduled maintenance activities, a $9.4 million interest payment on Second Lien Notes and a $10.8 million payment on rehabilitation and closure costs related to legacy Oil and Gas assets in Spain. The receipt of the Moa JV advance repayment is reflected in cash provided by investing activities.

Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements. Determinants of liquidity include anticipated nickel and cobalt prices, planned spending on capital at the Moa JV including growth capital, working capital needs, expected financing 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. Based on the midpoint of the Moa JV's 2024 guidance ranges for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of this MD&A, and the first half 2024 nickel and cobalt average reference prices of US$8.00/lb and US$13.50/lb, respectively, Sherritt expects to receive approximately $50.0 million in Cobalt Swap distributions (including both Sherritt's share and GNC's redirected share). As defined by the agreement, any short fall in the annual minimum payment amount will be added to the following year. With the full repayment of the short-term working capital advances to the Moa JV received in the second quarter of 2024, Sherritt expects the joint venture will commence dividends pursuant to the Cobalt Swap during the fourth quarter of 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to distributions from the Moa JV.

In Power, based on 2024 guidance estimates for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of this MD&A, Sherritt expects total dividends in Canada from Energas to exceed $10.0 million in 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to dividends in Canada from Energas.

During the quarter, Sherritt purchased put options on 3,876 tonnes of nickel, or 646 tonnes per month, at an exercise price of US$8.16/lb at a cost of $2.2 million for a six-month period starting from June 1, 2024. Any settlements will be paid in cash monthly based on the average monthly nickel price on the LME. The economic hedging strategy provides Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes in nickel prices by providing a minimum price of US$8.16/lb on approximately 25% of expected nickel production from the Moa JV during the six-month period. In July, Sherritt received $0.4 million upon settlement of the June 2024 in-the-money put option.

Sherritt's syndicated revolving-term credit facility was amended to extend its maturity by one year from April 30, 2025 to April 30, 2026 and change the EBITDA-to-Interest Expense covenant as defined in the agreement. The amendment included terms to transition the interest rate of bankers' acceptance plus 4.00% to CORRA plus 4.00%. There were no other significant changes to the terms, financial covenants or restrictions.

At the Second Lien Note interest payment date in April 2024, the Corporation was not required to make a mandatory redemption of Second Lien Notes as it did not have Excess Cash Flow as defined in the Second Lien Notes indenture agreement for the two-quarter period ended December 31, 2023. Additionally, for the two-quarter period ended June 30, 2024, the Corporation did not have Excess Cash Flow as defined in the Second Lien Notes indenture agreement and, therefore, will not be required to make a mandatory redemption with its October 2024 interest payment.

As at June 30, 2024, the Corporation was in compliance with all its debt covenants.

Subsequent to the quarter end:

- The Moa JV received approval for US$12 million of foreign currency financing from a Cuban bank to support international payments related to construction of the Sixth Leach Train, the primary component of phase two of the expansion project.
- Elected not to pay cash interest due July 2024 of $3.5 million and added the payment-in-kind interest to the principal amount owed to noteholders on its PIK notes.

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

Significant factors influencing operations

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

NICKEL

In Q2 2024, the price of nickel closed at US$7.69/lb, a 2.5% increase from US$7.50/lb at the end of Q1 2024. However, the Q2 average price was US$8.35/lb compared to the Q1 average of US$7.52/lb. The price of nickel jumped to a nine-month high of US$9.65/lb on May 20th on concerns over the impact of political protests on supply from New Caledonia, the world's third-largest nickel-mining region by production. The LME ban on Russian origin metal, increasing tariffs on low-cost Chinese electric vehicles ("EV") and optimism from the global energy transition led to investment fund inflows, driving the increase in prices. By June 11th, prices fell below US$8.00/lb due to profit-taking, the strength of the U.S. dollar, and weaker-than-expected Chinese manufacturing. Better-than-expected U.S. employment data raised concerns that interest rates could remain higher for longer putting downward pressure on metal prices.

In 2024, global refined nickel supply is expected to reach 3.6 million tonnes ("Mt"), an increase of 6% from 3.4 Mt(1) in 2023 from Indonesian feedstock. Refined global supply excluding Indonesia and China is expected to decrease by 10%, mainly from New Caledonia and Australia. BHP has recently announced plans to close its Nickel West operations until 2027. Global ferronickel production is expected to decrease by 25% to 216 thousand tonnes ("kt")(1) due to lower production in South America and New Caledonia, led by reduced demand in Europe and China. Indonesia's and China's refined nickel-in-sulphate production is growing, but limited battery precursor production may lead to excess sulphate being converted to metal and exported adding to the over-supplied market.

Recovery in demand for precursor material ("pCAM") this year is mostly in China, with a nickel consumption growth rate of 20% in this segment, to 590 kt(1), with similar growth expected in 2025. New capacity in Europe and North America will begin ramping up by 2025, but their share will remain small during the same period. EV market share is expected to reach 20% in 2024 and increase to 39% by 2028(2) driving much of the pCAM demand increase.

Despite the positive support from evolving government regulations, policies and incentives, the development of Western EV supply chains remains slow and will take time to fully develop. Meanwhile, tariffs will aim to mitigate the potential disruption from lower cost EV's from China being imported into Western countries. Continually evolving battery chemistries will impact longer-term dynamics, favoring high-nickel chemistries. Nickel prices will be influenced in the near term by supply surpluses in Class I, but upside potential exists with supply-side reductions and continued demand growth in stainless steel and demand from the energy transition sectors.

COBALT

In Q2 2024, Argus Chemical Grade cobalt price closed at US$12.75/lb, a 10% decrease from US$14.25/lb at the end of Q1 2024. A bearish outlook prevailed across the cobalt intermediate, metal, and chemicals markets as swelling Chinese-owned supply caused cobalt metal prices to fall. Price support was expected on the back of a 15 kt purchase by China's State Reserve Bureau; however, this failed to lift prices as supply continued to increase from Chinese controlled Congolese copper and Indonesian nickel miners.

Sales of phones, laptops, and tablets grew year-over-year in Q1 2024, the first increase since 2021. Average battery sizes will increase as devices gain greater processing capacities, including 5G mobile phones and AI devices. Cobalt demand from consumer electronics is expected to grow 5%(2) annually until 2028, reaching pre-pandemic levels. Robust growth in the aerospace sector for cobalt is expected from military demand with 9% CAGR for aircraft until 2028(2).

Long-term growth in cobalt demand is predicated on the growth in EV's. Cobalt demand is being constrained by a shift to high-nickel, low-cobalt battery chemistries. In the 2030's, the EV market acceleration may outweigh these effects, but new cathode chemistries and solid-state electrolytes could further reduce cobalt usage in this market.

The Democratic Republic of Congo remains the world's largest cobalt producer, with 73% of expected global mined supply in 2024. Indonesia's market share is projected to grow from 11% in 2024 to 17% by 2028(2). With supply potentially surpassing demand growth, the cobalt market may remain oversupplied until 2028, limiting price increases in the short to medium term.

FERTILIZER

Changing weather patterns and lower production in North America led prices higher in the second quarter 2024 spring sales season compared to the first quarter. Global granular ammonium sulfate production in the fall 2024 sales season is expected to be up 10% over fall 2023 levels.

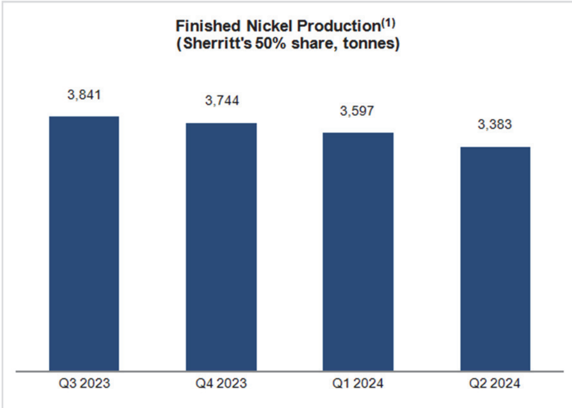
(1) Wood Mackenzie, Nickel Short Term Outlook June 2024.
(2) CRU, Cobalt Market Outlook May 2024 Report.

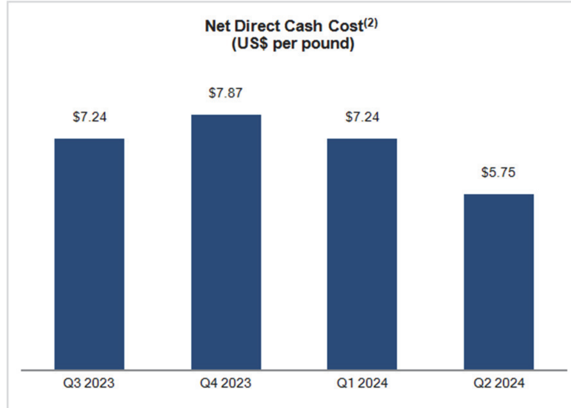
Review of operations

METALS

$ millions (Sherritt's share), except as otherwise noted	For the three months ended 2024 June 30	2023 June 30	Change	For the six months ended 2024 June 30	2023 June 30	Change
FINANCIAL HIGHLIGHTS(1)						
Revenue	**$ 150.6**	$ 185.6	(19%)	**$ 265.7**	$ 362.1	(27%)
Cost of sales	**144.5**	182.2	(21%)	**275.6**	326.7	(16%)
(Loss) earnings from operations	**2.7**	3.8	(29%)	**(18.3)**	34.8	(153%)
Adjusted EBITDA(2)	**18.0**	18.6	(3%)	**10.5**	63.1	(83%)
CASH FLOW(1)						
Cash provided by continuing operations for operating activities(2)	**$ 21.2**	$ 38.8	(45%)	**$ 52.4**	$ 101.8	(49%)
Free cash flow(2)	**13.5**	22.7	(41%)	**35.2**	76.1	(54%)
PRODUCTION VOLUME (tonnes)						
Mixed Sulphides	**4,095**	3,783	8%	**8,147**	7,533	8%
Finished Nickel	**3,383**	3,268	4%	**6,980**	6,751	3%
Finished Cobalt	**342**	331	3%	**684**	698	(2%)
Fertilizer	**60,355**	52,224	16%	**117,419**	110,215	7%
NICKEL RECOVERY(3) (%)	**88%**	85%	4%	**87%**	85%	2%
SALES VOLUME (tonnes)						
Finished Nickel	**3,791**	3,188	19%	**7,814**	6,532	20%
Finished Cobalt	**390**	1,064	(63%)	**752**	1,795	(58%)
Fertilizer	**60,682**	63,384	(4%)	**84,591**	93,263	(9%)
AVERAGE REFERENCE PRICE (US$ per pound)						
Nickel(4)	**$ 8.35**	$ 10.12	(17%)	**$ 7.94**	$ 10.94	(27%)
Cobalt(4)	**13.34**	15.27	(13%)	**13.59**	16.46	(17%)
AVERAGE-REALIZED PRICE(2)						
Nickel ($ per pound)	**$ 11.25**	$ 13.58	(17%)	**$ 10.55**	$ 15.06	(30%)
Cobalt ($ per pound)	**14.32**	16.36	(12%)	**14.41**	17.48	(18%)
Fertilizer ($ per tonne)	**574.70**	709.67	(19%)	**528.73**	663.94	(20%)
UNIT OPERATING COST(2) (US$ per pound)						
Nickel - net direct cash cost(2)	**$ 5.75**	$ 7.22	(20%)	**$ 6.50**	$ 6.88	(6%)
SPENDING ON CAPITAL(2)						
Sustaining	**$ 7.4**	$ 13.6	(46%)	**$ 14.8**	$ 19.5	(24%)
Growth	**0.4**	2.5	(84%)	**2.4**	6.2	(61%)
	$ 7.8	$ 16.1	(52%)	**$ 17.2**	$ 25.7	(33%)

(1) The amounts included in the Financial Highlights and Cash Flow sections for Metals above include the combined results of the Moa JV, Fort Site and Metals Marketing. Breakdowns of revenue, Adjusted EBITDA, and the components of free cash flow (cash provided (used) by continuing operations for operating activities and Property, plant and equipment expenditures) for each of these operations are included in the Combined Revenue, Adjusted EBITDA and Free cash flow reconciliations, respectively, in the Non-GAAP and other financial measures section of this MD&A.
(2) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.
(3) The nickel recovery rate measures the amount of finished nickel that is produced compared to the original nickel content of the ore that was mined.
(4) Reference source: Nickel - LME. Cobalt - Average standard-grade cobalt price published by Argus.





(1) The annual refinery maintenance shutdown occurred in Q2 2024.
(2) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.

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

	For the three months ended			For the six months ended		
	2024	2023		**2024**	2023	
$ millions, except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
REVENUE						
Nickel	**$ 94.0**	$ 95.5	(2%)	**$ 181.8**	$ 216.9	(16%)
Cobalt	**12.3**	38.4	(68%)	**23.9**	69.2	(65%)
Fertilizers	**34.8**	45.0	(23%)	**44.7**	61.9	(28%)
Other	**9.5**	6.7	42%	**15.3**	14.1	9%
	$ 150.6	$ 185.6	(19%)	**$ 265.7**	$ 362.1	(27%)
COST OF SALES[2]						
Mining, processing and refining (MPR)[3]	**$ 84.5**	$ 59.8	41%	**$ 167.9**	$ 125.3	34%
Third-party feed costs	**1.7**	3.7	(54%)	**9.1**	9.3	(2%)
Finished cobalt cost[4]	**-**	43.3	(100%)	**0.8**	75.6	(99%)
Fertilizers	**25.7**	37.6	(32%)	**33.9**	51.0	(34%)
Selling costs	**7.9**	8.7	(9%)	**15.2**	14.6	4%
Other	**9.9**	14.3	(31%)	**20.4**	22.6	(10%)
	$ 129.7	$ 167.4	(23%)	**$ 247.3**	$ 298.4	(17%)
NET DIRECT CASH COST[1] (US$ per pound of nickel)						
Mining, processing and refining costs[5]	**$ 7.41**	$ 8.72	(15%)	**$ 7.21**	$ 8.47	(15%)
Third-party feed costs	**0.16**	0.39	(59%)	**0.39**	0.48	(19%)
Cobalt by-product credits[5]	**(1.08)**	(2.04)	47%	**(1.00)**	(1.81)	45%
Net fertilizer by-product credit	**(0.80)**	(0.95)	16%	**(0.46)**	(0.68)	32%
Net impact of redirected cobalt[6]	**-**	0.29	(100%)	**-**	0.21	(100%)
Other[7]	**0.06**	0.81	(93%)	**0.36**	0.21	71%
	$ 5.75	$ 7.22	(20%)	**$ 6.50**	$ 6.88	(6%)

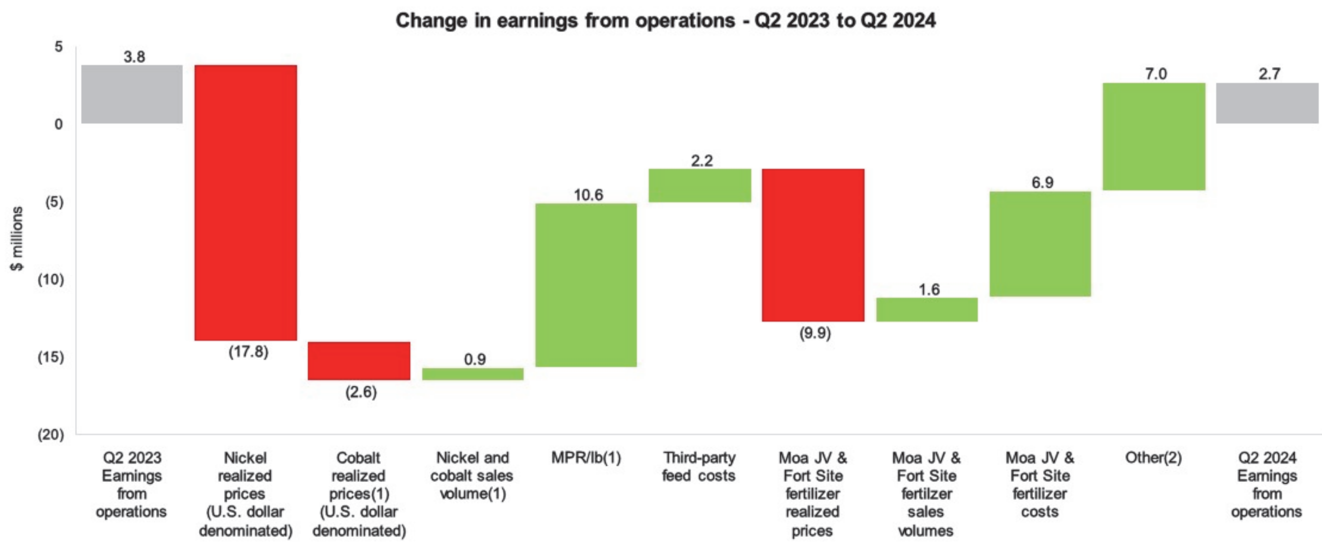
(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.
(2) Excludes depletion, depreciation and amortization.
(3) Effective January 1, 2023, MPR costs exclude the cost of cobalt volumes sold in accordance with the Cobalt Swap.
(4)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

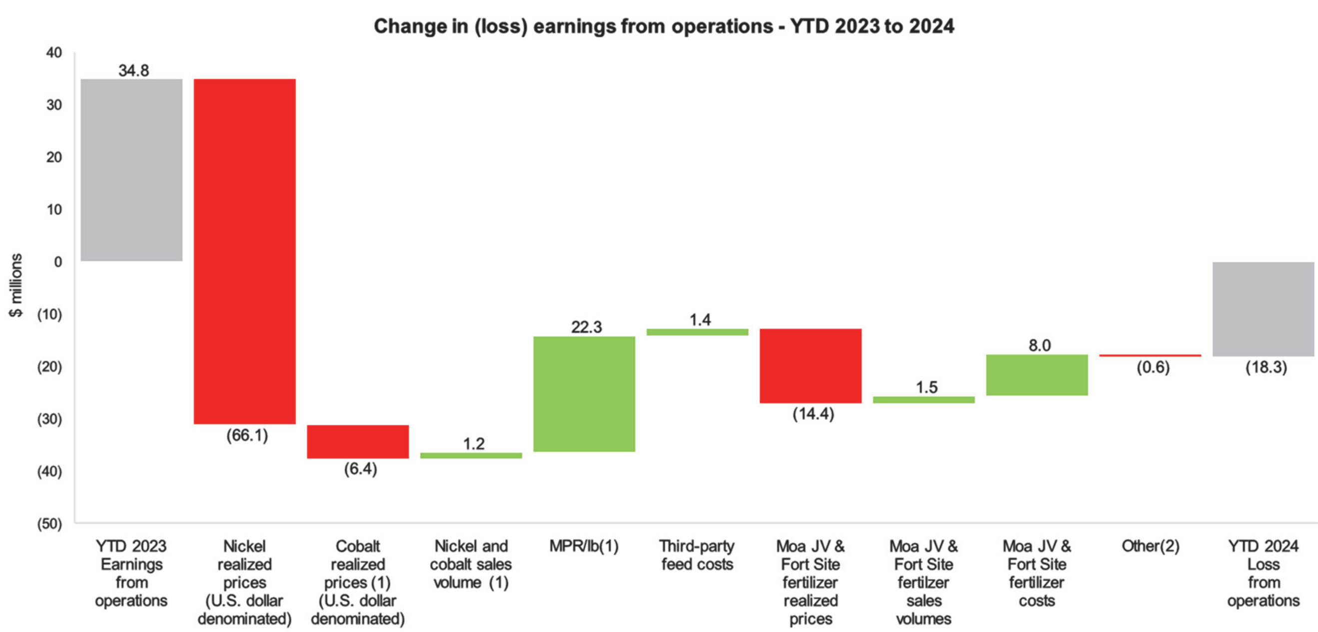
The following table summarizes average prices for key input commodities for Metals(1):

	For the three months ended			For the six months ended		
	2024 June 30	2023 June 30	Change	**2024 June 30**	2023 June 30	Change
Sulphur (US$ per tonne)	**$ 179.71**	$ 246.42	(27%)	**$ 180.87**	$ 269.79	(33%)
Diesel (US$ per litre)	**0.97**	0.96	1%	**1.03**	1.14	(10%)
Fuel oil (US$ per tonne)	**479.25**	449.18	7%	**478.88**	450.98	6%
Natural gas cost ($ per gigajoule)	**2.26**	3.23	(30%)	**2.09**	3.10	(33%)

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

The following graphs summarize the change in (loss) earnings from operations for Metals:





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

(2) Other is primarily composed of sulphuric acid revenue and costs, selling costs, royalty costs, administrative costs, net costs and revenue on sold cobalt redirected from GNC to Sherritt under the Cobalt Swap agreement, depletion, depreciation and amortization.

Revenue

Metals revenue for the three and six months ended June 30, 2024 was $150.6 million and $265.7 million compared to $185.6 million and $362.1 million, respectively, in the same periods in 2023.

Revenue in the current year periods was lower primarily due to lower average-realized prices(1) for nickel, cobalt and fertilizer and the timing of receipts and sales of cobalt by Sherritt under the Cobalt Swap agreement, partly offset by higher nickel sales volumes. In Q2 2024, the average-realized prices(1) for nickel, cobalt and fertilizers were $11.25/lb, $14.32/lb and $574.70/tonne, 17%, 12% and 19% lower, respectively, compared to Q2 2023. For the six month period ended June 30, 2024 average-realized prices(1) for nickel, cobalt and fertilizers were $10.55/lb, $14.41/lb and $528.73/tonne, 30%, 18% and 20% lower, respectively, compared to the same period in 2023.

Nickel revenue for the three and six months ended June 30, 2024 was $94.0 million and $181.8 million compared to $95.5 million and $216.9 million, respectively, in the same periods in 2023. In Q2 2024, the 17% lower average-realized price(1) was approximately offset by a 19% increase in nickel sales volume. For the six months ended June 30, 2024, the 20% increase in nickel sales volumes was more than offset by the 30% decrease in average-realized price(1). In each of the current year periods sales volumes exceeded production volumes as Metals continued reducing its inventory levels with strong spot sales which are expected to continue in the second half of the year, driving progress on reducing nickel inventory.

Cobalt revenue for the three and six months ended June 30, 2024 was $12.3 million and $23.9 million compared to $38.4 million and $69.2 million, respectively, in the same periods in 2023. Lower revenue in the current year periods was primarily due to the timing of receipts and sales of cobalt under the Cobalt Swap and lower average-realized prices(1). For more information regarding the timing of Cobalt Swap distributions in 2024, refer to the Cobalt Swap sales section below.

Fertilizer revenue for the three and six months ended June 30, 2024 was $34.8 million and $44.7 million compared to $45.0 million and $61.9 million, respectively, in the same periods in 2023 primarily as a result of lower average-realized prices(1) and sales volumes in each of the current year periods.

Cobalt Swap sales

For 2024, Cobalt Swap distributions are anticipated to start in the fourth quarter of the year whereas in 2023, Sherritt had received 100% of the annual maximum amount of cobalt (2,082 tonnes) and had sold approximately 85% of that cobalt by the end of the first half of the year.

While the timing of receipts and sales of cobalt under the Cobalt Swap results in variances in cobalt sales volumes, revenue and cost of sales for Sherritt, they do not have a material impact on earnings from operations, average-realized prices(1), cobalt by-product credits, or NDCC(1) as the variance in revenue and costs of Sherritt's share of cobalt under the Cobalt Swap is offset by Sherritt's share of revenue and costs of the Moa JV and the cost of cobalt sold on volumes of cobalt redirected from GNC(2) is determined based on the in-kind value of cobalt calculated as the cobalt reference price from the month preceding distribution less a mutually agreed selling cost adjustment.

Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements. Determinants of liquidity include anticipated nickel and cobalt prices, planned spending on capital at the Moa JV including growth capital, working capital needs, expected financing 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. Based on the midpoint of the Moa JV's 2024 guidance ranges for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of this MD&A, and the first half 2024 nickel and cobalt average reference prices of US$8.00/lb and US$13.50/lb, respectively, Sherritt expects to receive approximately $50.0 million in Cobalt Swap distributions (including both Sherritt's share and GNC's redirected share). As defined by the agreement, any short fall in the annual minimum payment amount will be added to the following year. With the full repayment of the short-term working capital advances to the Moa JV received in the second quarter of 2024, Sherritt expects the joint venture will commence dividends pursuant to the Cobalt Swap during the fourth quarter of 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to distributions from the Moa JV.

Production

Mixed sulphides production at the Moa JV for the three and six months ended June 30, 2024 was 4,095 tonnes and 8,147 tonnes, each 8% higher compared to the same periods in 2023. Lower unplanned maintenance and improved ore quality being fed to the processing plant following the completion of the new Slurry Preparation Plant ("SPP") in the first quarter of 2024 contributed to higher production.

During the second quarter of 2024, the annual refinery maintenance shutdown occurred and has been factored into the Corporation's 2024 guidance with higher production expected in the second half of the year. The planned annual maintenance shutdown also took place during the second quarter in 2023.

Sherritt's share of finished nickel production for the three and six months ended June 30, 2024 was 3,383 tonnes and 6,980 tonnes, 4% and 3% higher, respectively, compared to the same periods in 2023. Finished nickel production was higher in the second quarter as a result of higher mixed sulphides availability. In addition, for the six months ended June 30, 2024, higher nickel rich third-party feed was processed in the first quarter.

Cobalt production for the three and six months ended June 30, 2024 was 342 tonnes and 684 tonnes, 3% higher and 2% lower, respectively, compared to the same periods in 2023. Finished cobalt production was higher in the second quarter consistent with higher mixed sulphides availability, while the higher nickel-to-cobalt ratio in available feed processed in the first quarter of 2024 contributed to slightly lower production during the first half of 2024 compared to the first half of 2023.

Fertilizer production for the three and six months ended June 30, 2024 was 60,355 tonnes and 117,419 tonnes, 16% and 7% higher, respectively, compared to the same periods in 2023 in line with higher nickel production, implementation of operational improvements, and due to the unplanned ammonia plant maintenance that occurred in the prior year period.

NDCC(1)

NDCC(1) per pound of nickel sold was US$5.75/lb in Q2 2024 and US$6.50/lb in the six months ended June 30, 2024 compared to US$7.22/lb and US$6.88/lb in the same periods in 2023. In each of the current year periods, NDCC(1) significantly improved as expected, primarily as a result of lower MPR/lb partly offset by lower cobalt and net fertilizer by-product credits(2). MPR/lb was 15% lower in each of the current year periods compared to the same periods in 2023 primarily due to lower sulphur and natural gas prices, lower purchased sulphuric acid, lower maintenance costs and the impact of higher nickel sales volumes. In the current year periods, lower average-realized prices(1) and sales volumes for cobalt and fertilizers resulted in lower by-product credits.

Compared to Q1 2024, NDCC(1) continued to improve as expected decreasing by 21%. Sherritt maintains its 2024 guidance range for NDCC(1) at US$5.50 to US$6.00/lb.

Spending on capital(1)

Sustaining spending on capital for the three and six months ended June 30, 2024 was $7.4 million and $14.8 million compared to $13.6 million and $19.5 million in the same periods in 2023. Sustaining spending on capital is lower as a result of timing of spending and consistent with lower annual guidance.

With the SPP completed and operating during Q1, growth spending on capital for the three and six months ended June 30, 2024 was $0.4 million and $2.4 compared to $2.5 million and $6.2 in the same periods in 2023. Spending in 2024 was primarily related to the second phase of the Moa JV expansion program.

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

Expansion program and strategic developments

Moa JV expansion program update

Phase two of the Moa JV's expansion program, the Processing Plant, is continuing to advance. During the second quarter of 2024 civil construction and structural erection was completed and piping installation commenced.

Subsequent to the end of the second quarter of 2024, the Moa JV received approval for US$12 million of foreign currency financing from a Cuban bank to support international payments related to construction of the Sixth Leach Train, the primary component of phase two of the expansion project.

Phase two commissioning and ramp up remains scheduled for 2025 with Sherritt expecting to commence the ramp up during the first half of the year. With completion of phase two, annual mixed sulphide precipitate production is expected to further increase toward the combined expansion target, including the new SPP, of approximately 20% of contained nickel and cobalt and is expected to fill the refinery to nameplate capacity to maximize profitability from the joint venture's own mine feed, displacing lower margin third-party feeds and increasing overall finished nickel and cobalt production.

Strategic developments

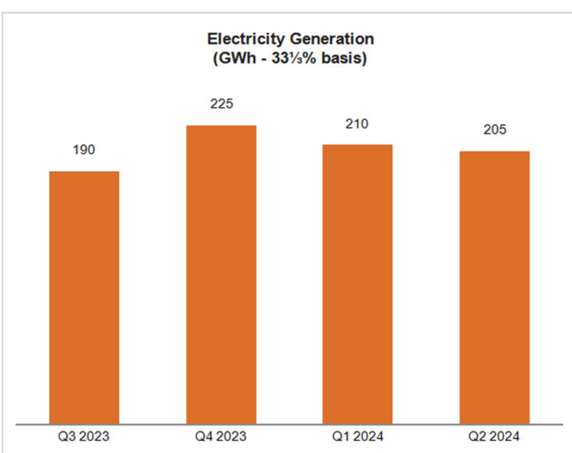
Sherritt, through its MHP Project, is advancing a flowsheet to produce high-purity nickel and cobalt sulphates and reduce sodium sulphate effluent, a key environmental challenge for the downstream industry. The MHP Project provides a strategic opportunity to expand Sherritt's current business into the production of nickel and cobalt sulphates, a key intermediary product required in the electric vehicle battery supply chain, where a current significant gap exists in North America. Sherritt's technical expertise and innovative processing solutions are key differentiators and enablers towards the Corporation's near-term strategic focus to expand its midstream processing capacity of critical minerals to fill this gap in North America in line with governments' objectives and incentives.

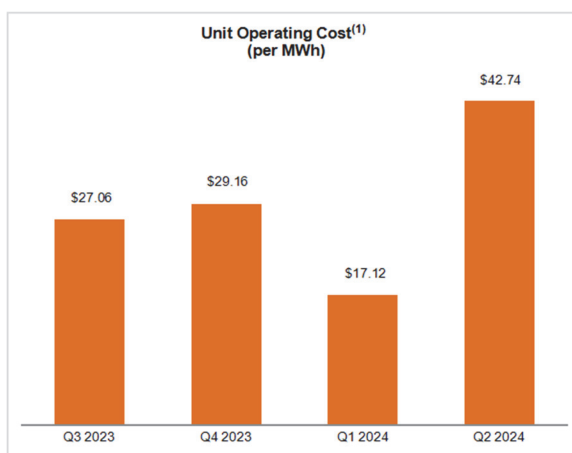
During the quarter, Sherritt commenced an engineering study and continued batch test work and process flowsheet development, which yielded very positive results for metal recoveries and impurity removals. A small scale continuous solvent extraction ("SX") pilot is planned for H2 2024 and process development work is expected to be completed by year end. Sherritt also continued its external engagement with governments and potential customers and funding partners, with a goal to reach agreement on key commercial and project parameters, including site identification, by year end.

POWER

	For the three months ended			For the six months ended		
	2024	2023		**2024**	2023	
$ millions (Sherritt's share, 33⅓% basis), except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 11.8**	$ 10.9	8%	**$ 23.8**	$ 21.2	12%
Cost of sales	**9.3**	6.5	43%	**13.3**	9.9	34%
Earnings from operations	**1.2**	3.3	(64%)	**8.3**	9.2	(10%)
Adjusted EBITDA[1]	**1.8**	4.0	(55%)	**9.4**	10.4	(10%)
CASH FLOW						
Cash (used) provided by continuing operations for operating	**$ (7.8)**	$ 2.3	(439%)	**$ 1.9**	$ 6.7	(72%)
Free cash flow[1]	**(9.3)**	1.7	(647%)	**(2.2)**	5.4	(141%)
PRODUCTION AND SALES VOLUME						
Electricity (GWh[2])	**205**	172	19%	**415**	330	26%
AVERAGE-REALIZED PRICE[1]						
Electricity (per MWh[2])	**$ 52.00**	$ 57.25	(9%)	**$ 51.62**	$ 57.77	(11%)
UNIT OPERATING COST[1]						
Electricity (per MWh)	**42.74**	34.13	25%	**29.81**	27.08	10%
SPENDING ON CAPITAL[1]						
Sustaining	**$ 1.5**	$ 0.6	150%	**$ 4.1**	$ 1.3	215%

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





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

Power revenue is composed of the following:

$ millions (Sherritt's share, 33⅓% basis)	For the three months ended 2024 June 30	2023 June 30	Change	For the six months ended 2024 June 30	2023 June 30	Change
Electricity sales	**$ 10.7**	$ 9.9	8%	**$ 21.4**	$ 19.1	12%
By-products and other	**1.1**	1.0	10%	**2.4**	2.1	14%
	$ 11.8	$ 10.9	8%	**$ 23.8**	$ 21.2	12%

Revenue for the three and six months ended June 30, 2024 was $11.8 million and $23.8 million, respectively, which is up 8% and 12% compared to the prior year periods primarily due to higher production. The increase in electricity production in the current year periods is a result of additional gas from two wells that went into production at the end of Q2 2023.

As a key partner in supporting the Cuban government's plans to increase power production, Sherritt continues to work with its Cuban partners to increase gas supply and an additional well is scheduled to be drilled in the third quarter which is expected to provide additional electricity production in the second half of the year.

Unit operating costs(1) for the three and six months ended June 30, 2024 were $42.74/MWh, and $29.81/MWh, compared to $34.13/MWh, and $27.08/MWh, respectively, for the prior year periods primarily driven by the timing of scheduled maintenance activities which were completed in Q2 2024, partly offset by higher sales volumes.

Spending on capital(1) was $1.5 million and $4.1 million for the three and six months ended June 30, 2024, respectively, primarily driven by scheduled maintenance activities completed in the year.

Sherritt received $5.1 million of dividends in Canada from Energas during the second quarter. Based on 2024 guidance estimates for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of this MD&A, Sherritt expects total dividends in Canada from Energas to exceed $10.0 million in 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to dividends in Canada from Energas.

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

CORPORATE AND OTHER

$ millions	For the three months ended 2024 June 30	2023 June 30 (Restated)	Change	For the six months ended 2024 June 30	2023 June 30 (Restated)	Change
EXPENSES						
Administrative expenses	**$ 7.3**	$ 5.0	46%	**$ 14.3**	$ 10.8	32%

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

Administrative expenses at Corporate and Other for the three months ended June 30, 2024 were $2.3 million higher compared to the prior year primarily as a result of an increase in share-based compensation expense. The current period share-based compensation expense of $0.9 million compared to a recovery of $0.7 million in the prior year period primarily as a result of a higher number of vested units in the current year and a decrease in the Corporation's share price in the prior year period.

Administrative expenses at Corporate and Other for the six months ended June 30, 2024 were $3.5 million higher compared to the prior year primarily as a result of an increase in share-based compensation expense and severance expense, partially offset by lower audit fees. The current period share-based compensation expense of $2.2 million compared to an expense of $0.4 million in the prior year period primarily as a result of a higher number of vested units in the current year period. In addition, $0.9 million of severance expense was recognized related to the restructuring of Technologies to reduce its scale in line with a narrower focus to deliver essential support and enhancements to internal operations and business development opportunities.

In addition, employee costs incurred by the former Technologies reportable segment for business development, growth and external technical services for the three and six months ended June 30, 2024 have been classified as administrative expenses following Technologies' restructuring, while in the comparative period, employee costs incurred by the former Technologies reportable segment were presented within cost of sales given Technologies' development and commercialization of proprietary technologies for customers.

Outlook

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

Production volumes, unit operating costs and spending on capital	Guidance for 2024 - Total	Year-to-date actuals - Total	Updated 2024 guidance - Total
Production volumes			
Metals - Moa Joint Venture (tonnes, 100% basis)			
Finished Nickel	30,000 – 32,000	13,960	No change
Finished Cobalt	3,100 – 3,400	1,368	No change
Power - Energas			
Electricity (GWh, 33⅓% basis)	775 – 825	415	No change
Unit operating costs(1)			
Metals – Moa JV - NDCC(1) (US$ per pound)	$5.50 – $6.00	$6.50	No change
Power - Energas - Electricity ($ per MWh)	$32.50 – $34.00	$29.81	No change
Spending on capital(1)($ millions)			
Sustaining			
Metals: Moa JV (50% basis), Fort Site (100% basis)	$40.0	$14.8	No change
Power - Energas (33⅓% basis)	$5.5	$4.1	No change
Growth			
Metals: Moa Joint Venture (50% basis)	$15.0	$2.4	No change
Spending on capital(2)	$60.5	$21.3	No change

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

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

Liquidity

As at June 30, 2024, total available liquidity in Canada was $55.9 million, which is composed of cash and cash equivalents of $25.5 million and $30.4 million of available credit facilities and excludes restricted cash of $1.4 million. Cash in Cuba is primarily held by Energas and is for use locally by the joint operation.

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

During the six months ended June 30, 2024, Sherritt received full repayment of the $30.0 million of advances made for short-term working capital purposes at the Moa JV. Advances to the Moa JV under its credit facility with the Corporation were to the two non-Cuban operating companies of the Moa JV and were interest bearing at the Corporation's borrowing rates. Sherritt does not expect to advance further amounts to the Moa JV under its credit facility in 2024.

Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements. Determinants of liquidity include anticipated nickel and cobalt prices, planned spending on capital at the Moa JV including growth capital, working capital needs, expected financing 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. Based on the midpoint of the Moa JV 2024 guidance ranges for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of this MD&A and the first half 2024 nickel and cobalt average reference prices of US$8.00/lb and US$13.50/lb, respectively, Sherritt expects to receive approximately $50.0 million in Cobalt Swap distributions (including both Sherritt's share and GNC's redirected share). As defined by the agreement, any short fall in the annual minimum payment amount will be added to the following year. With the full repayment of the short-term working capital advances to the Moa JV received in the second quarter of 2024, Sherritt expects the joint venture will commence dividends pursuant to the Cobalt Swap during the fourth quarter of 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to distributions from the Moa JV.

During the three and six months ended June 30, 2024, the Corporation received $5.1 million of dividends from Energas in Canada. Based on current 2024 guidance estimates for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of this MD&A, Sherritt expects total dividends in Canada from Energas to exceed $10.0 million in 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to dividends in Canada from Energas.

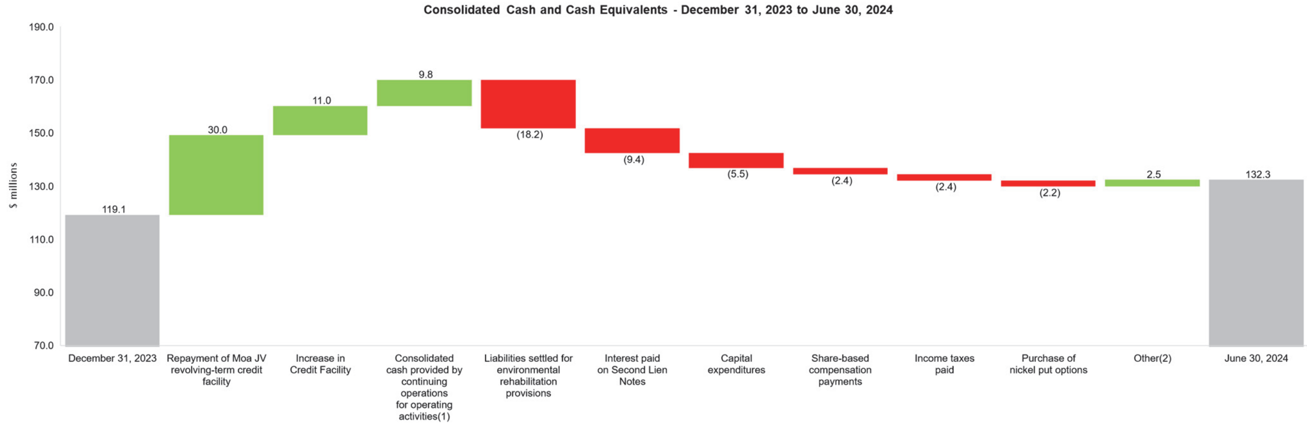
During the three months ended June 30, 2024, the Corporation purchased put options on 3,876 tonnes of nickel, or 646 tonnes per month, at an exercise price of US$8.16/lb at a cost of $2.2 million for a six-month period from June 1, 2024, to November 30, 2024. The economic hedging strategy provides Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes in nickel prices by providing a minimum price of US$8.16/lb on approximately 25% of the 2024 nickel production from the Moa JV during the six-month period.

The Corporation's liquidity requirements are met through a variety of sources, including cash and cash equivalents, cash generated from operations, the existing credit facility, leases and debt and equity capital markets. Refer to the Capital resources section for further details on the 8.50% second lien secured notes due 2026 ("Second Lien Notes"), the PIK Notes and the syndicated revolving-term credit facility ("Credit Facility"), including repurchases of the PIK Notes during the three and six months ended June 30, 2024.

During the six months ended June 30, 2024, the Corporation completed a workforce reduction at its Corporate office and restructuring at its Canadian operations, which resulted in a reduction of its workforce by approximately 10%, with annual cost savings from employee and other cost reductions of $15.0 million expected to be realized.

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

Cash and cash equivalents as at June 30, 2024 increased by $13.2 million from December 31, 2023. The components of this change are shown below:



(1) Excludes liabilities settled for environmental rehabilitation provisions, interest paid on Second Lien Notes, share-based compensation payments, income taxes paid and purchase of nickel put options, presented separately above.

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

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

$ millions, as at June 30, 2024	Cash	Cash equivalents	Total
Canada	$ 25.3	$ 0.2	$ 25.5
Cuba[(1)]	105.4	-	105.4
Other	1.4	-	1.4
	$ 132.1	$ 0.2	$ 132.3
The Corporation's share of cash and cash equivalents in the Moa JV, not included in the above balances:			$ 8.5

(1) As at June 30, 2024, $104.2 million of the Corporation's cash and cash equivalents was held by Energas in Cuba (December 31, 2023 - $93.9 million).

SOURCES AND USES OF CASH

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

	For the three months ended			For the six months ended		
	2024	2023		**2024**	2023	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
Cash provided (used) by operating activities						
Cash provided (used) by operating activities[1]						
Metals - Fort Site	**$ 0.7**	$ (17.6)	104%	**$ 12.3**	$ (1.8)	783%
Metals - Metals Marketing[2]	**0.3**	(1.3)	123%	**4.1**	(0.3)	nm
Power	**(7.8)**	2.3	(439%)	**1.9**	9.1	(79%)
Oil and Gas[3]	**(4.0)**	0.4	nm	**(0.5)**	3.4	(115%)
Corporate and Other[4]	**(4.1)**	(9.4)	56%	**(11.6)**	(20.4)	43%
Distributions from Moa JV						
Proceeds from Cobalt Swap - Sherritt share	**-**	17.6	nm	**0.6**	27.0	nm
Proceeds from Cobalt Swap - GNC redirected share	**-**	17.6	nm	**0.6**	27.0	nm
Cash distributions - Cobalt Swap	**-**	32.0	nm	**-**	32.0	nm
Interest paid on Second Lien Notes	**(9.4)**	(9.4)	-	**(9.4)**	(9.4)	-
Share-based compensation payments	**(0.7)**	(0.1)	600%	**(2.4)**	(24.5)	(90%)
Liabilities settled for environmental rehabilitation provisions	**(10.8)**	(0.2)	nm	**(18.2)**	(0.4)	nm
Purchase of nickel put options	**(2.2)**	-	nm	**(2.2)**	-	nm
Other cash provided by operating activities	**0.2**	0.2	-	**-**	0.3	(100%)
Cash (used) provided by continuing operations	**(37.8)**	32.0	(218%)	**(24.8)**	41.9	(159%)
Cash used by discontinued operations	**-**	(0.2)	nm	**(0.1)**	(0.3)	nm
Cash (used) provided by operating activities	**$ (37.8)**	$ 31.8	(219%)	**$ (24.9)**	$ 41.6	(160%)
Cash provided by investing activities	**$ 25.7**	$ 27.9	(8%)	**$ 25.1**	$ 23.6	6%
Cash (used) provided by financing activities	**(1.2)**	(19.5)	94%	**9.3**	(10.6)	188%
Effect of exchange rate changes on cash and cash equivalents	**1.2**	(2.5)	148%	**3.7**	(2.5)	248%
(Decrease) increase in cash and cash equivalents	**$ (12.1)**	$ 37.7	(132%)	**$ 13.2**	$ 52.1	(75%)
Cash and cash equivalents:						
Beginning of the period	**$ 144.4**	$ 138.3	4%	**$ 119.1**	$ 123.9	(4%)
End of the period	**$ 132.3**	$ 176.0	(25%)	**$ 132.3**	$ 176.0	(25%)

(1) Non-GAAP financial measure. For additional information, see the Non-GAAP and other financial measures section.
(2) Excluding proceeds from the Cobalt Swap, presented separately above.
(3) Excluding liabilities settled for environmental rehabilitation provisions related to legacy Oil and Gas assets in Spain, presented separately above.
(4) Excluding interest paid on Second Lien Notes and purchase of nickel put options, presented separately above.

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

Cash used/provided by operating activities was higher for the three and six months ended June 30, 2024 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 the timing of working capital payments;
- Higher cash provided by operating activities at Metals Marketing primarily due to timing of customer receipts;
- Higher cash used by and lower cash provided by operating activities at Power primarily due to timing of maintenance costs and working capital payments, partially offset by higher production;
- Higher cash used by operating activities at Oil and Gas primarily due to timing of customer receipts on oil and gas service revenue;
- Lower cash used by operating activities at Corporate and Other primarily due to installment insurance payments in the current year to manage liquidity and timing of other working capital payments;
- Lower proceeds and cash distributions from Cobalt Swap, as there were no cobalt distributions in the current period and distributions are expected to commence in the fourth quarter of 2024. In the prior periods, the Corporation received significant distributions of cobalt which were sold to customers;
- Lower and normalized cash used for share-based compensation payments following the payments for share-based units which vested in 2023 and were granted in 2020. The share-based units granted in 2020 and paid in 2023 were impacted by the material increase in the Corporation's share price during the vesting period; and

- Higher cash used for settlement of liabilities for environmental rehabilitation provisions for legacy Oil and Gas assets in Spain.

Included in investing and financing activities for the three and six months ended June 30, 2024 are expenditures on property, plant and equipment and intangible assets, full repayment from the Moa JV on its advance from the Corporation and a repurchase of PIK Notes. During the six months ended June 30, 2024, financing activities includes an increase in borrowings on the Credit Facility.

RECONCILIATION OF ADJUSTED EBITDA TO CHANGE IN CASH AND CASH EQUIVALENTS

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

$ millions	For the three months ended June 30, 2024	For the six months ended June 30, 2024
Adjusted EBITDA(1)	**$ 13.0**	**$ 6.5**
Add (deduct) non-cash items:		
Moa JV Adjusted EBITDA(1)	**(11.8)**	**(9.8)**
Oil and Gas loss (earnings) from operations, net of depletion, depreciation and amortization	**1.8**	**(0.5)**
Finished cobalt cost of sales	**-**	**0.8**
Share-based compensation expense	**1.1**	**1.4**
Inventory write-down/obsolescence	**-**	**0.9**
(Gain) loss on environmental rehabilitation provisions	**(0.5)**	**3.1**
Net change in non-cash working capital	**(16.2)**	**6.8**
Interest received	**1.5**	**3.1**
Interest paid	**(10.9)**	**(12.7)**
Income taxes paid	**(2.1)**	**(2.4)**
Purchase of nickel put options	**(2.2)**	**(2.2)**
Distributions from Moa JV		
Proceeds from Cobalt Swap - Sherritt share	**-**	**0.6**
Proceeds from Cobalt Swap - GNC redirected share	**-**	**0.6**
Liabilities settled for environmental rehabilitation provisions	**(10.8)**	**(18.2)**
Share-based compensation payments	**(0.7)**	**(2.4)**
Other(2)	**-**	**(0.4)**
Cash used by continuing operations for operating activities per financial statements	**(37.8)**	**(24.8)**
Add (deduct):		
Cash used by discontinued operations	**-**	**(0.1)**
Property, plant, equipment and intangible asset expenditures	**(1.6)**	**(5.5)**
Increase in Credit Facility	**-**	**11.0**
Receipts of advances to Moa JV	**27.0**	**30.0**
Repurchase of PIK Notes	**(0.8)**	**(0.8)**
Effect of exchange rate changes on cash and cash equivalents	**1.2**	**3.7**
Other(2)	**(0.1)**	**(0.3)**
Change in cash and cash equivalents	**$ (12.1)**	**$ 13.2**

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

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

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

Capital resources

CAPITAL RISK MANAGEMENT

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

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS(1)

The following table provides a summary of consolidated significant liquidity and capital commitments based on existing commitments and debt obligations (including accrued interest). For amounts payable that are not fixed, including mandatory redemptions discussed below, the amount disclosed is determined by reference to the conditions existing as at June 30, 2024.

Canadian $ millions, as at June 30, 2024	Total	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$ 159.8	$ 159.8	$ -	$ -	$ -	$ -	$ -
Income taxes payable	1.1	1.1	-	-	-	-	-
Second Lien Notes (includes principal, interest and premium)	294.9	18.8	18.8	257.3	-	-	-
PIK Notes (includes principal and interest)	109.8	-	4.1	8.2	8.2	8.2	81.1
Credit Facility	80.5	6.3	74.2	-	-	-	-
Other non-current financial liabilities	1.3	-	-	0.1	-	0.3	0.9
Provisions	197.9	15.6	1.2	3.8	7.6	10.4	159.3
Energas payable(2)	97.4	7.2	6.2	11.3	72.7	-	-
Lease liabilities	12.5	2.6	2.0	1.4	1.4	1.3	3.8
Capital commitments	3.1	3.1	-	-	-	-	-
Total	$ 958.3	$ 214.5	$ 106.5	$ 282.1	$ 89.9	$ 20.2	$ 245.1

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

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

SECOND LIEN NOTES

As at June 30, 2024, the outstanding principal amount of Second Lien Notes is $221.3 million (December 31, 2023 - $221.3 million).

The indenture governing the Second Lien Notes (the "Second Lien Notes Indenture") requires mandatory redemptions from excess cash (subject to the minimum liquidity condition noted below and the other terms and conditions set forth in the Second Lien Notes Indenture). The mandatory Excess Cash Flow redemption provision is in effect beginning with the two-quarter period ending June 30, 2021 and mandatory redemptions are based on Excess Cash Flow in the first half and second half of each year (a measure calculated based on cash provided by (used in) operating activities excluding Energas, less sustaining property, plant and equipment expenditures excluding Energas, plus all cash distributed by Energas to the Corporation held in Canada, including cash distributions received by the Corporation from GNC pursuant to the Cobalt Swap and its assumption of the Energas CSA), which mandatory redemption shall be required to be made only if the Corporation has minimum liquidity of $75.0 million as at the interest payment dates in April and October of each year, calculated in accordance with the Second Lien Notes

Indenture. Expected mandatory Excess Cash Flow redemptions have been included in the calculation of the effective interest rate of the Second Lien Notes.

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

For the two-quarter period ended June 30, 2024, Excess Cash Flow, as defined in the Second Lien Notes Indenture, was negative and therefore, no mandatory redemptions will be required in October 2024.

As at June 30, 2024, the Corporation was in compliance with all Second Lien Note covenants.

PIK NOTES

As at June 30, 2024, the outstanding principal amount of the PIK Notes is $65.4 million (December 31, 2023 - $63.4 million).

During the six months ended June 30, 2024, the Corporation repurchased $1.5 million of principal of the PIK Notes at a cost of $0.8 million, plus $0.1 million of accrued interest, resulting in a gain on repurchase of notes of $0.7 million. During the six months ended June 30, 2023, the Corporation repurchased $11.2 million of principal of the PIK Notes at a cost of $7.8 million, plus $0.1 million of accrued interest, resulting in a gain on repurchase of notes of $3.5 million.

During the six months ended June 30, 2024, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest due in January 2024 of $3.4 million (during the six months ended June 30, 2023 - $3.8 million due in January 2023) and added the payment-in-kind interest to the principal amount owed to noteholders.

Subsequent to period end, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest due in July 2024 of $3.5 million and added the payment in-kind interest to the principal amount owed to noteholders.

As at June 30, 2024, the Corporation was in compliance with all PIK Notes covenants.

CREDIT FACILITY

As at June 30, 2024, the outstanding principal amount of the Credit Facility is $69.0 million (December 31, 2023 - $58.0 million).

During the six months ended June 30, 2024, the Credit Facility was amended to (i) extend its maturity for one year from April 30, 2025 to April 30, 2026 and (ii) change the EBITDA-to-Interest Expense covenant, as defined in the agreement, to not less than 1:1 and 1.5:1 for the quarters ended June 30, 2024 and September 30, 2024, respectively, and not less than 2:1 thereafter. The amendment included terms to transition the interest rate of bankers' acceptance plus 4.00% to CORRA plus 4.00%. There were no other significant changes to the terms, financial covenants or restrictions.

As at June 30, 2024, the Corporation was in compliance with all Credit Facility covenants.

COMMON SHARES

As at July 29, 2024, the Corporation had 397,288,680 common shares outstanding. An additional 9,855,313 common shares are issuable upon exercise of outstanding stock options granted to employees pursuant to the Corporation's stock option plan.

Managing risk

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

Basis of presentation and critical accounting judgments

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

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

The condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2023, except for the adoption of the amendments to IAS 1, which was adopted effective January 1, 2024. For further information, see note 4 of the condensed consolidated financial statements for the three and six months ended June 30, 2024.

The critical accounting estimates and judgments used in the preparation of the condensed consolidated financial statements are consistent with those used in the Corporation's annual consolidated financial statements as at and for the year ended December 31, 2023.

Summary of quarterly results

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

$ millions, except per share amounts, for the three months ended	**2024 Jun 30**	2024 Mar 31	2023 Dec 31	2023 Sept 30	2023 Jun 30	2023 Mar 31	2022 Dec 31	2022 Sept 30
Revenue	**$ 51.4**	$ 28.8	$ 34.8	$ 36.4	$ 93.5	$ 58.6	$ 48.6	$ 30.2
Share of (loss) earnings of Moa Joint Venture, net of tax	**(1.2)**	(12.3)	(14.5)	(5.0)	11.5	29.9	23.5	22.0
Net (loss) earnings from continuing operations	**(11.5)**	(40.9)	(53.4)	(24.8)	0.3	13.6	(7.3)	(26.9)
Earnings (loss) from discontinued operations, net of tax(1)	**-**	0.4	-	-	-	(0.3)	0.3	0.6
Net (loss) earnings for the period	**$ (11.5)**	$ (40.5)	$ (53.4)	$ (24.8)	$ 0.3	$ 13.3	$ (7.0)	$ (26.3)
Net (loss) earnings per share, basic ($ per share)								
Net (loss) earnings from continuing operations	**$ (0.03)**	$ (0.10)	$ (0.13)	$ (0.06)	$ 0.00	$ 0.03	$ (0.02)	$ (0.07)
Net (loss) earnings	**(0.03)**	(0.10)	(0.13)	(0.06)	0.00	0.03	(0.02)	(0.07)

(1) Earnings (loss) from discontinued operations, net of tax, relates to expenses in respect of provisions retained by the Corporation.

In general, net earnings or losses of the Corporation are primarily affected by production and sales volumes, commodity prices, maintenance and operating costs, and exchange rates. The average Canadian dollar cost to purchase one U.S. dollar for the above quarters ranged from $1.3056 (Q3 2022) to $1.3624 (Q4 2023) and period-end rates ranged between $1.3226 (Q4 2023) to $1.3707 (Q3 2022).

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

- Q2 2024: $3.4 million unrealized gain on nickel put options and $1.6 million (50% basis) inventory write-down/obsolescence at the Moa JV. In addition, the Corporation's net loss includes a net non-cash loss on revaluation of $5.3 million pursuant to the Cobalt Swap;
- Q1 2024: $3.6 million non-cash loss on environmental rehabilitation provisions and $3.5 million of severance expense related to the restructuring (Sherritt's share). In addition, the Corporation's net loss includes a net non-cash loss on revaluation of $9.1 million pursuant to the Cobalt Swap;
- Q4 2023: $20.0 million loss on environmental rehabilitation provisions. The net impact of the Cobalt Swap on the Corporation's net loss was not material;

- Q3 2023: $7.3 million write-down of inventory, $6.8 million loss on environmental rehabilitation provisions and $0.9 million unrealized foreign exchange gains in continuing operations. The net impact of the Cobalt Swap on the Corporation's net loss was not material;
- Q2 2023: $2.2 million gain on repurchase of notes. The net impact of the Cobalt Swap on the Corporation's net earnings was not material;
- Q1 2023: $1.3 million gain on repurchase of notes, $1.9 million of share-based compensation expense within cost of sales and administrative expenses and $0.9 million of unrealized foreign exchange losses in continuing operations. The net impact of the Cobalt Swap on the Corporation's net earnings was not material;
- Q4 2022: $7.1 million gain on repurchase of notes, $4.0 million gain on modification of Cuban receivables, $2.4 million revaluation gain on the GNC receivable, $4.0 million revaluation loss on the Energas payable, $4.1 million of unrealized foreign exchange losses in continuing operations, $15.0 million loss on environmental rehabilitation provisions and $10.7 million of share-based compensation expense within cost of sales and administrative expenses; and
- Q3 2022: $48.5 million revaluation loss on allowances for expected credit losses on Energas conditional sales agreement receivable, $4.6 million of unrealized foreign exchange gains in continuing operations and $2.6 million of share-based compensation recovery within cost of sales and administrative expenses.

Off-balance sheet arrangements

As at June 30, 2024, the Corporation had no off-balance sheet options, futures or forward contracts.

Transactions with related parties

The Corporation enters into transactions related to its joint arrangements. For further detail, refer to notes 7 and 16 of the Corporation's condensed consolidated financial statements for the three and six months ended June 30, 2024.

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

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

As at June 30, 2024, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the three months ended June 30, 2024, the Corporation did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Supplementary information

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation’s net loss and loss per share from continuing operations for the three months ended June 30, 2024 from a change in selected key variables. The impact is measured by changing one variable at a time and may not necessarily be indicative of sensitivities on future results.

Factor		Increase	Approximate change in quarterly net (loss) earnings (CAD$ millions) Increase/ (decrease)	Approximate change in quarterly basic (loss) earnings per share (EPS) Increase/ (decrease)
Prices				
Nickel - LME price per pound(1)	US$	1.00	$ 8	$ 0.02
Cobalt - Argus price per pound(1)	US$	5.00	5	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	(2)	-
Operating costs(1)				
Natural gas - cost per gigajoule (Moa JV and Fort Site)	$	1.00	(1)	-
Fuel oil - cost per tonne (Moa JV and Fort Site)	US$	50.00	(1)	-
Sulphur - cost per tonne (Moa JV and Fort Site)	US$	25.00	(1)	-

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

INVESTMENT IN MOA JOINT VENTURE

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

Statements of financial position

Canadian $ millions, 100% basis, as at		**2024 June 30**		2023 December 31	Variance	
Assets						
Cash and cash equivalents	**$**	**17.1**	$	11.8	5.3	Increase is primarily due to cash provided by operating activities, partially offset by spending on capital and full repayment of the credit facility to the Corporation.
Income taxes receivable		**6.6**		6.4	0.2	
Other current assets		**17.3**		20.9	(3.6)	
Trade accounts receivable, net		**73.3**		82.6	(9.3)	Decrease is due to collections of trade accounts receivable and decrease in nickel and cobalt prices.
Inventories		**400.1**		424.7	(24.6)	Decrease is due to nickel and cobalt sales volumes exceeding production volumes during the year, coupled with lower cost of nickel and cobalt inventories.
Other non-current assets		**21.9**		23.3	(1.4)	
Property, plant and equipment		**1,097.3**		1,089.1	8.2	Increase is due to spending on capital, partially offset by depletion, depreciation and amortization.
Total assets		**1,633.6**		1,658.8	(25.2)	
Liabilities						
Trade accounts payable and accrued liabilities		**116.5**		117.4	(0.9)	
Income taxes payable		**3.4**		2.8	0.6	
Other current financial liabilities		**-**		30.4	(30.4)	Decrease is primarily due to full repayment of the credit facility with the Corporation.
Other current non-financial liabilities		**11.2**		-	11.2	Increase is primarily due to a prepayment received for deliveries of nickel over the course of the year, with a liability for deliveries not yet fulfilled.
Loans and borrowings		**19.3**		23.5	(4.2)	
Environmental rehabilitation provisions		**80.6**		84.9	(4.3)	
Other non-current financial liabilities		**3.3**		3.7	(0.4)	
Deferred income taxes		**17.4**		18.3	(0.9)	
Total liabilities		**251.7**		281.0	(29.3)	
Net assets of Moa Joint Venture	**$**	**1,381.9**	$	1,377.8	4.1	
Proportion of Sherritt's ownership interest		**50%**		50%		
Total		**691.0**		688.9		
Intercompany capitalized interest elimination		**(43.3)**		(42.2)		
Investment in Moa Joint Venture	**$**	**647.7**	$	646.7		

Foreign currency translation differences are included in the financial information of the Moa JV presented in the financial statements and MD&A, as the Corporation's presentation currency is the Canadian dollar, while the Moa JV's functional currency is the U.S. dollar. As at June 30, 2024, the U.S. dollar increased in value relative to the Canadian dollar, resulting in higher assets and liabilities reported in Canadian dollars as compared to December 31, 2023.

Statements of comprehensive (loss) income

Canadian $ millions, 100% basis		For the six months ended 2024 June 30		2023 June 30	Variance	
Revenue	$	**444.1**	$	477.1	(33.0)	Decrease is primarily due to a decrease in nickel revenue, due to lower average-realized nickel price, partially offset by higher nickel sales volume, and higher cobalt revenue. Cobalt revenue increased in the current year primarily due to cobalt sold by the Moa JV. In the prior year, cobalt revenue was recognized by the Corporation pursuant to the Cobalt Swap.
Cost of sales		**(465.1)**		(390.6)	(74.5)	Increase is primarily due to an increase in cobalt cost of sales due to cobalt sales recognized by the Moa JV in the current year, which were recognized by the Corporation in the prior year pursuant to the Cobalt Swap. The increase in cobalt cost of sales was partially offset by lower sulphur prices as well as lower purchases of sulphuric acid.
Cobalt gain		**-**		5.5	(5.5)	Cobalt gain in the prior year represents the difference between the Moa JV's cost to produce finished cobalt internally and the in-kind value of cobalt distributed under the Cobalt Swap. There was no cobalt gain in the current year period given no cobalt distributions in the current year period.
Impairment of property, plant and equipment		**(1.0)**		-	(1.0)	
Administrative expenses		**(5.4)**		(5.0)	(0.4)	
(Loss) earnings from operations		**(27.4)**		87.0	(114.4)	
Financing income		**0.4**		1.9	(1.5)	
Financing expense		**(5.6)**		(1.4)	(4.2)	
Net finance expense		**(5.2)**		0.5	(5.7)	
(Loss) earnings before income tax		**(32.6)**		87.5	(120.1)	
Income tax expense		**(1.8)**		(8.6)	6.8	Decrease is primarily due to lower taxable earnings in 2024 as compared to 2023 at one of the operating companies of the Moa JV.
Net (loss) earnings and comprehensive (loss) income of Moa Joint Venture	**$**	**(34.4)**	$	78.9	(113.3)	
Proportion of Sherritt's ownership interest		**50%**		50%	-	
Total		**(17.2)**		39.5	(56.7)	
Intercompany elimination		**3.7**		1.9	1.8	
Share of (loss) earnings of Moa Joint Venture, net of tax	**$**	**(13.5)**	$	41.4	(54.9)	

For the six months ended June 30, 2024, Moa JV's revenue was positively impacted and cost of sales and other expenses were negatively impacted by a stronger average U.S. dollar relative to the Canadian dollar compared to the same periods in the prior year.

Moa JV commitments

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

- Environmental rehabilitation commitments of $127.0 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of $58.3 million;
- Loans and borrowings of $10.5 million; and
- Property, plant and equipment commitments of $39.0 million, which includes $9.2 million of commitments for tailings and $4.4 million of commitments for growth capital for the ordering of long-lead materials and equipment, and civil and mechanical construction.

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

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

Combined revenue

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

Revenue at Oil and Gas is excluded from Combined revenue as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and CUPET, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or revenue generation potential. The exclusion of revenue at Oil and Gas from Combined revenue represented a change in the composition of Combined revenue during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and revenue generation potential and the prior year measure has been restated for comparative purposes.

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

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

	For the three months ended			For the six months ended		
	2024	2023		**2024**	2023	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
Revenue by reportable segment						
Metals[(1)]	**$ 150.6**	$ 185.6	(19%)	**$ 265.7**	$ 362.1	(27%)
Power	**11.8**	10.9	8%	**23.8**	21.2	12%
Corporate and Other	**0.8**	0.5	60%	**1.4**	1.1	27%
Combined revenue	**$ 163.2**	$ 197.0	(17%)	**$ 290.9**	$ 384.4	(24%)
Adjustment for Moa Joint Venture	**(117.8)**	(107.6)		**(222.0)**	(238.5)	
Adjustment for Oil and Gas	**6.0**	4.1		**11.3**	6.2	
Financial statement revenue	**$ 51.4**	$ 93.5	(45%)	**$ 80.2**	$ 152.1	(47%)

(1) Revenue of Metals for the three months ended June 30, 2024 is composed of revenue recognized by the Moa JV of $117.8 million (50% basis), which is equity-accounted and included in share of earnings of Moa JV, net of tax, coupled with revenue recognized by Fort Site of $31.9 million and Metals Marketing of $0.9 million, both of which are included in consolidated revenue (for the three months ended June 30, 2023 - $107.6 million, $38.5 million and $39.5 million, respectively). Revenue of Metals for the six months ended June 30, 2024 is composed of revenue recognized by the Moa JV of $222.0 million (50% basis), coupled with revenue recognized by Fort Site of $40.8 million and Metals Marketing of $2.9 million (for the six months ended June 30, 2023 - $238.5 million, $53.7 million and $69.9 million, respectively).

Adjusted EBITDA

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

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

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

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

$ millions, for the three months ended June 30						**2024**
	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	**$ 2.7**	**$ 1.2**	**$ 1.7**	**$ (6.9)**	**$ (0.6)**	**$ (1.9)**
Add (deduct):						
Depletion, depreciation and amortization	**2.9**	**0.6**	**0.1**	**0.1**	**-**	**3.7**
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	**-**	**-**	**(1.8)**	**-**	**-**	**(1.8)**
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	**11.9**	**-**	**-**	**-**	**-**	**11.9**
Impairment of property, plant and equipment	**0.5**	**-**	**-**	**-**	**-**	**0.5**
Net finance expense	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Income tax expense	**-**	**-**	**-**	**-**	**0.5**	**0.5**
Adjusted EBITDA	**$ 18.0**	**$ 1.8**	**$ -**	**$ (6.8)**	**$ -**	**$ 13.0**

$ millions, for the three months ended June 30						2023 (Restated)
	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	$ 3.8	$ 3.3	$ 1.5	$ (8.6)	$ 2.2	$ 2.2
Add (deduct):						
Depletion, depreciation and amortization	3.3	0.7	-	0.2	-	4.2
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	-	-	(1.5)	-	-	(1.5)
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	11.5	-	-	-	-	11.5
Net finance income	-	-	-	-	(3.0)	(3.0)
Income tax expense	-	-	-	-	0.8	0.8
Adjusted EBITDA	$ 18.6	$ 4.0	$ -	$ (8.4)	$ -	$ 14.2

$ millions, for the six months ended June 30	Metals(2)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total 2024
(Loss) earnings from operations and joint venture per financial statements	**$ (18.3)**	**$ 8.3**	**$ (0.6)**	**$ (13.9)**	**$ 0.2**	**$ (24.3)**
Add:						
Depletion, depreciation and amortization	**5.3**	**1.1**	**0.1**	**0.5**	**-**	**7.0**
Oil and Gas loss from operations, net of depletion, depreciation and amortization	**-**	**-**	**0.5**	**-**	**-**	**0.5**
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	**23.0**	**-**	**-**	**-**	**-**	**23.0**
Impairment of property, plant and equipment	**0.5**	**-**	**-**	**-**	**-**	**0.5**
Net finance income	**-**	**-**	**-**	**-**	**(1.1)**	**(1.1)**
Income tax expense	**-**	**-**	**-**	**-**	**0.9**	**0.9**
Adjusted EBITDA	**$ 10.5**	**$ 9.4**	**$ -**	**$ (13.4)**	**$ -**	**$ 6.5**

$ millions, for the six months ended June 30	Metals(2)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total 2023 (Restated)
Earnings (loss) from operations and joint venture per financial statements	$ 34.8	$ 9.2	$ 0.1	$ (18.6)	$ (1.7)	$ 23.8
Add (deduct):						
Depletion, depreciation and amortization	5.6	1.2	0.1	0.5	-	7.4
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	-	-	(0.2)	-	-	(0.2)
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	22.7	-	-	-	-	22.7
Net finance income	-	-	-	-	(2.6)	(2.6)
Income tax expense	-	-	-	-	4.3	4.3
Adjusted EBITDA	$ 63.1	$ 10.4	$ -	$ (18.1)	$ -	$ 55.4

(1) Adjusted EBITDA of Metals for the three months ended June 30, 2024 is composed of Adjusted EBITDA at Moa JV of $11.8 million (50% basis), Adjusted EBITDA at Fort Site of $7.2 million and Adjusted EBITDA at Metals Marketing of $(1.0) million (for the three months ended June 30, 2023 - $20.8 million, $4.9 million and $(7.1) million, respectively).

(2) Adjusted EBITDA of Metals for the six months ended June 30, 2024 is composed of Adjusted EBITDA at Moa JV of $9.8 million (50% basis), Adjusted EBITDA at Fort Site of $2.3 million and Adjusted EBITDA at Metals Marketing of $(1.6) million (for the six months ended June 30, 2023 - $65.8 million, $8.0 million and $(10.7) million, respectively).

Average-realized price

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

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

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

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

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

$ millions, except average-realized price and sales volume, for the three months ended June 30 — **2024**

	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 94.0**	**$ 12.3**	**$ 34.8**	**$ 11.8**	**$ 16.3**	**$ (117.8)**	**$ 51.4**
Adjustments to revenue:							
By-product and other revenue	**-**	**-**	**-**	**(1.1)**			
Revenue for purposes of average-realized price calculation	**94.0**	**12.3**	**34.8**	**10.7**			
Sales volume for the period	**8.3**	**0.9**	**60.7**	**205**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[2][3][4]	**$ 11.25**	**$ 14.32**	**$ 574.70**	**$ 52.00**			

$ millions, except average-realized price and sales volume, for the three months ended June 30 — 2023

	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 95.5	$ 38.4	$ 45.0	$ 10.9	$ 11.3	$ (107.6)	$ 93.5
Adjustments to revenue:							
By-product and other revenue	-	-	-	(1.0)			
Revenue for purposes of average-realized price calculation	95.5	38.4	45.0	9.9			
Sales volume for the period	7.0	2.4	63.4	172			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[2][3][4]	$ 13.58	$ 16.36	$ 709.67	$ 57.25			

$ millions, except average-realized price and sales volume, for the six months ended June 30 — **2024**

	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 181.8**	**$ 23.9**	**$ 44.7**	**$ 23.8**	**$ 28.0**	**$ (222.0)**	**$ 80.2**
Adjustments to revenue:							
By-product and other revenue	**-**	**-**	**-**	**(2.4)**			
Revenue for purposes of average-realized price calculation	**181.8**	**23.9**	**44.7**	**21.4**			
Sales volume for the period	**17.2**	**1.7**	**84.6**	**415**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[2][3][4]	**$ 10.55**	**$ 14.41**	**$ 528.73**	**$ 51.62**			

$ millions, except average-realized price and sales volume, for the six months ended June 30							2023
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 216.9	$ 69.2	$ 61.9	$ 21.2	$ 21.4	$ (238.5)	$ 152.1
Adjustments to revenue:							
By-product and other revenue	-	-	-	(2.1)			
Revenue for purposes of average-realized price calculation	216.9	69.2	61.9	19.1			
Sales volume for the period	14.4	4.0	93.3	330			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	$ 15.06	$ 17.48	$ 663.94	$ 57.77			

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

Unit operating cost/NDCC

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

Metals' NDCC is calculated by dividing cost of sales, as reported in the financial statements, adjusted for the following: depreciation, depletion, amortization and impairment losses in cost of sales; cobalt by-product, fertilizer and other revenue; cobalt gain/loss; and other costs primarily related to the impact of opening and closing inventory values, by the number of finished nickel pounds sold in the period.

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

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

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

$ millions, except unit cost and sales volume, for the three months ended June 30					**2024**
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 144.5**	**$ 9.3**	**$ 4.6**	**$ (116.6)**	**$ 41.8**
Less:					
Depletion, depreciation and amortization in cost of sales	**(14.8)**	**(0.5)**			
	129.7	**8.8**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(56.6)**	**-**			
Impact of opening/closing inventory and other(2)	**(8.1)**	**-**			
Cost of sales for purposes of unit cost calculation	**65.0**	**8.8**			
Sales volume for the period	**8.3**	**205**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	**$ 7.87**	**$ 42.74**			
Unit operating cost (US$ per pound) (NDCC)(5)	**$ 5.75**				

$ millions, except unit cost and sales volume, for the three months ended June 30					2023
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 182.2	$ 6.5	$ 6.4	$ (99.0)	$ 96.1
Less:					
Depletion, depreciation and amortization in cost of sales	(14.7)	(0.4)			
	167.5	6.1			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(90.1)	-			
Cobalt gain	(1.9)	-			
Impact of opening/closing inventory and other(2)	(6.1)	-			
Cost of sales for purposes of unit cost calculation	69.4	6.1			
Sales volume for the period	7.0	172			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	$ 9.87	$ 34.13			
Unit operating cost (US$ per pound) (NDCC)(5)	$ 7.22				

$ millions, except unit cost and sales volume, for the six months ended June 30										2024
		Metals		Power		Other(1)		Adjustment for Moa Joint Venture		Total
Cost of sales per financial statements	$	**275.6**	$	**13.3**	$	**12.9**	$	**(232.5)**	$	**69.3**
Less:										
Depletion, depreciation and amortization in cost of sales		**(28.3)**		**(0.9)**						
		247.3		**12.4**						
Adjustments to cost of sales:										
Cobalt by-product, fertilizer and other revenue		**(83.9)**		**-**						
Impact of opening/closing inventory and other(2)		**(11.5)**		**-**						
Cost of sales for purposes of unit cost calculation		**151.9**		**12.4**						
Sales volume for the period		**17.2**		**415**						
Volume units		Millions of pounds		Gigawatt hours						
Unit operating cost(3)(4)	$	**8.82**	$	**29.81**						
Unit operating cost (US$ per pound) (NDCC)(5)	$	**6.50**								

$ millions, except unit cost and sales volume, for the six months ended June 30										2023
		Metals		Power		Other(1)		Adjustment for Moa Joint Venture		Total
Cost of sales per financial statements	$	326.7	$	9.9	$	14.1	$	(195.3)	$	155.4
Less:										
Depletion, depreciation and amortization in cost of sales		(28.2)		(0.9)						
		298.5		9.0						
Adjustments to cost of sales:										
Cobalt by-product, fertilizer and other revenue		(145.2)		-						
Cobalt gain		(2.4)								
Impact of opening/closing inventory and other(2)		(17.1)		-						
Cost of sales for purposes of unit cost calculation		133.8		9.0						
Sales volume for the period		14.4		330						
Volume units		Millions of pounds		Gigawatt hours						
Unit operating cost(3)(4)	$	9.29	$	27.08						
Unit operating cost (US$ per pound) (NDCC)(5)	$	6.88								

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

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

The Corporation defines adjusted net earnings/loss from continuing operations as net earnings/loss from continuing operations less items not reflective of the Corporation’s current or future operational performance. These adjusting items include, but are not limited to, inventory write-downs/obsolescence, impairment of assets, gains and losses on the acquisition or disposal of assets, unrealized foreign exchange gains and losses, gains and losses on financial assets and liabilities and other one-time adjustments that have not occurred in the past two years and are not expected to recur in the next two years. While some adjustments are recurring (such as unrealized foreign exchange (gain) loss and revaluations of allowances for expected credit losses (ACL)), management believes that they do not reflect the Corporation’s current or future operational performance.

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

Adjusted net earnings/loss from continuing operations per share is defined consistent with the definition above and divided by the Corporation's weighted-average number of common shares outstanding.

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

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

	2024		2023	
For the three months ended June 30	**$ millions**	**$/share**	$ millions	$/share
Net (loss) earnings from continuing operations	**$ (11.5)**	**$ (0.03)**	$ 0.3	$ -
Adjusting items:				
Sherritt - Unrealized foreign exchange loss - continuing operations	**-**	**-**	0.2	-
Corporate and Other - Gain on repurchase of notes	**(0.7)**	**-**	(2.2)	-
Corporate and Other - Unrealized gain on nickel put options	**(3.4)**	**(0.01)**	-	-
Metals - Moa JV - Impairment of property, plant and equipment	**0.5**	**-**	-	-
Metals - Moa JV - Inventory write-down/obsolescence	**1.6**	**-**	1.1	-
Metals - Fort Site - Inventory write-down	**-**	**-**	0.8	-
Metals - Metals Marketing - Inventory write-down	**-**	**-**	1.1	-
Metals - Metals Marketing - Cobalt gain	**-**	**-**	1.9	-
Power - Loss (gain) on revaluation of GNC receivable	**7.9**	**0.02**	(4.7)	(0.01)
Power - (Gain) loss on revaluation of Energas payable	**(2.6)**	**(0.01)**	0.8	-
Oil and Gas - Net loss from continuing operations, net of unrealized foreign exchange gain/loss	**(1.9)**	**-**	(2.0)	-
Total adjustments, before tax	**$ 1.4**	**$ -**	$ (3.0)	$ (0.01)
Tax adjustments	**0.1**	**-**	0.2	-
Adjusted net loss from continuing operations	**$ (10.0)**	**$ (0.03)**	$ (2.5)	$ (0.01)

	2024		2023	
For the six months ended June 30	**$ millions**	**$/share**	$ millions	$/share
Net (loss) earnings from continuing operations	**$ (52.4)**	**$ (0.13)**	$ 13.9	$ 0.03
Adjusting items:				
Sherritt - Unrealized foreign exchange loss - continuing operations	**-**	**-**	1.1	-
Sherritt's share - Severance related to restructuring	**3.5**	**0.01**	-	-
Corporate and Other - Unrealized gain on nickel put options	**(3.4)**	**(0.01)**	-	-
Corporate and Other - Gain on repurchase of notes	**(0.7)**	**-**	(3.5)	(0.01)
Metals - Moa JV - Impairment of property, plant and equipment	**0.5**	**-**	-	-
Metals - Moa JV - Inventory write-down/obsolescence	**2.5**	**0.01**	1.4	-
Metals - Fort Site - Inventory write-down	**0.9**	**-**	0.8	-
Metals - Metals Marketing - Inventory write-down	**-**	**-**	1.1	-
Metals - Metals Marketing - Cobalt gain	**-**	**-**	2.4	0.01
Power - Loss (gain) on revaluation of GNC receivable	**18.4**	**0.05**	(13.2)	(0.03)
Power - (Gain) loss on revaluation of Energas payable	**(4.0)**	**(0.01)**	8.4	0.02
Oil and Gas - Net loss (earnings) from continuing operations, net of unrealized foreign exchange gain/loss	**0.4**	**-**	(1.1)	-
Total adjustments, before tax	**$ 18.1**	**$ 0.05**	$ (2.6)	$ (0.01)
Tax adjustments	**(0.3)**	**-**	-	-
Adjusted net (loss) earnings from continuing operations	**$ (34.6)**	**$ (0.08)**	$ 11.3	$ 0.02

Combined spending on capital

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

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

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

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

$ millions, for the three months ended June 30							**2024**
	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	**$ 7.7**	**$ 1.5**	**$ -**	**$ 9.2**	**$ (7.6)**	**$ 1.6**
Intangible asset expenditures[2]	**-**	**-**	**-**	**-**	**-**	**-**
	7.7	**1.5**	**-**	**9.2**	**$ (7.6)**	**$ 1.6**
Adjustments:						
Accrual adjustment	**0.1**	**-**	**-**	**0.1**		
Spending on capital	**$ 7.8**	**$ 1.5**	**$ -**	**$ 9.3**		

$ millions, for the three months ended June 30						2023
	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	$ 16.1	$ 0.6	$ -	$ 16.7	$ (12.6)	$ 4.1
Intangible asset expenditures[2]	-	-	0.2	0.2	-	0.2
	16.1	0.6	0.2	16.9	$ (12.6)	$ 4.3
Adjustments:						
Accrual adjustment	-	-	-	-		
Spending on capital	$ 16.1	$ 0.6	$ 0.2	$ 16.9		

$ millions, for the six months ended June 30						**2024**
	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	**$ 17.2**	**$ 4.1**	**$ -**	**$ 21.3**	**$ (16.0)**	**$ 5.3**
Intangible asset expenditures[2]	**-**	**-**	**0.2**	**0.2**	**-**	**0.2**
	17.2	**4.1**	**0.2**	**21.5**	**$ (16.0)**	**$ 5.5**
Adjustments:						
Accrual adjustment	**-**	**-**	**(0.1)**	**(0.1)**		
Spending on capital	**$ 17.2**	**$ 4.1**	**$ 0.1**	**$ 21.4**		

$ millions, for the six months ended June 30	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	2023 Total derived from financial statements
Property, plant and equipment expenditures[2]	$ 25.7	$ 1.3	$ -	$ 27.0	$ (19.3)	$ 7.7
Intangible asset expenditures[2]	-	-	1.1	1.1	-	1.1
	25.7	1.3	1.1	28.1	$ (19.3)	$ 8.8
Adjustments:						
Accrual adjustment	-	-	(0.7)	(0.7)		
Spending on capital	$ 25.7	$ 1.3	$ 0.4	$ 27.4		

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

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

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

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

The Corporation defines free cash flow for each segment as cash provided (used) by continuing operations for operating activities by segment, less cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets. Combined free cash flow is the aggregate of each segment's free cash flow or the Corporation's consolidated cash provided (used) by continuing operations for operating activities, less consolidated cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets, less distributions received from Moa JV, plus cash provided (used) by continuing operations for operating activities for the Corporation's 50% share of the Moa JV, less cash expenditures on property, plant and equipment and intangible assets for the Corporation's 50% share of the Moa JV.

The Corporate and Other segment's cash used by continuing operations for operating activities is adjusted to exclude distributions received from Moa JV. Distributions from the Moa JV excluded from Corporate and Other are included in the Adjustment for Moa Joint Venture to arrive at total cash provided (used) by continuing operations for operating activities per the financial statements.

The Metals segment's free cash flow includes the Fort Site and Metals Marketing's free cash flow, plus the Corporation's 50% share of the Moa JV's free cash flow, which is accounted for using the equity method for accounting purposes.

Combined cash provided (used) by continuing operations for operating activities and combined free cash flow are used by management, and management believes this information is used by investors, to analyze cash flows generated from operations and assess its operations' ability to provide cash or its use of cash, and in the case of combined free cash flow, after funding cash capital requirements, to service current and future working capital needs and service debt.

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

$ millions, for the three months ended June 30	Metals(1)(2)	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2024							
Cash provided (used) by continuing operations for operating activities	**$ 21.2**	**$ (7.8)**	**$ (14.8)**	**$ (16.4)**	**$ (17.8)**	**$ (20.0)**	**$ (37.8)**
Less:							
Property, plant and equipment expenditures	**(7.7)**	**(1.5)**	**-**	**-**	**(9.2)**	**7.6**	**(1.6)**
Intangible expenditures	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Free cash flow	**$ 13.5**	**$ (9.3)**	**$ (14.8)**	**$ (16.4)**	**$ (27.0)**	**$ (12.4)**	**$ (39.4)**

$ millions, for the three months ended June 30	Metals(1)(2)	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2023 (Restated)							
Cash provided (used) by continuing operations for operating activities	$ 38.8	$ 2.3	$ 0.2	$ (18.8)	$ 22.5	$ 9.5	$ 32.0
Less:							
Property, plant and equipment expenditures	(16.1)	(0.6)	-	-	(16.7)	12.6	(4.1)
Intangible expenditures	-	-	(0.2)	-	(0.2)	-	(0.2)
Free cash flow	$ 22.7	$ 1.7	$ -	$ (18.8)	$ 5.6	$ 22.1	$ 27.7

$ millions, for the six months ended June 30	Metals(3)(4)	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2024							
Cash provided (used) by continuing operations for operating activities	**$ 52.4**	**$ 1.9**	**$ (18.8)**	**$ (25.2)**	**$ 10.3**	**$ (35.1)**	**$ (24.8)**
Less:							
Property, plant and equipment expenditures	**(17.2)**	**(4.1)**	**-**	**-**	**(21.3)**	**16.0**	**(5.3)**
Intangible expenditures	**-**	**-**	**(0.2)**	**-**	**(0.2)**	**-**	**(0.2)**
Free cash flow	**$ 35.2**	**$ (2.2)**	**$ (19.0)**	**$ (25.2)**	**$ (11.2)**	**$ (19.1)**	**$ (30.3)**

$ millions, for the six months ended June 30							2023 (Restated)
	Metals[3][4]	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	$ 101.8	$ 6.7	$ 1.2	$ (46.7)	$ 63.0	$ (21.1)	$ 41.9
Less:							
Property, plant and equipment expenditures	(25.7)	(1.3)	-	-	(27.0)	19.3	(7.7)
Intangible expenditures	-	-	(1.1)	-	(1.1)	-	(1.1)
Free cash flow	$ 76.1	$ 5.4	$ 0.1	$ (46.7)	$ 34.9	$ (1.8)	$ 33.1

(1) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $20.0 million, $0.7 million and $0.5 million, respectively, for the three months ended June 30, 2024 (June 30, 2023 - $22.6 million, $(17.6) million and $33.8 million, respectively).

(2) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $7.5 million, $0.2 million and nil, respectively, for the three months ended June 30, 2024 (June 30, 2023 - $12.6 million, $3.5 million and nil, respectively).

(3) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $35.1 million, $12.0 million and $5.3 million, respectively, for the six months ended June 30, 2024 (June 30, 2023 - $53.4 million, $(5.2) million and $53.6 million, respectively).

(4) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $16.0 million, $1.2 million and nil, respectively, for the six months ended June 30, 2024 (June 30, 2023 - $19.3 million, $6.4 million and nil, respectively).

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as “believe”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “likely”, “may”, “will”, “could”, “should”, “suspect”, “outlook”, “potential”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture; growing and increasing nickel and cobalt production; the Moa Joint Venture expansion program update as it relates to the Processing Plant; statements set out in the “Outlook” section of this MD&A; certain expectations regarding production volumes and increases, inventory levels, operating costs, capital spending and intensity; sales volumes; revenue, costs and earnings; the availability of additional gas supplies to be used for power generation; the amount and timing of dividend distributions from the Moa JV, including in the form of finished cobalt or cash under the Cobalt Swap, sales of finished cobalt; associated receipts related to cobalt received pursuant to the Cobalt Swap; the amount and timing of dividend distributions from Energas; growing shareholder value; expected annualized employee and other Corporate office-related cost savings; sufficiency of working capital management and capital project funding; strengthening the Corporation’s capital structure and amounts of certain other commitments.

Forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; production results; realized prices for production; earnings and revenues; global demand for EVs and the anticipated corresponding demand for cobalt and nickel; the commercialization of certain proprietary technologies and services; advancements in environmental and greenhouse gas (GHG) reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to Environmental, Social and Governance (ESG) matters which are based on assumptions or developing standards; environmental rehabilitation provisions; environmental risks and liabilities; compliance with applicable environmental laws and regulations; risks related to the U.S. government policy toward Cuba; and certain corporate objectives, goals and plans for 2024. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this MD&A not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, security market fluctuations and price volatility; level of liquidity and the related ability of the Moa Joint Venture to pay dividends; access to capital; access to financing; the risk to Sherritt’s entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa Joint Venture, the impact of global conflicts; changes in the global price for nickel, cobalt, oil, gas, fertilizers or certain other commodities; risks related to Sherritt’s operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; political, economic and other risks of foreign operations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; risk of future non-compliance with debt restrictions and covenant; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations; maintaining social license to grow and operate; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; risks to information technologies systems and cybersecurity; identification and management of growth opportunities; the ability to replace depleted mineral reserves; risks associated with the Corporation’s joint venture partners; variability in production at Sherritt’s operations in Cuba; risks associated with mining, processing and refining activities; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; the possibility of equipment and other failures; potential interruptions in transportation; uncertainty of gas supply for electrical generation; reliance on key personnel and skilled workers; growth opportunity risks; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies, including diesel; supplies quality issues; risks related to the Corporation’s corporate structure; foreign exchange and pricing risks; credit risks; shortage of equipment and supplies; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; legal contingencies; risks related to the Corporation’s accounting policies; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2024; and the ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents.

The Corporation, together with its Moa Joint Venture is pursuing a range of growth and expansion opportunities, including without limitation, process technology solutions, development projects, commercial implementation opportunities, life of mine extension opportunities and the conversion of mineral resources to reserves. In addition to the risks noted above, factors that could, alone or in combination, prevent the Corporation from successfully achieving these opportunities may include, without limitation: identifying suitable commercialization and other partners; successfully advancing discussions and successfully concluding applicable agreements with external parties and/or partners; successfully attracting required financing; successfully developing and proving technology required for the potential opportunity; successfully overcoming technical and technological challenges; successful environmental assessment and stakeholder engagement; successfully obtaining intellectual property protection; successfully completing test work and engineering studies, prefeasibility and feasibility studies, piloting, scaling from small scale to large scale production, procurement, construction, commissioning, ramp-up to commercial scale production and completion; and securing regulatory and government approvals. There can be no assurance that any opportunity will be successful, commercially viable, completed on time or on budget, or will generate any meaningful revenues, savings or earnings, as the case may be, for the Corporation. In addition, the Corporation will incur costs in pursuing any particular opportunity, which may be significant. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in the Corporation’s other documents filed with the Canadian securities authorities, including without limitation the Annual Information Form of the Corporation dated March 21, 2024 for the period ending December 31, 2023, which is available on SEDAR+ at www.sedarplus.ca.

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2024 and 2023 and as at June 30, 2024 and December 31, 2023

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statements of comprehensive loss

Unaudited, Canadian $ millions, except per share amounts	Note	For the three months ended 2024 June 30	2023 June 30	For the six months ended 2024 June 30	2023 June 30
Revenue	5	**$ 51.4**	$ 93.5	**$ 80.2**	$ 152.1
Cost of sales	6	**(41.8)**	(96.1)	**(69.3)**	(155.4)
Administrative expenses	6	**(10.3)**	(6.7)	**(21.7)**	(14.3)
Share of (loss) earnings of Moa Joint Venture, net of tax	7	**(1.2)**	11.5	**(13.5)**	41.4
(Loss) earnings from operations and joint venture		**(1.9)**	2.2	**(24.3)**	23.8
Interest income on financial assets measured at amortized cost	8	**0.5**	0.1	**1.1**	0.2
Other financing items	8	**0.2**	7.0	**(9.0)**	8.3
Financing expense	8	**(10.2)**	(8.1)	**(19.5)**	(17.2)
Net finance expense		**(9.5)**	(1.0)	**(27.4)**	(8.7)
(Loss) earnings before income tax		**(11.4)**	1.2	**(51.7)**	15.1
Income tax expense		**(0.1)**	(0.9)	**(0.7)**	(1.2)
Net (loss) earnings from continuing operations		**(11.5)**	0.3	**(52.4)**	13.9
Earnings (loss) from discontinued operations, net of tax		**-**	-	**0.4**	(0.3)
Net (loss) earnings for the period		**$ (11.5)**	$ 0.3	**$ (52.0)**	$ 13.6
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations, net of tax		**6.7**	(16.4)	**22.7**	(16.9)
Items that will not be subsequently reclassified to profit or loss:					
Actuarial (losses) gains on pension plans, net of tax		**(0.1)**	-	**(0.2)**	0.2
Other comprehensive income (loss)		**6.6**	(16.4)	**22.5**	(16.7)
Total comprehensive loss		**$ (4.9)**	$ (16.1)	**$ (29.5)**	$ (3.1)
Net (loss) earnings from continuing operations per common share:					
Basic and diluted	9	**$ (0.03)**	$ 0.00	**$ (0.13)**	$ 0.03
Net (loss) earnings per common share:					
Basic and diluted	9	**$ (0.03)**	$ 0.00	**$ (0.13)**	$ 0.03

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

Condensed consolidated statements of financial position

Unaudited, Canadian $ millions, as at	Note	2024 June 30	2023 December 31
ASSETS			
Current assets			
Cash and cash equivalents		**$ 132.3**	$ 119.1
Restricted cash		**1.4**	1.4
Advances, loans receivable and other financial assets	11	**27.4**	79.8
Trade accounts receivable, net	10	**124.2**	151.1
Inventories		**38.7**	39.8
Prepaid expenses		**9.5**	7.8
		333.5	399.0
Non-current assets			
Investment in Moa Joint Venture	7	**647.7**	646.7
Advances, loans receivable and other financial assets	11	**179.3**	170.2
Property, plant and equipment		**153.8**	159.2
Intangible assets		**14.8**	14.5
Other non-financial assets		**0.5**	0.6
Deferred income taxes		**1.1**	0.4
		997.2	991.6
Total assets		**$ 1,330.7**	$ 1,390.6
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Loans and borrowings	12	**$ 67.6**	$ 56.8
Trade accounts payable and accrued liabilities		**159.8**	169.2
Other financial liabilities	12	**12.5**	22.5
Deferred revenue		**4.7**	12.2
Provisions		**15.6**	24.4
Income taxes payable		**1.1**	2.2
		261.3	287.3
Non-current liabilities			
Loans and borrowings	12	**302.3**	298.8
Other financial liabilities	12	**78.8**	74.6
Other non-financial liabilities		**10.6**	12.1
Provisions		**92.5**	103.6
Deferred income taxes		**0.7**	0.6
		484.9	489.7
Total liabilities		**746.2**	777.0
Shareholders' equity			
Capital stock		**2,894.9**	2,894.9
Deficit		**(2,951.6)**	(2,899.6)
Reserves		**234.5**	234.1
Accumulated other comprehensive income		**406.7**	384.2
		584.5	613.6
Total liabilities and shareholders' equity		**$ 1,330.7**	$ 1,390.6

Commitments for expenditures (note 13)

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

Condensed consolidated statements of cash flow

Unaudited, Canadian $ millions	Note	For the three months ended **2024 June 30**	2023 June 30	For the six months ended **2024 June 30**	2023 June 30
Operating activities					
Net (loss) earnings from continuing operations		**$ (11.5)**	$ 0.3	**$ (52.4)**	$ 13.9
Add (deduct) non-cash items:					
Finished cobalt cost of sales	6	**-**	43.3	**0.8**	75.6
Depletion, depreciation and amortization	5, 6	**3.7**	4.2	**7.0**	7.4
Share-based compensation expense (recovery)	6	**1.1**	(0.8)	**1.4**	1.1
Share of loss (earnings) of Moa Joint Venture, net of tax	7	**1.2**	(11.5)	**13.5**	(41.4)
Inventory write-down/obsolescence	6	**-**	1.9	**0.9**	1.9
Net finance expense	8	**9.5**	1.0	**27.4**	8.7
Income tax expense		**0.1**	0.9	**0.7**	1.2
(Gain) loss on environmental rehabilitation provisions	6	**(0.5)**	(2.5)	**3.1**	(3.9)
Net change in non-cash working capital	14	**(16.2)**	(61.6)	**6.8**	(72.5)
Interest received		**1.5**	0.7	**3.1**	1.2
Interest paid		**(10.9)**	(10.9)	**(12.7)**	(12.4)
Income taxes paid		**(2.1)**	(0.2)	**(2.4)**	(0.4)
Proceeds from Cobalt Swap		**0.1**	35.1	**1.1**	53.9
Distributions received from Moa Joint Venture - Cobalt Swap	7	**-**	32.0	**-**	32.0
Share-based compensation payments		**(0.7)**	(0.1)	**(2.4)**	(24.5)
Liabilities settled for environmental rehabilitation provisions		**(10.8)**	(0.3)	**(18.2)**	(0.4)
Purchase of nickel put options	11	**(2.2)**	-	**(2.2)**	-
Other operating items		**(0.1)**	0.5	**(0.3)**	0.5
Cash (used) provided by continuing operations		**(37.8)**	32.0	**(24.8)**	41.9
Cash used by discontinued operations		**-**	(0.2)	**(0.1)**	(0.3)
Cash (used) provided by operating activities		**(37.8)**	31.8	**(24.9)**	41.6
Investing activities					
Property, plant and equipment expenditures	5	**(1.6)**	(4.1)	**(5.3)**	(7.7)
Intangible asset expenditures	5	**-**	(0.2)	**(0.2)**	(1.1)
Receipts of advances, loans receivable and other financial assets		**27.3**	32.2	**30.6**	32.4
Cash provided by investing activities		**25.7**	27.9	**25.1**	23.6
Financing activities					
Repurchase of notes	12	**(0.8)**	(5.3)	**(0.8)**	(7.8)
Repayment of other financial liabilities		**(0.4)**	(9.2)	**(0.9)**	(15.7)
(Repayment of) increase in loans and borrowings	12	**-**	(5.0)	**11.0**	13.0
Fees paid on repurchase of notes		**-**	-	**-**	(0.1)
Cash (used) provided by financing activities		**(1.2)**	(19.5)	**9.3**	(10.6)
Effect of exchange rate changes on cash and cash equivalents		**1.2**	(2.5)	**3.7**	(2.5)
(Decrease) increase in cash and cash equivalents		**(12.1)**	37.7	**13.2**	52.1
Cash and cash equivalents at beginning of the period		**144.4**	138.3	**119.1**	123.9
Cash and cash equivalents at end of the period		**$ 132.3**	$ 176.0	**$ 132.3**	$ 176.0

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

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian $ millions

	Capital stock	Deficit	Reserves	Accumulated other comprehensive income (loss)	Total
Balance as at December 31, 2022	**$ 2,894.9**	**$ (2,835.0)**	**$ 233.4**	**$ 401.6**	**$ 694.9**
Total comprehensive loss:					
Net earnings for the period	-	13.6	-	-	13.6
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(16.9)	(16.9)
Actuarial gains on pension plans, net of tax	-	-	-	0.2	0.2
	-	13.6	-	(16.7)	(3.1)
Stock option plan expense	-	-	0.3	-	0.3
Balance as at June 30, 2023	**$ 2,894.9**	**$ (2,821.4)**	**$ 233.7**	**$ 384.9**	**$ 692.1**
Total comprehensive loss:					
Net loss for the period	-	(78.2)	-	-	(78.2)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(0.3)	(0.3)
Actuarial losses on pension plans, net of tax	-	-	-	(0.4)	(0.4)
	-	(78.2)	-	(0.7)	(78.9)
Stock option plan expense	-	-	0.4	-	0.4
Balance as at December 31, 2023	**$ 2,894.9**	**$ (2,899.6)**	**$ 234.1**	**$ 384.2**	**$ 613.6**
Total comprehensive loss:					
Net loss for the period	-	(52.0)	-	-	(52.0)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	22.7	22.7
Actuarial losses on pension plans, net of tax	-	-	-	(0.2)	(0.2)
	-	(52.0)	-	22.5	(29.5)
Stock option plan expense	-	-	0.4	-	0.4
Balance as at June 30, 2024	**$ 2,894.9**	**$ (2,951.6)**	**$ 234.5**	**$ 406.7**	**$ 584.5**

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

The Corporation's common shares of 397,288,680 as at June 30, 2024 (December 31, 2023 - 397,288,680) have no par value and the authorized share capital is composed of an unlimited number of common shares. There were no changes in the Corporation's outstanding common shares during the six months ended June 30, 2024 and year ended December 31, 2023.

Notes to the condensed consolidated financial statements

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Sherritt International Corporation ("Sherritt" or "the Corporation") is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt's Moa Joint Venture has a current estimated mine life of 25 years and has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by 20% or 6,500 tonnes of contained nickel and cobalt (100% basis). The Corporation's Power division, through its ownership in Energas S.A. ("Energas"), is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba.

The Corporation is domiciled in Ontario, Canada and its registered office is 22 Adelaide Street West, Toronto, Ontario, M5H 4E3. These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors of Sherritt on July 29, 2024. The Corporation is listed on the Toronto Stock Exchange under the symbol "S".

2. BASIS OF PRESENTATION

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

These condensed consolidated financial statements have been prepared using the same accounting policies, methods of computation, critical accounting estimates and critical accounting judgments as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2023, except for the adoption of the amendments to IAS 1 noted below.

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

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

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

In October 2022, the IASB finalised issuance of Classification of Liabilities as Current or Non-current and Non-Current Liabilities with Covenants, which made amendments to IAS 1 Presentation of Financial Statements. The amendments clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

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

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

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework ("Pillar Two") and in June 2024, the Government of Canada enacted the Global Minimum Tax Act ("GMTA").

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

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

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

Based on the currently applicable revenue thresholds, the Corporation would not be in scope of the Pillar Two rules.

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

On May 15, 2024, the Government of Barbados enacted the Corporation Top-up Tax Act, 2024 for fiscal years commencing on or after January 1, 2024, and every subsequent fiscal year, which will result in a Domestic Minimum Top-Up Tax ("DMTT") of 15% being levied on Qualifying Multinational Enterprises with annual revenue surpassing €750 million. Based on the currently applicable revenue threshold, the Corporation would not be in scope of the rules.

Accounting pronouncements issued but not yet effective

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

Lack of Exchangeability (Amendments to IAS 21)

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

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

5. SEGMENTED INFORMATION

Canadian $ millions, for the three months ended June 30	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV(1)	2024 Total
Revenue	$ 150.6	$ 11.8	$ 6.0	$ 0.8	$ (117.8)	$ 51.4
Cost of sales	(144.5)	(9.3)	(4.2)	(0.4)	116.6	(41.8)
Impairment of property, plant and equipment	(0.5)	-	-	-	0.5	-
Administrative expenses	(2.9)	(1.3)	(0.1)	(7.3)	1.3	(10.3)
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	(1.2)	(1.2)
Earnings (loss) from operations and joint venture	2.7	1.2	1.7	(6.9)	(0.6)	(1.9)
Interest income on financial assets measured at amortized cost						0.5
Other financing items						0.2
Financing expense						(10.2)
Net finance expense						(9.5)
Loss before income tax						(11.4)
Income tax expense						(0.1)
Net loss from continuing operations						(11.5)
Net loss for the period						$ (11.5)
Supplementary information						
Depletion, depreciation and amortization	$ 14.8	$ 0.6	$ 0.1	$ 0.1	$ (11.9)	$ 3.7
Property, plant and equipment expenditures	7.7	1.5	-	-	(7.6)	1.6
Intangible asset expenditures	-	-	-	-	-	-

Canadian $ millions, as at June 30						2024
Non-current assets(2)	$ 639.4	$ 20.7	$ 8.5	$ 5.4	$ (505.4)	$ 168.6
Total assets	1,034.3	361.7	28.4	31.9	(125.6)	1,330.7

Canadian $ millions, for the three months ended June 30	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV(1)	2023 (Restated) Total
Revenue	$ 185.6	$ 10.9	$ 4.1	$ 0.5	$ (107.6)	$ 93.5
Cost of sales	(182.2)	(6.5)	(2.3)	(4.1)	99.0	(96.1)
Cobalt gain	1.9	-	-	-	(1.9)	-
Administrative expenses	(1.5)	(1.1)	(0.3)	(5.0)	1.2	(6.7)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	11.5	11.5
Earnings (loss) from operations and joint venture	3.8	3.3	1.5	(8.6)	2.2	2.2
Interest income on financial assets measured at amortized cost						0.1
Other financing items						7.0
Financing expense						(8.1)
Net finance expense						(1.0)
Earnings before income tax						1.2
Income tax expense						(0.9)
Net earnings from continuing operations						0.3
Net earnings for the period						$ 0.3
Supplementary information						
Depletion, depreciation and amortization	$ 14.8	$ 0.7	$ -	$ 0.2	$ (11.5)	$ 4.2
Property, plant and equipment expenditures	16.1	0.6	-	-	(12.6)	4.1
Intangible asset expenditures	-	-	0.2	-	-	0.2

Canadian $ millions, as at December 31						2023 (Restated)
Non-current assets(2)	$ 644.6	$ 17.3	$ 8.2	$ 6.0	$ (502.4)	$ 173.7
Total assets	1,089.1	362.3	22.0	57.5	(140.3)	1,390.6

Canadian $ millions, for the six months ended June 30	Metals[1]	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV[1]	Total 2024
Revenue	$ 265.7	$ 23.8	$ 11.3	$ 1.4	$ (222.0)	$ 80.2
Cost of sales	(275.6)	(13.3)	(11.9)	(1.0)	232.5	(69.3)
Impairment of property, plant and equipment	(0.5)	-	-	-	0.5	-
Administrative expenses	(7.9)	(2.2)	-	(14.3)	2.7	(21.7)
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	(13.5)	(13.5)
(Loss) earnings from operations and joint venture	(18.3)	8.3	(0.6)	(13.9)	0.2	(24.3)
Interest income on financial assets measured at amortized cost						1.1
Other financing items						(9.0)
Financing expense						(19.5)
Net finance expense						(27.4)
Loss before income tax						(51.7)
Income tax expense						(0.7)
Net loss from continuing operations						(52.4)
Earnings from discontinued operations, net of tax						0.4
Net loss for the period						$ (52.0)

Supplementary information						
Depletion, depreciation and amortization	$ 28.3	$ 1.1	$ 0.1	$ 0.5	$ (23.0)	$ 7.0
Property, plant and equipment expenditures	17.2	4.1	-	-	(16.0)	5.3
Intangible asset expenditures	-	-	0.2	-	-	0.2

Canadian $ millions, as at June 30						2024
Non-current assets[2]	$ 639.4	$ 20.7	$ 8.5	$ 5.4	$ (505.4)	$ 168.6
Total assets	1,034.3	361.7	28.4	31.9	(125.6)	1,330.7

Canadian $ millions, for the six months ended June 30	Metals[1]	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV[1]	Total 2023 (Restated)
Revenue	$ 362.1	$ 21.2	$ 6.2	$ 1.1	$ (238.5)	$ 152.1
Cost of sales	(326.7)	(9.9)	(5.2)	(8.9)	195.3	(155.4)
Cobalt gain	2.4	-	-	-	(2.4)	-
Administrative expenses	(3.0)	(2.1)	(0.9)	(10.8)	2.5	(14.3)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	41.4	41.4
Earnings (loss) from operations and joint venture	34.8	9.2	0.1	(18.6)	(1.7)	23.8
Interest income on financial assets measured at amortized cost						0.2
Other financing items						8.3
Financing expense						(17.2)
Net finance expense						(8.7)
Earnings before income tax						15.1
Income tax expense						(1.2)
Net earnings from continuing operations						13.9
Loss from discontinued operations, net of tax						(0.3)
Net earnings for the period						$ 13.6

Supplementary information						
Depletion, depreciation and amortization	$ 28.3	$ 1.2	$ 0.1	$ 0.5	$ (22.7)	$ 7.4
Property, plant and equipment expenditures	25.7	1.3	-	-	(19.3)	7.7
Intangible asset expenditures	-	-	1.1	-	-	1.1

Canadian $ millions, as at December 31						2023 (Restated)
Non-current assets[2]	$ 644.6	$ 17.3	$ 8.2	$ 6.0	$ (502.4)	$ 173.7
Total assets	1,089.1	362.3	22.0	57.5	(140.3)	1,390.6

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

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

Disaggregation of revenue by product and service type

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

	For the three months ended		For the six months ended	
	2024	2023	**2024**	2023
Canadian $ millions	**June 30**	June 30	**June 30**	June 30
	Total revenue	Total revenue	**Total revenue**	Total revenue
Cobalt	**$ -**	$ 38.4	**$ 0.9**	$ 68.2
Fertilizer[1]	**24.8**	35.5	**30.2**	46.0
Oil and gas service revenue	**6.0**	4.1	**11.3**	6.2
Power generation[2]	**10.7**	9.9	**21.4**	19.1
Other	**9.9**	5.6	**16.4**	12.6
	$ 51.4	$ 93.5	**$ 80.2**	$ 152.1

(1) Due to the seasonal nature of the fertilizer operations in Fort Saskatchewan, higher fertilizer revenue is expected in the second and fourth quarters of the year. For the year ended December 31, 2023, 55% of fertilizer revenue was recognized in the second quarter, 22% was recognized in the fourth quarter and the remaining 23% was recognized in the first and third quarters combined.

(2) Included in power generation revenue for the three and six months ended June 30, 2024 is $7.9 million and $16.3 million, respectively, of revenue from service concession arrangements ($7.0 million and $14.0 million for the three and six months ended June 30, 2023, respectively).

Cobalt revenue

For the six months ended June 30, 2024, cobalt revenue of $0.9 million relates to cobalt sold by the Corporation to customers from remaining cobalt volumes received as distributions from the Moa JV in 2023. There were no cobalt distributions received by the Corporation from the Moa JV in the current year periods.

In the comparative periods, cobalt revenue of $38.4 million and $68.2 million relates to cobalt sold by the Corporation to customers from finished cobalt received as distributions from the Moa JV in 2023. Refer to note 12 of the Corporation's annual consolidated financial statements for the year ended December 31, 2023 for further details on the Cobalt Swap.

Changes in reportable segments

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

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

6. EXPENSES

Cost of sales includes the following:

	For the three months ended		For the six months ended	
	2024	2023	**2024**	2023
Canadian $ millions	**June 30**	June 30	**June 30**	June 30
Employee costs[1]	**$ 13.7**	$ 18.6	**$ 28.5**	$ 35.9
Severance	**0.3**	0.1	**0.8**	0.7
Depletion, depreciation and amortization of property, plant and equipment and intangible assets	**3.5**	3.9	**6.4**	6.7
Raw materials and consumables	**6.9**	13.5	**19.2**	29.4
Finished cobalt[2]	**-**	43.3	**0.8**	75.6
Repairs and maintenance	**16.9**	25.6	**28.2**	36.4
Shipping and treatment costs	**1.1**	1.2	**1.8**	2.0
Inventory write-down/obsolescence	**-**	1.8	**0.9**	1.8
(Gain) loss on environmental rehabilitation provisions	**(0.5)**	(2.5)	**3.1**	(3.9)
Share-based compensation expense (recovery)	**0.2**	(0.2)	**0.1**	0.3
Changes in inventories and other	**(0.3)**	(9.2)	**(20.5)**	(29.5)
	$ 41.8	$ 96.1	**$ 69.3**	$ 155.4

(1) In the comparative periods prior to Technologies' restructuring, employee costs incurred by the former Technologies reportable segment were presented within cost of sales given Technologies' development and commercialization of proprietary technologies for customers. In the current year periods, employee costs incurred by the former Technologies reportable segment are presented within administrative expenses as discussed below.

(2) Finished cobalt relates to the cost of finished cobalt distributed to the Corporation pursuant to the Cobalt Swap and sold to customers. The value is based on an in-kind value of cobalt, calculated as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and General Nickel Company ("GNC") in consideration of selling costs incurred by the Corporation. Refer to note 12 of the Corporation's annual consolidated financial statements for the year ended December 31, 2023 for further details on the Cobalt Swap.

Administrative expenses include the following:

	For the three months ended		For the six months ended	
	2024	2023	**2024**	2023
Canadian $ millions	**June 30**	June 30	**June 30**	June 30
Employee costs[1]	**$ 7.4**	$ 5.4	**$ 14.9**	$ 10.3
Severance[2]	**0.1**	-	**1.8**	-
Depreciation	**0.2**	0.3	**0.6**	0.7
Share-based compensation expense (recovery)	**0.9**	(0.6)	**1.3**	0.8
Consulting services and audit fees	**0.6**	1.0	**2.0**	2.2
Other	**1.1**	0.6	**1.1**	0.3
	$ 10.3	$ 6.7	**$ 21.7**	$ 14.3

(1) During the three and six months ended June 30, 2024, administrative employee costs include employee costs incurred by the former Technologies reportable segment to support and enhance Metals' operations and business development following Technologies' restructuring. In the comparative periods, employee costs incurred by the former Technologies reportable segment were presented in cost of sales as discussed above.

(2) Severance expense during the three and six months ended June 30, 2024 relates to the Corporation's restructuring and workforce reduction.

7. JOINT ARRANGEMENTS

Investment in Moa Joint Venture

During the three and six months ended June 30, 2024, the Moa Joint Venture distributed nil tonnes of finished cobalt to the Corporation pursuant to the Cobalt Swap. During the three and six months ended June 30, 2023, the Moa JV distributed 802 tonnes and 2,082 tonnes of finished cobalt with in-kind values of $29.9 million (US$22.2 million) and $88.1 million (US$65.5 million), respectively.

During the three and six months ended June 30, 2024, the Moa Joint Venture paid nil cash distributions to the Corporation. During the three and six months ended June 30, 2023, the Moa Joint Venture paid cash distributions of $64.0 million (US$48.5 million), half of which was paid to the Corporation representing its 50% ownership interest and half of which was redirected by GNC to the Corporation to settle the GNC receivable pursuant to the Cobalt Swap.

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

Statements of financial position

Canadian $ millions, 100% basis, as at	**2024 June 30**	2023 December 31
Assets		
Cash and cash equivalents	**$ 17.1**	$ 11.8
Income taxes receivable	**6.6**	6.4
Other current assets	**17.3**	20.9
Trade accounts receivable, net	**73.3**	82.6
Inventories	**400.1**	424.7
Other non-current assets	**21.9**	23.3
Property, plant and equipment	**1,097.3**	1,089.1
Total assets	**1,633.6**	1,658.8
Liabilities		
Trade accounts payable and accrued liabilities	**116.5**	117.4
Income taxes payable	**3.4**	2.8
Other current financial liabilities(1)	**-**	30.4
Other current non-financial liabilities(2)	**11.2**	-
Loans and borrowings(3)	**19.3**	23.5
Environmental rehabilitation provisions	**80.6**	84.9
Other non-current financial liabilities	**3.3**	3.7
Deferred income taxes	**17.4**	18.3
Total liabilities	**251.7**	281.0
Net assets of Moa Joint Venture	**$ 1,381.9**	$ 1,377.8
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**691.0**	688.9
Intercompany capitalized interest elimination	**(43.3)**	(42.2)
Investment in Moa Joint Venture	**$ 647.7**	$ 646.7

(1) Included in other current financial liabilities as at June 30, 2024 is a nil revolving-term credit facility with the Corporation (December 31, 2023 - $30.3 million), of which nil is the principal balance (December 31, 2023 - $30.0 million) to fund working capital.

(2) Included in other current non-financial liabilities is a prepayment for deliveries of nickel in 2024.

(3) Included in loans and borrowings is $8.6 million of current financial liabilities (December 31, 2023 - $9.1 million) and $10.7 million of non-current financial liabilities (December 31, 2023 - $14.4 million).

Statements of comprehensive income

Canadian $ millions, 100% basis	For the three months ended 2024 June 30	2023 June 30	For the six months ended 2024 June 30	2023 June 30
Revenue	**$ 235.6**	$ 215.3	**$ 444.1**	$ 477.1
Cost of sales[1]	**(233.3)**	(197.9)	**(465.1)**	(390.6)
Cobalt gain	**-**	4.0	**-**	5.5
Impairment of property, plant and equipment	**(1.0)**	-	**(1.0)**	-
Administrative expenses	**(2.6)**	(2.4)	**(5.4)**	(5.0)
(Loss) earnings from operations	**(1.3)**	19.0	**(27.4)**	87.0
Financing income	**0.2**	1.3	**0.4**	1.9
Financing expense	**(4.0)**	1.7	**(5.6)**	(1.4)
Net finance expense	**(3.8)**	3.0	**(5.2)**	0.5
(Loss) earnings before income tax	**(5.1)**	22.0	**(32.6)**	87.5
Income tax expense[2]	**(1.1)**	(1.5)	**(1.8)**	(8.6)
Net (loss) earnings and comprehensive (loss) income of Moa Joint Venture	**$ (6.2)**	$ 20.5	**$ (34.4)**	$ 78.9
Proportion of Sherritt's ownership interest	**50%**	50%	**50%**	50%
Total	**(3.1)**	10.3	**(17.2)**	39.5
Intercompany elimination	**1.9**	1.2	**3.7**	1.9
Share of (loss) earnings of Moa Joint Venture, net of tax	**$ (1.2)**	$ 11.5	**$ (13.5)**	$ 41.4

(1) Included in cost of sales for the three and six months ended June 30, 2024 is depreciation and amortization of $23.7 million and $45.9 million, respectively ($23.0 million and $45.4 million for the three and six months ended June 30, 2023, respectively).

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

Joint operation

During the three and six months ended June 30, 2024, Energas declared and paid a $5.1 million dividend to the Corporation in Canada (nil for the three and six months ended June 30, 2023).

The following provides information relating to the Corporation's interest in Energas on a 33⅓% basis:

Canadian $ millions, 33⅓% basis, as at	2024 June 30	2023 December 31
Current assets[1]	**$ 130.5**	$ 120.6
Non-current assets	**17.2**	13.5
Current liabilities	**4.9**	8.9
Non-current liabilities	**66.4**	60.8
Net assets	**$ 76.4**	$ 64.4

(1) Included in current assets is $104.2 million of cash and cash equivalents (December 31, 2023 - $93.9 million).

Canadian $ millions, 33⅓% basis	For the three months ended 2024 June 30	2023 June 30	For the six months ended 2024 June 30	2023 June 30
Revenue	**$ 11.8**	$ 10.9	**$ 23.8**	$ 21.2
Expenses	**(6.7)**	(9.0)	**(9.0)**	(20.3)
Net earnings	**$ 5.1**	$ 1.9	**$ 14.8**	$ 0.9

8. NET FINANCE EXPENSE

Canadian $ millions	Note	For the three months ended 2024 June 30	2023 June 30	For the six months ended 2024 June 30	2023 June 30
Interest income on advances and loans receivable		**0.5**	0.1	**1.1**	0.2
Interest income on financial assets measured at amortized cost		**0.5**	0.1	**1.1**	0.2
(Loss) gain on revaluation of GNC receivable	10	**(7.9)**	4.7	**(18.4)**	13.2
Gain (loss) on revaluation of Energas payable	10	**2.6**	(0.8)	**4.0**	(8.4)
Unrealized gain on nickel put options	11	**3.4**	-	**3.4**	-
Gain on repurchase of notes	12	**0.7**	2.2	**0.7**	3.5
Other interest income and gains on financial instruments		**1.4**	0.9	**1.3**	-
Other financing items		**0.2**	7.0	**(9.0)**	8.3
Interest expense and accretion on loans and borrowings		**(9.6)**	(8.1)	**(18.8)**	(16.1)
Unrealized foreign exchange loss		**-**	(0.2)	**-**	(1.1)
Realized foreign exchange (loss) gain		**(0.3)**	0.3	**(0.3)**	0.5
Other interest expense and finance charges		**(0.3)**	(0.1)	**(0.3)**	(0.4)
Accretion expense on environmental rehabilitation provisions		**-**	-	**(0.1)**	(0.1)
Financing expense		**(10.2)**	(8.1)	**(19.5)**	(17.2)
Net finance expense		**$ (9.5)**	$ (1.0)	**$ (27.4)**	$ (8.7)

9. (LOSS) EARNINGS PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars	For the three months ended 2024 June 30	2023 June 30	For the six months ended 2024 June 30	2023 June 30
Net (loss) earnings from continuing operations	**$ (11.5)**	$ 0.3	**$ (52.4)**	$ 13.9
Earnings (loss) from discontinued operations, net of tax	**-**	-	**0.4**	(0.3)
Net (loss) earnings for the period – basic and diluted	**$ (11.5)**	$ 0.3	**$ (52.0)**	$ 13.6
Weighted-average number of common shares – basic and diluted(1)	**397.3**	397.3	**397.3**	397.3
Net (loss) earnings from continuing operations per common share:				
Basic and diluted	**$ (0.03)**	$ 0.00	**$ (0.13)**	$ 0.03
Earnings (loss) from discontinued operations, net of tax, per common share:				
Basic and diluted	**$ -**	$ 0.00	**$ -**	$ 0.00
Net (loss) earnings per common share:				
Basic and diluted	**$ (0.03)**	$ 0.00	**$ (0.13)**	$ 0.03

(1) The determination of the weighted-average number of common shares - diluted excludes 9.9 million shares related to stock options that were anti-dilutive for the three and six months ended June 30, 2024 (6.6 million for the three and six months ended June 30, 2023).

10. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents of the Corporation and its wholly-owned subsidiaries held in Canada was $25.5 million as at June 30, 2024 (December 31, 2023 - $21.5 million).

The Corporation's cash balances are deposited with major financial institutions rated investment grade by independent rating agencies, except for institutions located in Cuba that are not rated. The total cash held in Cuban bank deposit accounts was $105.4 million as at June 30, 2024 (December 31, 2023 - $96.3 million).

As at June 30, 2024, $104.2 million of the Corporation's cash and cash equivalents was held by Energas in Cuban bank deposit accounts (December 31, 2023 - $93.9 million). These funds are for use locally by the joint operation, including repayment of Energas' payable to GNC (note 12) and for payments under the Energas Payment Agreement ("Moa Swap") to facilitate foreign currency payments for the operating and maintenance costs of Energas, as well as to cover future payments owed to Sherritt, including dividends.

Fair value measurement

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

Canadian $ millions, as at	Note	Hierarchy level	**2024 June 30** Carrying value	**2024 June 30** Fair value	2023 December 31 Carrying value	2023 December 31 Fair value
Liabilities:						
8.50% second lien secured notes due 2026[(1)]	12	1	**$ 237.2**	**$ 136.0**	$ 235.6	$ 179.3
10.75% unsecured PIK option notes due 2029[(1)]	12	1	**65.1**	**26.8**	63.2	43.1

(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.

The following table presents financial instruments measured at fair value through profit or loss on a recurring basis:

Canadian $ millions, as at	Note	Hierarchy level	**2024 June 30**	2023 December 31
Fair value through profit or loss				
Assets:				
GNC receivable	11	3	**$ 199.4**	$ 217.8
Nickel put options[(1)]	11	2	**5.6**	-
Liabilities:				
Energas payable	12	3	**71.4**	75.4

(1) The nickel put options are measured at fair value using indicative mid-point prices based on the Black-Scholes model using observable inputs as at each reporting date, as follows: average monthly London Metal Exchange nickel price, exercise price, risk-free rate, volatility and time to expiry. As at June 30, 2024, the indicative mid-point prices of the June 2024 to November 2024 nickel put options were US$7.94/lb, US$7.75/lb, US$7.79/lb, US$7.83/lb, US$7.88/lb and US$7.92/lb, respectively. Changes in fair value are recognized within other financing items within net finance expense (note 8).

Trade accounts receivable, net

Canadian $ millions, as at	**2024 June 30**	2023 December 31
Trade accounts receivable	**$ 92.4**	$ 100.0
Allowance for expected credit losses	**(19.7)**	(18.9)
Accounts receivable from Moa Joint Venture	**22.5**	44.7
Other	**29.0**	25.3
	$ 124.2	$ 151.1

Aging of trade accounts receivable, net

Canadian $ millions, as at		2024 June 30		2023 December 31
Not past due	**$**	**109.4**	$	118.3
Past due no more than 30 days		**4.3**		24.7
Past due for more than 30 days but no more than 60 days		**3.9**		1.5
Past due for more than 60 days		**6.7**		6.6
	$	**124.2**	$	151.1

Fair value hierarchy

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

The following significant unobservable inputs were used to determine the fair value of the GNC receivable as at June 30, 2024:

- Forecast in-kind nominal cobalt prices from US$10/lb to US$15/lb (December 31, 2023 - US$12/lb to US$17/lb). A $10 increase in forecast in-kind nominal cobalt prices would increase the fair value by $8.1 million (December 31, 2023 - $12.5 million), while a $10 decrease in forecast in-kind nominal cobalt prices would decrease the fair value by $8.2 million (December 31, 2023 - $15.8 million). The settlement of the GNC receivable is based on an in-kind value of cobalt, calculated as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and GNC in consideration of selling costs incurred by the Corporation.
- Discount rate of 13% (December 31, 2023 - 11%). A 5 percentage point increase in the discount rate would decrease the fair value by $26.7 million (December 31, 2023 - $24.8 million), while a 5 percentage point decrease in the discount rate would increase the fair value by $31.4 million (December 31, 2023 - $29.1 million).

The following is a reconciliation of the fair value of the GNC receivable from December 31, 2022 to June 30, 2023 and from December 31, 2023 to June 30, 2024:

Canadian $ millions	Note		For the six months ended 2024 June 30		For the six months ended 2023 June 30
Balance, beginning of the period		**$**	**217.8**	$	279.1
(Loss) gain on revaluation of GNC receivable in net finance expense	8		**(18.4)**		13.2
Settlements			**-**		(76.0)
Balance, end of the period	11	**$**	**199.4**	$	216.3

The following is a reconciliation of the fair value of the Energas payable from December 31, 2022 to June 30, 2023 and from December 31, 2023 to June 30, 2024:

Canadian $ millions	Note		For the six months ended 2024 June 30		For the six months ended 2023 June 30
Balance, beginning of the period		**$**	**75.4**	$	82.6
(Gain) loss on revaluation of Energas payable in net finance expense	8		**(4.0)**		8.4
Settlements			**-**		(14.8)
Balance, end of the period	12	**$**	**71.4**	$	76.2

11. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	Note	2024 June 30	2023 December 31
Advances and loans receivable			
GNC receivable(1)	10	**$ 199.4**	$ 217.8
Moa Joint Venture revolving-term credit facility		**-**	30.3
Other financial assets			
Nickel put options	10	**5.6**	-
Finance lease receivables		**1.7**	1.9
		206.7	250.0
Current portion of advances, loans receivable and other financial assets(2)		**(27.4)**	(79.8)
Non-current portion of advances, loans receivable and other financial assets		**$ 179.3**	$ 170.2

(1) As at June 30, 2024, the non-current portion of the GNC receivable is $178.8 million (December 31, 2023 - $169.2 million).

(2) Included in the current portion of advances, loans receivable and other financial assets as at June 30, 2024 is the current portion of the GNC receivable of $20.6 million (December 31, 2023 - $48.6 million), the current portion of nickel put options of $5.6 million (December 31, 2023 - nil) and the current portion of the Moa Joint Venture revolving-term credit facility of nil (December 31, 2023 - $30.3 million) to fund working capital.

GNC receivable

The principal balance of the GNC receivable as at June 30, 2024 is $292.0 million (December 31, 2023 - $292.0 million), reflecting nil settlements during the six months ended June 30, 2024.

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

Moa Joint Venture revolving-term credit facility

As at June 30, 2024, nil principal amount was drawn by the Moa Joint Venture (December 31, 2023 - $30.0 million) to fund working capital.

The Moa Joint Venture revolving-term credit facility is provided by the Corporation to the two non-Cuban operating companies of the Moa Joint Venture to fund working capital and capital expenditures. The maximum credit available is $75.0 million. Borrowings on the facility are available to fund working capital and capital expenditures of $45.0 million and $30.0 million, respectively.

During the three months ended June 30, 2024, the Moa Joint Venture revolving-term credit facility was amended to extend its maturity for one year from April 30, 2025 to April 30, 2026. The amendment included terms to transition the interest rate of bankers' acceptance plus 4.00% to Canadian Overnight Repo Rate Average ("CORRA") plus 4.00%, consistent with the Corporation's interest rates on the syndicated revolving-term credit facility ("Credit Facility"). There were no other changes to the terms or restrictions above.

Nickel put options

During the three months ended June 30, 2024, the Corporation purchased put options on 3,876 tonnes of nickel, or 646 tonnes per month, at an exercise price of US$8.16/lb at a cost of $2.2 million for a six-month period from June 1, 2024 to November 30, 2024. Any settlements will be paid in cash monthly based on the average monthly nickel price on the London Metal Exchange.

The economic hedging strategy provides Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes in nickel prices by providing a minimum price of US$8.16/lb on approximately 25% of the 2024 nickel production from the Moa JV during the six-month period. The nickel put options are derivatives measured at fair value through profit or loss.

The nickel put options are measured at fair value using indicative mid-point prices based on the Black-Scholes model using observable inputs as at each reporting date, as follows: average monthly London Metal Exchange nickel price, exercise price, risk-free rate, volatility and time to expiry. As at June 30, 2024, the indicative mid-point prices of the June 2024 to November 2024 nickel put options were US$7.94/lb, US$7.75/lb, US$7.79/lb, US$7.83/lb, US$7.88/lb and US$7.92/lb, respectively.

During the three and six months ended June 30, 2024, an unrealized gain of $3.4 million was recognized on the nickel put options within other financing items (note 8) and subsequent to period end, $0.4 million of cash was received upon settlement of the June 2024 nickel put option.

12. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

			For the six months ended June 30, 2024			
			Cash flows		Non-cash changes	
Canadian $ millions	Note	As at 2023 December 31	Increase in other loans and borrowings	Repurchase of notes	Other	As at 2024 June 30
8.50% second lien secured notes due 2026	10	$ 235.6	**$ -**	**$ -**	**$ 1.6**	**$ 237.2**
10.75% unsecured PIK option notes due 2029	10	63.2	**-**	**(0.8)**	**2.7**	**65.1**
Syndicated revolving-term credit facility		56.8	**11.0**	**-**	**(0.2)**	**67.6**
		$ 355.6	**$ 11.0**	**$ (0.8)**	**$ 4.1**	**$ 369.9**
Current portion of loans and borrowings		(56.8)				**(67.6)**
Non-current portion of loans and borrowings		$ 298.8				**$ 302.3**

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

As at June 30, 2024, the outstanding principal amount of Second Lien Notes is $221.3 million (December 31, 2023 - $221.3 million).

The indenture governing the Second Lien Notes (the "Second Lien Notes Indenture") requires mandatory redemptions from excess cash (subject to the minimum liquidity condition noted below and the other terms and conditions set forth in the Second Lien Notes Indenture). The mandatory Excess Cash Flow redemption provision is in effect beginning with the two-quarter period ending June 30, 2021 and mandatory redemptions are based on Excess Cash Flow in the first half and second half of each year (a measure calculated based on cash provided by (used in) operating activities excluding Energas, less sustaining property, plant and equipment expenditures excluding Energas, plus all cash distributed by Energas to the Corporation held in Canada, including cash distributions received by the Corporation from GNC pursuant to the Cobalt Swap and its assumption of the Energas CSA), which mandatory redemption shall be required to be made only if the Corporation has minimum liquidity of $75.0 million as at the interest payment dates in April and October of each year, calculated in accordance with the Second Lien Notes Indenture. Expected mandatory Excess Cash Flow redemptions have been included in the calculation of the effective interest rate of the Second Lien Notes.

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

For the two-quarter period ended June 30, 2024, Excess Cash Flow, as defined in the Second Lien Notes Indenture, was negative and therefore, no mandatory redemptions will be required in October 2024.

Other non-cash changes consists of interest and accretion of a 7% premium. This premium is due upon the earlier of optional redemption and maturity of the notes and is accreted over the life of the instrument.

10.75% unsecured PIK option notes due 2029 ("PIK Notes")

As at June 30, 2024, the outstanding principal amount of the PIK Notes is $65.4 million (December 31, 2023 - $63.4 million).

During the six months ended June 30, 2024, the Corporation repurchased $1.5 million of principal of the PIK Notes at a cost of $0.8 million, plus $0.1 million of accrued interest, resulting in a gain on repurchase of notes of $0.7 million (note 8). During the six months ended June 30, 2023, the Corporation repurchased $11.2 million of principal of the PIK Notes at a cost of $7.8 million, plus $0.1 million of accrued interest, resulting in a gain on repurchase of notes of $3.5 million (note 8).

During the six months ended June 30, 2024, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest due in January 2024 of $3.4 million (during the six months ended June 30, 2023 - $3.8 million due in January 2023) and added the payment-in-kind interest to the principal amount owed to noteholders.

Subsequent to period end, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest due in July 2024 of $3.5 million and added the payment in-kind interest to the principal amount owed to noteholders.

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

Credit Facility

As at June 30, 2024, the outstanding principal amount of the Credit Facility is $69.0 million (December 31, 2023 - $58.0 million).

During the six months ended June 30, 2024, the Credit Facility was amended to (i) extend its maturity for one year from April 30, 2025 to April 30, 2026 and (ii) change the EBITDA-to-Interest Expense covenant, as defined in the agreement, to not less than 1:1 and 1.5:1 for the quarters ended June 30, 2024 and September 30, 2024, respectively, and not less than 2:1 thereafter. The amendment included terms to transition the interest rate of bankers' acceptance plus 4.00% to CORRA plus 4.00%. There were no other significant changes to the terms, financial covenants or restrictions.

Other non-cash changes consist of a gain due to revisions of cash flows, net of accretion.

Other financial liabilities

Canadian $ millions, as at	Note	2024 June 30	2023 December 31
Energas payable[1]	10	**$ 71.4**	$ 75.4
Lease liabilities		**10.6**	11.0
Share-based compensation liability		**5.2**	6.7
Other financial liabilities		**4.1**	4.0
		91.3	97.1
Current portion of other financial liabilities[2]		**(12.5)**	(22.5)
Non-current portion of other financial liabilities		**$ 78.8**	$ 74.6

(1) As at June 30, 2024, the non-current portion of the Energas payable is $64.4 million (December 31, 2023 - $59.0 million).

(2) As at June 30, 2024, the current portion of other financial liabilities includes the current portions of the Energas payable of $7.0 million (December 31, 2023 - $16.4 million) and a share-based compensation liability of $3.6 million (December 31, 2023 - $4.2 million).

Energas payable

During the six months ended June 30, 2024, nil cash was paid by Energas to GNC in Cuban pesos (June 30, 2023 - $14.8 million (33⅓% basis)). The outstanding principal balance of the Energas payable as at June 30, 2024 is $97.3 million (December 31, 2023 - $97.3 million) (33⅓% basis).

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

13. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at June 30	2024
Property, plant and equipment commitments	**$ 3.1**
Moa Joint Venture:	
Property, plant and equipment commitments[1]	**39.0**

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

14. SUPPLEMENTAL CASH FLOW INFORMATION

Working capital is defined as the Corporation's current assets less current liabilities and was $72.2 million as at June 30, 2024 ($111.7 million - December 31, 2023).

Net change in non-cash working capital

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

Canadian $ millions	For the three months ended **2024** **June 30**	2023 June 30	For the six months ended **2024** **June 30**	2023 June 30
Trade accounts receivable, net[1]	**$ 5.2**	$ 13.2	**$ 29.9**	$ (2.4)
Inventories[2]	**6.8**	10.6	**-**	4.6
Prepaid expenses	**(1.0)**	(5.1)	**(1.6)**	(3.9)
Trade accounts payable and accrued liabilities	**0.8**	(54.8)	**(12.5)**	(64.0)
Deferred revenue	**(28.0)**	(25.5)	**(9.0)**	(6.8)
	$ (16.2)	$ (61.6)	**$ 6.8**	$ (72.5)

(1) Trade accounts receivable, net includes adjustments of $0.1 million and $1.1 million for the three and six months ended June 30, 2024, respectively, for Proceeds from Cobalt Swap presented separately in the condensed consolidated statements of cash flow ($(35.1) million and $(53.9) million for the three and six months ended June 30, 2023, respectively).

(2) Inventories includes adjustments of nil and $0.8 million for the three and six months ended June 30, 2024, respectively, for non-cash finished cobalt cost of sales presented separately in the condensed consolidated statements of cash flow ($(43.3) million and $(75.6) million for the three and six months ended June 30, 2023, respectively).

Non-cash transactions

During the three and six months ended June 30, 2024, investing activities excludes nil of non-cash settlements of the GNC receivable settled through receipts of finished cobalt pursuant to the Cobalt Swap ($14.9 million and $44.0 million for three and six months ended June 30, 2023, respectively).

15. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Financial obligation maturity analysis

The Corporation's significant contractual commitments, obligations, and interest and principal repayments in respect of its financial liabilities, income taxes payable and provisions are presented in the following table on an undiscounted basis. For amounts payable that are not fixed, including mandatory redemptions of the Second Lien Notes (note 12), the amount disclosed is determined by reference to the conditions existing as at June 30, 2024.

Canadian $ millions, as at June 30, 2024	Total	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$ 159.8	$ 159.8	$ -	$ -	$ -	$ -	$ -
Income taxes payable	1.1	1.1	-	-	-	-	-
Second Lien Notes (includes principal, interest and premium)	294.9	18.8	18.8	257.3	-	-	-
PIK Notes (includes principal and interest)	109.8	-	4.1	8.2	8.2	8.2	81.1
Credit Facility	80.5	6.3	74.2	-	-	-	-
Other non-current financial liabilities	1.3	-	-	0.1	-	0.3	0.9
Provisions	197.9	15.6	1.2	3.8	7.6	10.4	159.3
Energas payable	97.4	7.2	6.2	11.3	72.7	-	-
Lease liabilities	12.5	2.6	2.0	1.4	1.4	1.3	3.8
Total	$ 955.2	$ 211.4	$ 106.5	$ 282.1	$ 89.9	$ 20.2	$ 245.1

16. RELATED PARTY TRANSACTIONS

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

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