Q3

2015 THIRD QUARTER REPORT

Sherritt International Corporation

For the three months ended September 30, 2015

For immediate release

Sherritt Announces Q3 2015 Results

Nickel Net Direct Cash Costs Decline for the Third Consecutive Quarter

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Toronto, Ontario – October 27, 2015 – Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S), a world leader in the mining and refining of nickel from lateritic ores, today reported its financial results for the three and nine months ended September 30, 2015.

"Operational performance, cost discipline and collecting overdue receivables all played a role this quarter in minimizing our use of cash," said David Pathe, President and CEO, Sherritt. "We continue to operate in a severely depressed commodity pricing environment, with nickel and oil prices declining further during the quarter. In response to this reality, we have executed on further cost-cutting measures, including cutting our dividend and reducing expected capital spending for this year and next. In this environment, achieving financial completion at Ambatovy was a pivotal achievement, making the Ambatovy project debt non-recourse to us and our partners."

"We are working hard to position ourselves for long-term success when the commodity cycle turns favourable," continued Pathe. "Operationally, we had record nickel production at Ambatovy, where we saw cash costs drop more than 20% from Q2, down to US$4.24 per pound. At Moa, our cash costs are bordering on first quartile, and I am confident we will get there with the addition of the third acid plant. In total, our two integrated operations now produce around 83,000 tonnes a year of Class 1 nickel."

Q3 HIGHLIGHTS(1)(2)(3)

- Nickel prices during the quarter hit a low closing price of US$4.22 per pound on August 24, 2015, a level not seen since 2008, and averaged US$4.78 in the quarter. Crude oil prices also declined since Q2 2015, with WTI crude prices closing at a low of US$38.24 per barrel on the same day and averaging US$46.56 in the quarter. Since quarter end, nickel prices have rebounded modestly from their lows to US$4.75 per pound and WTI is trading at US$44.46 per barrel (both prices at Oct. 26, 2015).
- Preserving cash was the Corporation's highest priority in the quarter, and cost discipline across all operations mitigated cash funding requirements outside Ambatovy.
- Total available liquidity at September 30, 2015 was $454.5 million, benefiting from a $40 million increase in available credit, after renewing and increasing the size of the syndicated 364-day revolver to $115 million (from $90 million last quarter) and the line of credit to $35 million (from $20 million last quarter). Cash, cash equivalents and short-term investments were $373.8 million at September 30, 2015.
- Finished nickel production in the quarter was up 16% year over year at 9,730 tonnes (Sherritt's Share), driven by Ambatovy's strong performance.
- Net direct cash costs fell for the third consecutive quarter this year, to US$4.07 per pound at the Moa JV and US$4.24 per pound at Ambatovy. This demonstrates the longer term potential for Ambatovy's cash costs to be equal or better than the Moa JV cash costs, as production ramps up to full capacity and maintenance costs continue to decline.
- Ambatovy Financial Completion was announced by press release September 21, 2015. Ten certificates were filed to meet the criteria, covering a range of construction, operational, environmental, financial and legal obligations. With financial completion achieved, the project financing that was put in place for construction is now non-recourse to all of the partners.

All amounts are Canadian dollars unless otherwise indicated.
(1) For additional information see the Non-GAAP measures section of this press release.
(2) Compared to the same period in the prior year.
(3) Shown on Sherritt's attributable share ownership basis.

- Reducing combined administrative expenses has been a priority this year, with year to date combined administrative expenses down 25% over the nine month period last year. This quarter's combined administrative expenses of $18.6 million are down 10% from last year, although higher than their levels in Q2, due to $4.5 million in Ambatovy arbitration award legal costs discussed in Note 6 to the Interim Condensed Consolidated Financial Statements (Financial Statements), and related to the close-out of construction contracts that were in dispute. No other income statement impact was recorded from these awards.

OUTLOOK AND SIGNIFICANT ITEMS

- During the quarter, the Corporation recorded an impairment expense of $80.6 million ($0.27 per share) on its oil assets in Cuba and Spain. This impairment arises mainly from lower oil price forecasts impacting future cash flows, with lower production from the Production Sharing Contract (PSC) Extension wells being a contributing factor.
- Oil production guidance was reduced to 18,500 barrels of oil per day (bopd) on a Gross Working Interest (GWI) basis, and 11,300 bopd on a Net Working Interest basis (NWI) for the year ending December 31, 2015 from the previously forecast level of 19,000 bopd reflecting the results this year from the PSC Extension drilling. Drilling activity on the PSC Extension has ended, and capital expenditures have been reduced with new guidance of $71 million expected for the full year.
- During the quarter, SNC-Lavalin exercised their put option to divest their 5% equity interest in the Ambatovy JV, selling their equity stake and share of partner loans to existing partner Sumitomo Corporation for approximately $600 million. Sherritt had the right to acquire this equity stake along with Sumitomo, but declined. As a result, the Ambatovy call option expired, resulting in a $13.7 million loss (non-cash) within the net finance expense this quarter. Sumitomo now owns 32.5% of Ambatovy, with Sherritt at 40% and Korea Resources at 27.5%.
- Sherritt also announces that Dean Chambers has agreed to continue in his current role as Executive Vice President and CFO, and will adjust his planned retirement timing. Given Mr. Chambers' long executive tenure and critical role with the Ambatovy partner and lender groups, Dean is particularly well suited to his current role at this time. David Bacon has confirmed his intention to return to his former employer in an expanded role.

Q3 2015 FINANCIAL HIGHLIGHTS

	For the three months ended			For the nine months ended		
	2015	2014		**2015**	2014	
$ millions, except per share amount	**September 30**	September 30	Change	**September 30**	September 30	Change
Combined Revenue[1]	**$ 246.5**	302.7	(19%)	**$ 793.2**	$ 858.0	(8%)
Adjusted EBITDA[1]	**22.6**	91.7	(75%)	**107.0**	222.0	(52%)
Combined free cash flow [1]	**(7.5)**	28.0	(127%)	**(74.2)**	(66.9)	(11%)
Net loss from continuing operations per share	**(0.72)**	(0.17)	(324%)	**(1.07)**	(0.57)	(88%)
Combined adjusted operating cash flow per share [1]	**0.04**	0.28	(86%)	**0.31**	0.46	(33%)

(1) For additional information, see the Non-GAAP measures section of this release.

	2015	2014	
$ millions, except as noted, as at	September 30	December	Change
Cash, cash equivalents and short term investments	**$ 373.8**	476.2	(22%)
Total loans and borrowings	**2,104.7**	1,859.9	13%

Adjusted earnings (loss) from continuing operations[1]

	For the three months ended			
	2015		2014	
	September 30		September 30	
	$ millions	**$/share**	$ millions	$/share
Net loss from continuing operations	**(210.0)**	(0.71)	**(51.3)**	(0.17)
Adjusting Items, net of tax	**118.6**	0.40	**(0.6)**	(0.00)
Adjusted net loss from continuing operations	**(91.4)**	(0.31)	**(51.9)**	(0.17)

	For the nine months ended			
	2015		2014	
	September 30		September 30	
	$ millions	**$/share**	$ millions	$/share
Net loss from continuing operations	**(314.4)**	**(1.07)**	(170.8)	(0.57)
Adjusting Items, net of tax	**76.8**	**0.26**	4.3	0.01
Adjusted net loss from continuing operations	**(237.6)**	**(0.81)**	(166.5)	(0.56)

(1) For additional information, see the Non-GAAP measures section of this release.

During the third quarter, $118.6 million ($0.40 per share) in adjusting items occurred that mainly included the Oil & Gas impairment described earlier, a $13.7 million adjustment for the expiry of the call option associated with the SNC-Lavalin put exercise, and an unrealized $10.2 million foreign exchange loss. Other less material adjustments of $7.5 million in aggregate represent Ambatovy inventory impairment and legal costs on unfavourable Ambatovy arbitration awards relating to construction contracts that have now been closed out, and are described in Note 6 to the Financial Statements. Subsequent to the quarter end, a third arbitration award was received, which was in Sherritt's favour and will have a positive cash flow impact if and when collected.

REVIEW OF OPERATIONS

METALS

$ millions except as otherwise noted, for the three months ended September 30	2015				2014				
	Moa JV & Fort Site[1] (50%)	**Ambatovy JV (40%)**	**Other[2]**	**Total**	Moa JV and Fort Site[1] (50%)	Ambatovy JV (40%)	Other[2]	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	**$ 97.6**	**$ 80.8**	**$ 15.0**	**$ 193.4**	$ 116.8	$ 89.8	$ 14.6	$ 221.2	(13%)
Adjusted EBITDA[3]	**2.2**	**(2.5)**	**0.3**	**-**	27.9	4.3	0.0	32.2	(100%)
Cash provided (used) by operations	**22.3**	**(21.8)**	**0.4**	**0.9**	14.4	20.9	(2.4)	32.9	(97%)
Spending on capital	**19.6**	**3.3**	**-**	**22.9**	10.9	12.8	-	23.7	(3%)
Free cash flow[3]	**3.1**	**(38.0)**	**0.4**	**(34.5)**	4.0	8.1	(2.4)	9.7	(456%)
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**4,596**	**5,625**	**-**	**10,221**	4,733	4,187	-	8,920	15%
Finished Nickel	**4,521**	**5,209**	**-**	**9,730**	4,614	3,743	-	8,357	16%
Finished Cobalt	**491**	**392**	**-**	**883**	438	327	-	765	15%
Fertilizer	**66,744**	**16,071**	**-**	**82,815**	64,670	9,961	-	74,631	11%
NICKEL RECOVERY (%)	**89%**	**88%**			86%	88%			
SALES VOLUMES (tonnes)									
Finished Nickel	**4,549**	**4,976**	**-**	**9,525**	4,588	3,813	-	8,401	13%
Finished Cobalt	**506**	**332**	**-**	**838**	433	361	-	794	6%
Fertilizer	**32,892**	**15,832**	**-**	**48,724**	17,325	12,412	-	29,737	64%
AVERAGE REFERENCE PRICES (US$ per pound)									
Nickel				**$ 4.78**				$ 8.43	(43%)
Cobalt				**13.32**				14.74	(10%)
AVERAGE-REALIZED PRICES[3]									
Nickel ($ per pound)	**$ 6.31**	**$ 6.02**		**$ 6.16**	$ 9.03	$ 8.94		$ 8.99	(31%)
Cobalt ($ per pound)	**16.44**	**15.55**		**16.08**	15.66	15.56		15.60	3%
Fertilizer ($ per tonne)	**359**	**201**		**308**	353	158		269	14%
UNIT OPERATING COSTS[3] (US$ per pound)									
Nickel - net direct cash cost	**$ 4.07**	**$ 4.24**			$ 5.25	$ 7.26			

(1) Includes results for certain 100% owned assets at Fort Saskatchewan plant.

(2) Includes results for Sherritt's marketing organization for certain Ambatovy sales.

(3) For additional information, see the Non-GAAP measures section of this release.

$ millions unless otherwise noted, for the nine months ended September 30	2015				2014				
	Moa JV and Fort Site[1] (50%)	**Ambatovy JV (40%)**	**Other[2]**	**Total**	Moa JV and Fort Site[1] (50%)	Ambatovy JV[3] (40%)	Other[2]	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	**$ 311.5**	**$ 262.1**	**$ 47.7**	**$ 621.3**	$ 330.1	$ 218.4	$ 48.8	$ 597.3	4%
Adjusted EBITDA[4]	**34.6**	**0.1**	**0.5**	**35.2**	56.9	2.0	0.8	59.7	(41%)
Cash provided (used) by operations	**32.3**	**(2.0)**	**2.7**	**33.0**	4.5	(35.8)	(1.5)	(32.8)	201%
Spending on Capital	**43.6**	**18.8**	**-**	**62.4**	21.2	25.1	-	46.3	35%
Free cash flow[4]	**(10.3)**	**(33.8)**	**2.7**	**(41.4)**	(15.9)	(73.8)	(1.5)	(91.2)	55%
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**14,174**	**14,556**	**-**	**28,730**	13,616	11,795	-	25,411	13%
Finished Nickel	**12,755**	**14,023**	**-**	**26,778**	12,123	10,857	-	22,980	17%
Finished Cobalt	**1,346**	**1,000**	**-**	**2,346**	1,169	889	-	2,058	14%
Fertilizer	**186,250**	**39,761**	**-**	**226,011**	193,427	28,170	-	221,597	2%
NICKEL RECOVERY (%)	**89%**	**86%**			88%	85%			
SALES VOLUMES (tonnes)									
Finished Nickel	**12,743**	**14,192**	**-**	**26,935**	12,203	9,901	-	22,104	22%
Finished Cobalt	**1,326**	**952**	**-**	**2,278**	1,188	814	-	2,002	14%
Fertilizer	**121,604**	**41,219**	**-**	**162,823**	136,137	27,761	-	163,898	(1%)
AVERAGE REFERENCE PRICES (US$ per pound)									
Nickel				**$ 5.73**				$ 7.81	(27%)
Cobalt				**13.55**				14.20	(5%)
AVERAGE-REALIZED PRICES[4]									
Nickel ($ per pound)	**$ 7.11**	**$ 7.02**		**$ 7.06**	$ 8.34	$ 8.56		$ 8.44	(16%)
Cobalt ($ per pound)	**16.36**	**15.88**		**16.17**	15.10	14.93		15.02	8%
Fertilizer ($ per tonne)	**431**	**196**		**372**	392	162		353	5%
UNIT OPERATING COSTS[4] (US$ per pound)									
Nickel - net direct cash cost	**$ 4.22**	**$ 5.08**			$ 5.18	$ 7.11			

(1) Includes results for certain 100% owned assets at Fort Saskatchewan plant.
(2) Includes results for Sherritt's marketing organization for certain Ambatovy sales.
(3) Represents the post-commercial production period except for production volumes and nickel recovery.
(4) For additional information, see the Non-GAAP measures section of this release.

METAL MARKETS

Nickel spot prices hit a multi-year low of US$4.22 per pound on August 24, 2015, a day of commodity and broader equity market panic after Chinese stock market indices fell by 9%, and the Dow Jones Industrial Average opened down 1,000 points. Since that time, nickel prices have rebounded to some degree, trading in a range of US$4.50 - $4.75 per pound in recent weeks. Average realized prices of nickel at the Moa Joint Venture and the Ambatovy Joint Venture were $6.31 and $6.02 per pound, respectively, following the reference price decline, but benefitting from foreign exchange translation as the Canadian dollar weakened by approximately eight cents from the second quarter to the third quarter this year.

The average cobalt reference price of US$13.32 per pound in the third quarter was also down from its year ago comparable of US$14.74, and close to the Q2 2015 average reference price of US$13.61 per pound. Average realized prices of cobalt this quarter were up marginally from their year ago levels, as the decline in the reference price was offset by the weaker Canadian dollar. The cobalt market remains fairly well balanced with continued strong demand in the aerospace and rechargeable battery sectors and lower than forecast production in Zambia.

Moa Joint Venture (50% interest) and Fort Site

Adjusted EBITDA of $2.2 million continued to follow commodity price declines, despite a third consecutive quarter of improved Net Direct Cash Costs.

Finished nickel production of 4,521 tonnes (50% basis) for the third quarter of 2015 was marginally lower than the prior year quarter, but up 17% from production in Q2 of 3,877 tonnes (50% basis) when the annual refinery shutdown occurred.

Finished cobalt production of 491 tonnes (50% basis) for the third quarter of 2015 was higher than the prior year quarter, and higher than Q2 2015 cobalt production of 429 tonnes (50% basis), again reflecting the shutdown, and a higher cobalt ratio in the mined ore year to date.

The nickel recovery at Moa of 89% in the quarter was up from the 86% recovery in Q3 of last year, and consistent with Q2 2015 nickel recovery levels.

The net direct cash cost of US$4.07 per pound of nickel was an improvement of 22% (US$1.18 per pound) from the third quarter of 2014, and the lowest reported year to date. Lower fuel oil and energy prices and lower third party feed costs have been significant drivers to improved cash costs, and the effort to focus on controllable costs has paid off. Cobalt by-product credits of US$1.39 per pound are fairly consistent each quarter, ranging from US$1.25 to US$1.40 over the last six quarters.

Fertilizer revenues this quarter of $11.8 million were lower than costs of $12.7 million. Costs were impacted by higher maintenance expenses (shutdown-related) that were carried through inventory and impacted third quarter fertilizer costs due to the timing of sales. This quarter included deferred revenue of $20.5 million of cash received on pre-sales of fertilizer to be delivered primarily in Q4 and the spring season of 2016, at which time their revenue will be recognized.

Capital spending of $19.6 million in the quarter and $43.6 million year to date is higher than its comparison periods, due to the once in 10 year maintenance shutdown at Fort Saskatchewan last quarter, and a weaker Canadian dollar, with expansion capital as budgeted for the construction of the 2,000 tonne per day acid plant on track for the second half of 2016.

Ambatovy Joint Venture (40% interest)

Adjusted EBITDA in the third quarter was negative $2.5 million during the quarter compared to Adjusted EBITDA of $4.3 million in the same quarter last year. For the nine month period ended September 30, 2015, Adjusted EBITDA of $0.1 million compares with $2 million in the same period last year.

During the quarter, finished nickel production was 5,209 tonnes (40% basis), a record production quarter and an improvement of 39 % over last year. Finished cobalt production of 392 tonnes (40% basis) was also up 20% year over year and up 48% from production levels in the second quarter. As announced October 6, 2015, Sherritt received confirmation that finished nickel briquettes from Ambatovy now meet the standards to qualify for delivery to London Metal Exchange (LME) warehouses. This recognition demonstrates the technical and metallurgical capabilities that Sherritt has contributed as operator during Ambatovy's ramp-up. LME delivery status allows Ambatovy or its customers the flexibility and commercial advantage of delivering nickel product to LME warehouses where logistics benefits exist or to mitigate short term variance in customer demand.

Robust third quarter production of both nickel and cobalt is attributable to process control enhancements and improved operational stability, continuing the ramp-up of production to nameplate capacity. During the quarter, the second ore thickener returned to production. A planned autoclave train turnaround was executed in September, with further turnarounds scheduled in October and November. The Q3 nickel recovery was 88% compared to 86% in Q2, primarily due to efficiency improvements in the mixed sulphide precipitation circuit.

The net direct cash cost (NDCC) of nickel was US$4.24 per pound in the third quarter of 2015, and has been coming down sharply each quarter this year, from US$5.74 per pound in Q1 and US$5.48 per pound in Q2. Net direct cash costs at Ambatovy are now in line with the Moa JV, reflecting increased production, lower maintenance and labour costs, and lower commodity input costs.

In September this year, Ambatovy achieved financial completion (see "Highlights", page 1). Under the terms of the Ambatovy Joint Venture Financing, a supermajority group of the lenders may, within 45 days of achieving financial completion, initiate a challenge to reinstate the completion guarantees. In order for any challenge to succeed, the lenders would need to prove that one or more of the completion certificates is false in a materially adverse way to the lenders' interest. During a challenge, if one occurs, Sherritt's proportionate share of the outstanding project debt would remain non-recourse to Sherritt until a final ruling or settlement occurs.

Filing of the *Financial Certificate* required the deposit of US$115 million (100% basis) to fund the Senior Debt Reserve Account (SDRA), from which payments of semi-annual principal and interest can be made on the Ambatovy Joint Venture Financing. In the third quarter, the Ambatovy partners provided US$174 million in funding. From this funding and the opening cash balance, the SDRA was funded, and US$65 million was paid out to settle arbitration rulings as described in Note 6 to the Financial Statements.

On a year to date basis, Ambatovy partners have funded US$264 million, with Sherritt's share being 40% or US$105.6 million. With submission of the final certificates, the US$1.7 billion Ambatovy Joint Venture Financing (100% basis, balance at September 30, 2015) has become non-recourse to the Ambatovy partners, and the interest rate has increased from LIBOR plus 1.4% to LIBOR plus approximately 2.5%. Going into the fourth quarter this year, the Ambatovy cash and cash equivalents position (100% basis) is at $200.5 million as reported in Note 6 to the Financial Statements.

OIL AND GAS

	For the three months ended			For the nine months ended		
	2015	2014		**2015**	2014	
$ millions, except as otherwise noted	**September 30**	September 30	Change	**September 30**	September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 38.5**	$ 68.1	(43%)	**$ 132.1**	$ 219.7	(40%)
Adjusted EBITDA[1]	**20.8**	47.7	(56%)	**72.2**	165.6	(56%)
Cash provided by operations	**47.2**	41.3	14%	**50.6**	135.5	(63%)
Spending on Capital	**11.7**	14.0	(16%)	**55.2**	45.2	22%
Free cash Flow[1]	**35.7**	26.8	33%	**(1.8)**	89.5	(102%)
PRODUCTION AND SALES (bopd)						
Gross working-interest (GWI) - Cuba	**17,693**	19,412	(9%)	**18,666**	19,710	(5%)
Total net working-interest (NWI)	**11,026**	10,607	4%	**11,304**	11,160	1%
AVERAGE REFERENCE PRICE (US$ per barrel)						
Gulf Coast Fuel Oil No. 6	**$ 38.11**	$ 87.57	(56%)	**$ 44.42**	$ 89.56	(50%)
Brent	**50.29**	101.86	(51%)	**55.00**	106.99	(49%)
AVERAGE-REALIZED PRICE[1] (NWI)						
Cuba ($ per barrel)	**$ 36.36**	$ 69.18	(47%)	**$ 41.26**	$ 71.31	(42%)
UNIT OPERATING COSTS[1] (GWI)						
Cuba ($ per barrel)	**$ 9.04**	$ 9.98	(9%)	**$ 9.13**	$ 8.12	12%

(1) For additional information, see the Non-GAAP measures section of this release.

Adjusted EBITDA was 56% ($26.9 million) lower in the third quarter compared to the prior year period, with realized oil and gas prices down 47% over the same period. In the Cuban operations, the average-realized price in the third quarter was $36.36 per barrel, as oil prices reached multi-year lows in August this year.

GWI oil production in Cuba of 17,693 bopd decreased by 9% in the third quarter compared to the prior year period, primarily due to natural reservoir declines and lower than expected production from the PSC Extension wells. Counting three wells drilled in 2014 and five drilled this year, a total of eight new wells have now been drilled and completed, which is one more than required to fulfill commitments under the PSC Extension for the Puerto Escondido/Yumuri oil fields. Of the eight, six are currently producing oil, one is suspended and one has been abandoned. Oil production from these new PSC Extension wells is below expectations, with production guidance revised accordingly.

NWI oil production in Cuba of 10,354 bopd increased by 3% over the same quarter in 2014 despite the 9% decrease in Cuban GWI oil production. Cost recovery oil production of 4,349 bopd compared to 2,428 bopd in the same period last year illustrates the higher proportion of cost recovery oil when oil prices are low. The allocation of cost recovery barrels in any particular period is limited to a fixed percentage of GWI volumes within each cost pool. In the first quarter this year, when oil prices were similar to prices in the third quarter, the caps on the applicable cost pools prevented a higher cost recovery allocation. Expenditures above the caps were then carried forward, and were applied for cost recoveries in the second and third quarter. Eligible costs are being carried forward for application in future quarters.

Unit operating costs in Cuba decreased 9% ($0.94 per barrel) to $9.04 (GWI basis) in the third quarter compared to the prior year period, reflecting lower well workover costs.

The robust free cash flow generation of $35.7 million in the quarter benefited from the collection of overdue receivables, and a quarter of comparatively low capital spending, at $11.7 million. Overdue receivables continue to be paid in accordance with the schedule agreed with the Cuban partners, with overdue receivables expected to fall to normal levels by year end.

On a year to date basis, capital spending of $55.2 million is up 22% year over year, consistent with the higher capital expenditures required to drill the PSC Extension. Further evaluation of the wells drilled under the PSC Extension will be carried out this quarter, but drilling results to date and continuing capital and cost discipline have prompted further capital reductions, leading to a revised estimate of $71 million ($68 million sustaining and $3 million exploration) for 2015 compared to the previous guidance of $81 million.

As referenced in the Q3 2015 MD&A and Note 17 to the Financial Statements, an impairment expense of $80.6 million ($0.27 per share) was recorded on Cuban and Spain oil assets in the quarter. The lower oil price forecast, combined with drilling results on the PSC extension that were below expectations, are the reasons for the impairment.

POWER

$ millions (33 1/3% basis), except as otherwise noted	For the three months ended 2015 September 30	2014 September 30	Change	For the nine months ended 2015 September 30	2014 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 14.5**	$ 12.7	14%	**$ 39.0**	$ 37.3	5%
Adjusted EBITDA[1]	**9.6**	8.0	20%	**24.5**	19.4	26%
Cash provided by operations	**15.6**	20.7	(25%)	**55.0**	31.3	76%
Spending on Capital[2]	**0.9**	1.0	(10%)	**2.1**	4.2	(50%)
Free cash flow[1]	**14.7**	20.1	(27%)	**52.7**	29.2	81%
PRODUCTION AND SALES						
Electricity (GWh)	**242**	223	9%	**676**	633	7%
AVERAGE-REALIZED PRICE[1]						
Electricity ($/MWh)	**$ 55.46**	$ 46.39	20%	**$ 53.49**	$ 46.28	16%
UNIT OPERATING COSTS[1]						
Electricity ($/MWh)	**17.42**	13.39	30%	**16.68**	15.37	9%
NET CAPACITY FACTOR (%)	**76**	68	12%	**70**	64	9%

(1) For additional information see the Non-GAAP measures section of this release.
(2) Includes service concession arrangements and accruals.

Quarterly Adjusted EBITDA increased by 20% ($1.6 million) year over year with higher production and higher realized prices. Higher gas availability led to higher production, while the average realized price benefitted from the weaker Canadian dollar. The average-realized price of electricity was 20% higher ($9.07 per MWh) in the third quarter compared to the prior year period.

Operating costs increased by 30% ($4.03 per MWh) in the third quarter compared to the prior year period, due to an increase in equipment purchases and processing equipment repairs, as well as the weaker Canadian dollar.

Free cash flow generation of $14.7 million in the quarter included a $4.0 million payment of interest on the Energas conditional sales agreement ($35.1 million year to date). Principal on the Energas conditional sales agreement also continues to be repaid on schedule, with a further $10.4 million received in the quarter ($25.8 million year to date).

STRATEGIC PRIORITIES 2015

Sherritt continues to execute against its stated strategy to focus on its core competencies, improve its liquidity position and streamline its operations, consisting of the following near-term priorities:

Strategic Priorities	2015 Targets	Status
FOCUSING ON OUR CORE NICKEL BUSINESS **1**	Sustaining production and lowering costs at Moa	Moa nickel production is up 5% year to date over last year, and Net Direct Cash Costs have declined each quarter this year
	Advancing the acid plant project at Moa	Acid plant construction continues on track for second half of 2016
CONTINUING TO RAMP UP AMBATOVY **2**	Targeting a production rate of 90% of nameplate capacity over a 90-day period within the first half of 2015	Achieved 90 for 90 in Q1 2015, and again in Q3 2015
	Targeting financial completion by September 30, 2015	Financial completion announced September 21, 2015
EXTENDING THE LIFE OF OUR CUBAN ENERGY BUSINESS **3**	Securing two additional exploration PSCs Commencing drilling on extended Puerto Escondido/Yumuri PSC	Eight wells drilled in the Puerto Escondido/ Yumuri extension area PSCs. Production guidance has been revised down for the second time this year, and capital spending is reduced for the balance of this year
BUILDING BALANCE SHEET STRENGTH **4**	Maintaining a strong balance sheet and liquidity	Cash, cash equivalents and short term investments of $373.8 million at September 30, 2015 and a $40 million upsizing of existing credit facilities contributed to cash and available liquidity of $454.5 million
REDUCING COSTS **5**	Optimizing operating and administrative costs	Net Direct Cash Costs at Moa and Ambatovy have declined for three consecutive quarters this year Combined administrative costs for the nine month period down 25% year over year

OUTLOOK

In the current quarter, the changes to expected production and capital spending come from Oil & Gas, where expected production on both a GWI and NWI basis have been reduced to reflect the drilling results on the PSC Extension wells at Puerto Escondido/Yumuri. Drilling activity has ended, and capital spending has also been reduced accordingly.

No other revisions have been made to Power or the two Metals operations. Expected production volumes and spending on capital projected for the full year are as shown below:

Production volumes and spending on capital for the nine months and twelve months ended	Previous Guidance at Q2 2015	Actual 2015 September 30	Revised Projected 2015 December 31
Production volumes			
Mixed sulphides (tonnes, Ni+Co contained, 100% basis)			
Moa Joint Venture	36,500-38,000	28,347	No change
Ambatovy Joint Venture	48,000-51,000	36,390	No change
Total	84,500 - 89,000	64,737	84,500-89,000
Nickel, finished (tonnes, 100% basis)			
Moa Joint Venture	33,000-34,000	25,510	No change
Ambatovy Joint Venture	45,000-48,000	35,058	No change
Total	78,000-82,000	60,568	78,000-82,000
Cobalt, finished (tonnes, 100% basis)			
Moa Joint Venture	3,500-4,000	2,692	No change
Ambatovy Joint Venture	3,300-3,500	2,500	No change
Total	6,800-7,500	5,192	6,800-7,500
Oil – Cuba (gross working-interest, bopd)	19,000	18,666	18,500
Oil and Gas – All operations (net working-interest, boepd)	12,000	11,304	11,300
Electricity (GWh, 100% basis)	2,550	2,028	No change
Spending on capital ($ millions)			
Metals – Moa Joint Venture (50% basis), Fort Site (100% basis)	75	44	No change
Metals – Ambatovy Joint Venture (40% basis)	35	19	No change
Oil and Gas	81	55	71
Power (33⅓% basis)	4	2	No change
Spending on capital (excluding Corporate)	195	120	185

NON-GAAP MEASURES

The Corporation uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, and adjusted operating cash flow to monitor the 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 evaluate the results of its underlying business. These measures 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. See Sherritt's Management's Discussion and Analysis for the period ended September 30, 2015 for further information.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its quarterly conference call and webcast tomorrow at 10:00 a.m. Eastern Time.

Conference Call and Webcast:	October 28, 2015, 10:00 a.m. ET
Speakers:	David Pathe, President and CEO
	Dean Chambers, EVP and CFO
	Steve Wood, EVP and COO
North American callers, please dial:	1-866-530-1553
International callers, please dial:	416-847-6330
Live webcast:	www.sherritt.com

An archive of the webcast will also be available on the website. The conference call will be available for replay until November 2, 2015 by calling 647-436-0148 or 1-888-203-1112, access code 263911#.

COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's complete interim condensed consolidated financial statements and MD&A for the three and nine months ended September 30, 2015 are available at www.sherritt.com and should be read in conjunction with this news release.

ABOUT SHERRITT

Sherritt is a world leader in the mining and refining of nickel from lateritic ores with operations in Canada, Cuba, and Madagascar. The Corporation is the largest independent energy producer in Cuba, with extensive oil and power operations on the island. Sherritt licenses its proprietary technologies and provides metallurgical services to commercial metals operations worldwide. The Corporation'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”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements set out in the “Outlook” sections of this press release and certain expectations about capital costs and expenditures; capital project completion dates; challenge period associated with completion of financial certificates at Ambatovy; sales volumes; revenue, costs, and earnings; sufficiency of working capital and capital project funding; completion of development and exploration wells; and amounts of certain joint venture commitments.

Forward-looking statements are not based on historic facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; realized prices for production; earnings and revenues; development and exploratory wells in Cuba; environmental rehabilitation provisions; availability of regulatory approvals; compliance with applicable environmental laws and regulations; the impact of regulations related to greenhouse gas emissions and credits; debt repayments; collection of accounts receivable; and certain corporate objectives, goals and plans for 2015. 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 those 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.

Key factors that may result in material differences between actual results and developments and those contemplated by this press release include global economic and market conditions, and business, economic and political conditions in Canada, Cuba, Madagascar, and the principal markets for the Corporation’s products. Other such factors include, but are not limited to, uncertainties in the development, construction, ramp-up and operation of large mining, processing and refining projects; risks related to the availability of capital to undertake capital initiatives; changes in capital cost estimates in respect of the Corporation’s capital initiatives; risks associated with the Corporation’s joint-venture partners; expectations of the timing of financial completion at the Ambatovy Joint Venture; risk of future non-compliance with financial covenants; potential interruptions in transportation; political, economic and other risks of foreign operations; the Corporation’s reliance on key personnel and skilled workers; the possibility of equipment and other unexpected failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainty of gas supply for electrical generation; uncertainties in oil and gas exploration; risks related to foreign exchange controls on Cuban government enterprises to transact in foreign currency; risks associated with the United States embargo on Cuba and the Helms-Burton legislation; risks related to the Cuban government’s and Malagasy government’s ability to make certain payments to the Corporation; risks related to exploration and development programs; uncertainties in reserve estimates; risks associated with access to reserves and resources; uncertainties in environmental rehabilitation provisions estimates; risks related to the Corporation’s reliance on partners and significant customers; risks related to the Corporation’s corporate structure; foreign exchange and pricing risks; uncertainties in commodity pricing; credit risks; competition in product markets; the Corporation’s ability to access markets; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; risks associated with future acquisitions; uncertainty in the ability of the Corporation to obtain government permits; risks associated with governmental regulations regarding greenhouse gas emissions; risks associated with government regulations and environmental, health and safety matters; uncertainties in growth management; interest rate risk; risks related to political or social unrest or change and those in respect of indigenous and community relations; risks associated with rights and title claims; and certain corporate objectives, goals and plans for 2015; and the Corporation’s ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this press release and in the Corporation’s other documents filed with the Canadian securities authorities.

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 including, but not limited to, the Corporation’s Annual Information Form for the year ended December 31, 2014 should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from those in the oral forward-looking statements. The forward-looking information and statements contained in this press release are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any oral or written forward-looking information or statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2015

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 October 27, 2015, should be read in conjunction with Sherritt's interim condensed consolidated financial statements for the three and nine months ended September 30, 2015 and the MD&A for the year ended December 31, 2014. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com or on the Corporation's website at www.sherritt.com.

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

Securities regulators encourage companies to disclose forward-looking information to help investors understand a company's future prospects. This discussion 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 manages its nickel, oil, gas and power operations through different legal structures including 100% owned subsidiaries, joint venture 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 Sherritt has with these operations and the economic interest recognized in the Corporation's financial statements are as follows:

	Relationship for accounting purposes	Economic interest	Basis of accounting
Metals			
Moa Joint Venture	Joint venture	50%	Equity method
Ambatovy Joint Venture	Associate	40%	Equity method
Oil and Gas	Subsidiary	100%	Full consolidation
Power	Joint operation	33⅓%	Economic interest recognized

The Financial results and review of operations sections in this MD&A present amounts by reporting segment, based on the Corporation's economic interest. For financial statement purposes, the Moa Joint Venture and Ambatovy Joint Venture are accounted for using the equity method of accounting which recognizes the Corporation's share of earnings (loss) from joint venture and associate, respectively. Metal's operating results include the Corporation's 50% interest in the Moa Joint Venture, 100% interest in the utility and fertilizer operations in Fort Saskatchewan (Fort Site), 40% interest in the Ambatovy Joint Venture, and 100% interest in a wholly-owned subsidiary established to buy, market and sell certain Ambatovy nickel production. The financial statements and review of operations in this MD&A include the Corporation's 100% interest in its Oil and Gas business and 33⅓% interest in its Power businesses.

Amounts presented in this MD&A can be reconciled to note 4 of the interim consolidated financial statements for the three and nine months ended September 30, 2015.

Update on 2015 strategic priorities

Sherritt continues to focus on its strategic priorities. The status of these priorities is outlined below:

Strategic Priorities	2015 Targets	Status
FOCUSING ON OUR CORE NICKEL BUSINESS **1**	Sustaining production and lowering costs at Moa	Moa nickel production is up 5% year to date over last year, and Net Direct Cash Costs have declined each quarter this year
	Advancing the acid plant project at Moa	Acid plant construction continues on track for second half of 2016
CONTINUING TO RAMP UP AMBATOVY **2**	Targeting a production rate of 90% of nameplate capacity over a 90-day period within the first half of 2015	Achieved 90 for 90 in Q1 2015, and again in Q3 2015
	Targeting financial completion by September 30, 2015	Financial completion announced September 21, 2015
EXTENDING THE LIFE OF OUR CUBAN ENERGY BUSINESS **3**	Securing two additional exploration PSCs Commencing drilling on extended Puerto Escondido/Yumuri PSC	Eight wells drilled in the Puerto Escondido/ Yumuri extension area PSCs. Production guidance has been revised down for the second time this year, and capital spending is reduced for the balance of this year
BUILDING BALANCE SHEET STRENGTH **4**	Maintaining a strong balance sheet and liquidity	Cash, cash equivalents and short term investments of $373.8 million at September 30, 2015 and a $40 million upsizing of existing credit facilities contributed to cash and available liquidity of $454.5 million
REDUCING COSTS **5**	Optimizing operating and administrative costs	Net Direct Cash Costs at Moa and Ambatovy have declined for three consecutive quarters this year Combined administrative costs for the nine month period down 25% year over year

Highlights

AMBATOVY OPERATIONS UPDATE

During the quarter, Ambatovy established a quarterly production record, producing 5,209 tonnes (Sherritt's share), representing a 39% increase compared to the third quarter of 2014 and a 25% increase compared to the second quarter of 2015. The quarter included the repair and return to service of both ore thickeners. A planned autoclave turnaround was executed in September, with further turnarounds scheduled in October and November.

In September 2015, Ambatovy achieved financial completion under the terms of the Ambatovy senior financing. Upon achieving financial completion, the US$1.7 billion (100% basis, balance as at September 30, 2015) Ambatovy senior financing became non-recourse to the Joint Venture partners and the interest rate increased from LIBOR plus 1.4% to LIBOR plus 2.5%.

Upon achieving financial completion on September 21, 2015, the Corporation's Ambatovy call option became exercisable for a two-year period or until SNC-Lavalin exercises its put option. The Ambatovy call option relates to the right of the Corporation and Sumitomo Corporation to acquire SNC-Lavalin's 5% equity interest in the Ambatovy Joint Venture. SNC-Lavalin's put option relates to the right to divest of its 5% equity interest to the Corporation and Sumitomo Corporation. The Corporation had the right to decline such an offer. On September 30, 2015, SNC-Lavalin exercised its put option. The Corporation declined its option to acquire its share of SNC-Lavalin's interest. As a result, the Ambatovy call option expired and the Corporation recognized a loss on financial instruments of $13.7 million within net finance expense.

On September 29, 2015, Sherritt received notice that Ambatovy's finished nickel briquettes now meet the standards to qualify for delivery to London Metal Exchange (LME) warehouses. With Ambatovy's LME acceptance, nickel briquettes from all of Sherritt's nickel operations are LME deliverable, allowing Ambatovy or its customers the flexibility and commercial advantage of delivering nickel product to LME warehouses where logistics benefits exist or to mitigate short term variance in customer demand.

OIL AND GAS IMPAIRMENT

During the quarter, the Corporation recorded an impairment expense of $80.6 million on its oil assets in Cuba and Spain. This impairment is the result of lower oil price forecasts and poor drilling results from development wells at the Puerto Escondido/Yumuri extension.

Financial results

$ millions, except as otherwise noted	For the three months ended 2015 September 30	2014 September 30	Change	For the nine months ended 2015 September 30	2014 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 76.9**	$ 102.9	(25%)	**$ 259.4**	$ 354.0	(27%)
Combined revenue[1]	**246.5**	302.7	(19%)	**793.2**	858.0	(8%)
Adjusted EBITDA[1]	**22.6**	91.7	(75%)	**107.0**	222.0	(52%)
Loss from operations, associate and joint venture	**(165.9)**	(1.5)	(10,960%)	**(256.7)**	(37.0)	(594%)
Loss from continuing operations	**(210.0)**	(51.3)	(309%)	**(314.4)**	(170.8)	(84%)
(Loss) earnings from discontinued operations, net of tax	**–**	–	–	**(5.0)**	41.2	(112%)
Net loss for the period	**(210.0)**	(51.3)	(309%)	**(319.4)**	(129.6)	(146%)
Adjusted earnings from continuing operations	**(91.4)**	(51.9)	(76%)	**(237.6)**	(166.5)	(43%)
Loss per common share (basic and diluted)($ per share):						
Net loss from continuing operations	**(0.72)**	(0.17)	(324%)	**(1.07)**	(0.57)	(88%)
Net loss for the period	**(0.72)**	(0.17)	(324%)	**(1.09)**	(0.43)	(153%)
CASH FLOW						
Cash provided (used) by continuing operating activities	**$ 68.5**	$ 41.0	67%	**$ 53.7**	$ 70.2	(24%)
Combined free cash flow[1]	**(7.5)**	28.0	(127%)	**(74.2)**	(66.9)	(11%)
Combined adjusted operating cash flow per share ($ per share)[1]	**0.04**	0.28	(86%)	**0.31**	0.46	(33%)
OPERATIONAL DATA						
SPENDING ON CAPITAL AND INTANGIBLE ASSETS[2]	**$ 36.5**	$ 38.8	(6%)	**$ 123.1**	$ 94.4	30%
PRODUCTION VOLUMES						
Finished nickel (tonnes)						
Moa Joint Venture (50% basis)	**4,521**	4,614	(2%)	**12,755**	12,123	5%
Ambatovy Joint Venture (40% basis)	**5,209**	3,743	39%	**14,023**	10,857	29%
Finished cobalt (tonnes)						
Moa Joint Venture (50% basis)	**491**	438	12%	**1,346**	1,169	15%
Ambatovy Joint Venture (40% basis)	**392**	327	20%	**1,000**	889	12%
Oil (boepd, NWI production)[3]	**11,026**	10,607	4%	**11,304**	11,160	1%
Electricity (gigawatt hours) (33 1/3% basis)	**242**	223	9%	**676**	633	7%
AVERAGE-REALIZED PRICES[1]						
Nickel ($ per pound)	**$ 6.16**	$ 8.99	(31%)	**$ 7.06**	$ 8.44	(16%)
Cobalt ($ per pound)	**16.08**	15.60	3%	**16.17**	15.02	8%
Oil ($ per boe, NWI)[3]	**36.69**	68.37	(46%)	**41.66**	70.74	(41%)
Electricity ($ per megawatt hour)	**55.46**	46.39	20%	**53.49**	46.28	16%
UNIT OPERATING COSTS[1]						
Nickel (US$ per pound)						
Moa Joint Venture	**$ 4.07**	$ 5.25	(22%)	**$ 4.22**	$ 5.18	(19%)
Ambatovy Joint Venture	**4.24**	7.26	(42%)	**5.08**	7.11	(29%)
Oil ($ per boe, GWI)[3]	**9.76**	10.32	(5%)	**10.40**	8.55	22%
Electricity ($ per megawatt hour)	**17.42**	13.39	30%	**16.68**	15.37	9%

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

(2) Spending on capital and intangible assets includes accruals and does not include spending on service concession arrangements.

(3) Net working-interest (NWI); gross working-interest (GWI); barrels of oil equivalent per day (boepd); barrels of oil equivalent (boe).

REVENUE

	For the three months ended			For the nine months ended		
	2015	2014		**2015**	2014	
$ millions	**September 30**	September 30	Change	**September 30**	September 30	Change
Revenue by segment						
Metals	**$ 193.4**	$ 221.2	(13%)	**$ 621.3**	$ 597.3	4%
Oil and Gas	**38.5**	68.1	(43%)	**132.1**	219.7	(40%)
Power	**14.5**	12.7	14%	**39.0**	37.3	5%
Corporate and Other	**0.1**	0.7	(86%)	**0.8**	3.7	(78%)
Combined revenue[1]	**246.5**	302.7	(19%)	**793.2**	858.0	(8%)
Adjust joint venture and associate	**(169.6)**	(199.8)		**(533.8)**	(504.0)	
Financial statement revenue	**76.9**	102.9	(25%)	**259.4**	354.0	(27%)

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

Combined revenue for the three and nine months ended September 30, 2015 was lower compared to the same periods in the prior year primarily due to lower nickel and oil prices partly offset by a weaker Canadian dollar relative to the U.S. dollar. Gross working-interest oil production in Cuba was lower as oil production from new development wells was not able to offset natural reservoir declines.

For the nine months ended September 30, 2015 sales volumes of nickel and cobalt were higher at both Moa Joint Venture and Ambatovy as a result of continued operational stability at the Moa Joint Venture and continued ramp up of operations at Ambatovy. In addition, for the nine months ended September 30, 2015 Ambatovy revenues were higher compared to the prior-year period which only included revenue for the eight months following the declaration of commercial production effective February 1, 2014.

COST OF SALES

	For the three months ended			For the nine months ended		
	2015	2014		**2015**	2014	
$ millions	**September 30**	September 30	Change	**September 30**	September 30	Change
Cost of sales by segment						
Metals	**$ 245.3**	$ 230.2	7%	**$ 743.2**	$ 649.8	14%
Oil and Gas	**37.9**	34.2	11%	**116.7**	97.1	20%
Power	**12.7**	8.6	48%	**35.9**	26.8	34%
Corporate and other	**2.6**	1.4	86%	**6.2**	8.0	(23%)
Combined cost of sales[1]	**298.5**	274.4	9%	**902.0**	781.7	15%
Adjust joint venture and associate	**(220.6)**	(209.0)		**(656.8)**	(563.8)	
Financial statement cost of sales	**77.9**	65.4	19%	**245.2**	217.9	13%

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

Combined cost of sales for the three and nine months ended September 30, 2015 was higher compared to the same periods in the prior year primarily due to costs associated with increased production at Ambatovy as a result of the continued ramp-up, adjustments to inventory for impairment and obsolescence at Ambatovy and due to the weaker Canadian dollar relative to the U.S. dollar partly offset by lower input commodity prices, other than sulphur. Depletion, depreciation and amortization expense was higher at Oil and Gas' operation in Spain and Power's Varadero facility.

In addition, for the nine months ended September 30, 2015 higher workover costs were incurred at Oil and Gas. Cost of sales at Ambatovy were higher compared to the prior-year period which only included costs for the eight months following the declaration of commercial production.

ADMINISTRATIVE EXPENSES

$ millions	For the three months ended 2015 September 30	2014 September 30	Change	For the nine months ended 2015 September 30	2014 September 30	Change
Administrative expenses by segment						
Metals	**$ 10.1**	$ 8.4	20%	**$ 23.2**	$ 24.4	(5%)
Oil and Gas	**1.6**	1.8	(11%)	**5.2**	7.0	(26%)
Power	**0.8**	1.4	(43%)	**3.5**	6.1	(43%)
Corporate and other	**6.1**	9.1	(33%)	**21.7**	33.9	(36%)
Combined administrative expenses(1)	**18.6**	20.7	(10%)	**53.6**	71.4	(25%)
Adjust joint venture and associate	**(9.3)**	(7.5)		**(20.4)**	(21.0)	
Financial statement administrative expenses	**9.3**	13.2	(30%)	**33.2**	50.4	(34%)

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

Administrative expenses for the three and nine months ended September 30, 2015 were lower at Corporate and all business units, except Ambatovy, compared to the same periods in the prior year primarily due to lower employee costs following the restructuring plan initiated by the Corporation in the fourth quarter of 2014 as well as higher legal fees in 2014 attributable to the Coal transaction.

Administrative costs savings resulting from cost reduction initiatives at Ambatovy in the three and nine months ended September 30, 2015 were offset by legal fees associated with Arbitration settlements in the third quarter of 2015, as described further in Note 6 of the interim condensed consolidated financial statements for the three and nine months ended September 30, 2015.

ADJUSTED EBITDA

$ millions	For the three months ended 2015 September 30	2014 September 30	Change	For the nine months ended 2015 September 30	2014 September 30	Change
Adjusted EBITDA(1) by segment						
Metals	**–**	32.2	(100%)	**35.2**	59.7	(41%)
Oil and Gas	**20.8**	47.7	(56%)	**72.2**	165.6	(56%)
Power	**9.6**	8.0	20%	**24.5**	19.4	26%
Corporate and Other	**(7.8)**	3.8	(305%)	**(24.9)**	(22.7)	(10%)
Adjusted EBITDA	**22.6**	91.7	(75%)	**107.0**	222.0	(52%)

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

NET FINANCE EXPENSE

$ millions	For the three months ended 2015 September 30	2014 September 30	Change	For the nine months ended 2015 September 30	2014 September 30	Change
Financial statement net finance expense	**40.0**	31.5	27%	**93.6**	89.3	5%
Moa Joint Venture net finance expense(2)	**2.5**	4.0	(38%)	**9.6**	8.7	10%
Ambatovy Joint Venture net finance expense(2)	**21.4**	18.2	18%	**46.1**	48.8	(6%)
Combined net finance expense(1)	**63.9**	53.7	19%	**149.3**	146.8	2%

(1) For additional information see the Non-GAAP measures section.
(2) Net of intercompany interest.

For the three months ended September 30, 2015, the impact of unrealized foreign exchange loss and the expiry of the Ambatovy call option more than offset the impact of lower interest expense, due to lower outstanding loan balances.

Combined net finance expense for the nine months ended September 30, 2015 was relatively unchanged compared to the same period in the prior year as the impact of lower interest expense due to lower outstanding loans and borrowings was offset primarily by higher unrealized foreign exchange loss recognized due to a weakening of the Canadian dollar relative to the U.S. dollar and the expiry of the Ambatovy call option.

INCOME TAXES

$ millions		For the three months ended 2015 September 30	2014 September 30	Change		For the nine months ended 2015 September 30	2014 September 30	Change
Income taxes by segment								
Metals	**$**	**(9.2)**	$ (0.3)	(2,892%)	**$**	**(22.9)**	$ (2.8)	(724%)
Oil and Gas		**4.2**	13.2	(68%)		**(35.3)**	42.0	(184%)
Power		**(0.1)**	0.8	(110%)		**(0.6)**	0.6	(203%)
Corporate and other		**–**	4.3	(100%)		**–**	1.9	(100%)
Combined income taxes[1]		**(5.1)**	18.0	(128%)		**(58.8)**	41.7	(241%)
Adjust joint venture and associate		**9.2**	0.3			**22.9**	2.8	
Financial statement income taxes		**4.1**	18.3	(78%)		**(35.9)**	44.5	(181%)

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

Combined income taxes for the three and nine months ended September 30, 2015 were lower than the prior periods due to lower earnings from Moa Joint Venture, Ambatovy and Oil and Gas; this is offset by a net deferred tax expense of $4.4 million resulting from the net write-down of deferred tax assets as a result of the impairment on oil assets. In addition, in the nine month period there is a significant tax recovery related to the reduction in tax rates in Cuba during 2015.

In 2015, clarification was received from the Cuban government regarding the application of tax rate reductions in Cuba due to a new foreign investment law. As a result in the nine months ended September 30, 2015, the tax recovery includes a recovery of $40.7 million in Oil and Gas and $2.6 million for Moa Joint Venture. The total tax recovery includes a non-cash adjustment of $13.0 million to reflect re-measurement of deferred tax liabilities and a current tax recovery of $30.3 million.

CHANGE IN NET LOSS

For the three months ended September 30, 2015, net loss from continuing operations was $210.0 million, or $0.72 per share, compared to a loss of $51.3 million, or $0.17 per share in the prior-year period.

For the nine months ended September 30, 2015, net loss from continuing operations was $314.4 million, or $1.07 per share, compared to a loss of $170.8 million, or $0.57 per share in the prior-year period.

The change in net loss from continuing operations between 2015 and 2014 is detailed below:

$ millions	For the three months ended 2015 September 30	For the nine months ended 2015 September 30
Lower U.S. dollar denominated nickel and cobalt prices	$ (60.6)	$ (92.2)
Higher fertilizer prices	0.2	8.0
Lower oil and gas prices	(28.0)	(81.5)
Higher total metals and fertilizer sales volumes	32.1	62.5
Lower Cuba oil and gas gross working-interest volumes	(4.6)	(8.4)
Higher Spain oil and gas volumes	1.7	6.7
Higher electricity volumes	1.0	2.4
Lower Oil and Gas cost recovery revenue	(1.6)	(10.4)
Lower mining, processing and refining, third-party feed and fertilizer unit costs	5.1	19.9
Lower (Higher) Oil and Gas cost of sales	3.4	(5.2)
Lower administrative expenses	2.8	18.6
Higher depletion, depreciation and amortization	(9.2)	(34.1)
Impairment of Oil assets	(80.6)	(80.6)
Lower exploration and evaluation impairment losses	0.2	1.2
Gain on sale of corporate assets	–	19.1
Arbitration settlement	(12.8)	(12.8)
Ambatovy inventory impairment	(3.0)	(7.3)
January 2014 earnings at Ambatovy capitalized prior to commercial production	–	(10.2)
Foreign exchange impact on operating profit	(13.2)	(28.7)
Lower combined net finance expense, before Ambatovy call option revaluation	3.5	11.3
Ambatovy call option revaluation	(13.7)	(13.7)
Lower combined income tax expense, excluding Cuban tax recovery	23.0	57.2
Cuban tax recovery	–	43.3
Other	(4.4)	(8.7)
Change in net loss from continuing operations, compared to 2014	$ (158.7)	$ (143.6)

CONSOLIDATED FINANCIAL POSITION

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

$ millions, except as noted, as at	2015 September	2014 December 31	Change
Financial Condition			
Cash, cash equivalents and short-term investments	$ 373.8	$ 476.2	(22%)
Net working capital balance	620.3	661.5	(6%)
Current ratio	4.09:1	4.42:1	38%
Total assets	5,631.6	5,283.2	7%
Total loans and borrowings	2,104.7	1,859.9	13%
Shareholders' equity	3,195.3	3,058.7	4%

At September 30, 2015, total available liquidity was $454.5 million, including undrawn credit facilities. Total debt at September 30, 2015, was $2.1 billion, including $1.2 billion related to non-recourse Ambatovy Partner Loans.

Outlook

In the current quarter, the changes to expected production and capital spending come from Oil & Gas, where expected production on both a GWI and NWI basis have been reduced to reflect the drilling results on the PSC Extension wells at Puerto Escondido/ Yumuri. Drilling activity has ended, and capital spending has also been reduced accordingly.

No other revisions have been made to Power or the two Metals operations. Expected production volumes and spending on capital projected for the full year are as shown below:

Production volumes and spending on capital for the nine months and twelve months ended	Previous Guidance at Q2 2015	Actual 2015 September 30	Revised Projected 2015 December 31
Production volumes			
Mixed sulphides (tonnes, Ni+Co contained, 100% basis)			
Moa Joint Venture	36,500–38,000	28,347	No change
Ambatovy Joint Venture	48,000–51,000	36,390	No change
Total	84,500 – 89,000	64,737	84,500–89,000
Nickel, finished (tonnes, 100% basis)			
Moa Joint Venture	33,000–34,000	25,510	No change
Ambatovy Joint Venture	45,000–48,000	35,058	No change
Total	78,000–82,000	60,568	78,000–82,000
Cobalt, finished (tonnes, 100% basis)			
Moa Joint Venture	3,500–4,000	2,692	No change
Ambatovy Joint Venture	3,300–3,500	2,500	No change
Total	6,800–7,500	5,192	6,800–7,500
Oil – Cuba (gross working-interest, bopd)	19,000	18,666	18,500
Oil and Gas – All operations (net working-interest, boepd)	12,000	11,304	11,300
Electricity (GWh, 100% basis)	2,550	2,028	No change
Spending on capital ($ millions)			
Metals – Moa Joint Venture (50% basis), Fort Site (100% basis)	75	44	No change
Metals – Ambatovy Joint Venture (40% basis)	35	19	No change
Oil and Gas	81	55	71
Power (33⅓% basis)	4	2	No change
Spending on capital (excluding Corporate)	195	120	185

Metal Markets

Nickel spot prices hit a multi-year low of US$4.22 per pound on August 24, 2015, a day of commodity and broader equity market panic after Chinese stock market indices fell by 9%, and the Dow Jones Industrial Average opened down 1,000 points. Since that time, nickel prices have rebounded to some degree, trading in a range of US$4.50 – $4.75 per pound in recent weeks. Average realized prices of nickel at the Moa Joint Venture and the Ambatovy Joint Venture were $6.31 and $6.02 per pound, respectively, following the reference price decline, but benefitting from foreign exchange translation as the Canadian dollar weakened by approximately eight cents from the second quarter to the third quarter this year.

The average cobalt reference price of US$13.32 per pound in the third quarter was also down from its year ago comparable of US$14.74, and close to the Q2 2015 average reference price of US$13.61 per pound. Average realized prices of cobalt this quarter were up marginally from their year ago levels, as the decline in the reference price was offset by the weaker Canadian dollar. The cobalt market remains fairly well balanced with continued strong demand in the aerospace and rechargeable battery sectors and lower than forecast production in Zambia.

A sensitivity analysis of quarterly earnings to changes in significant commodity prices is provided in the Supplementary information – Sensitivity analysis section.

Review of operations

METALS

Financial Review

$ millions, for the three months ended September 30				2015				2014	
	Moa JV and Fort Site	**Ambatovy JV**	**Other**	**Total**	Moa JV and Fort Site	Ambatovy JV	Other	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	**$ 97.6**	**$ 80.8**	**$ 15.0**	**$ 193.4**	$ 116.8	$ 89.8	$ 14.6	$ 221.2	(13%)
Earnings (loss) from operations	**(7.7)**	**(55.0)**	**0.7**	**(62.0)**	19.3	(36.7)	–	(17.4)	(256%)
Adjusted EBITDA[1]	**2.2**	**(2.5)**	**0.3**	**–**	27.9	4.3	–	32.2	(100%)
Cash provided (used) by operations	**22.3**	**(21.8)**	**0.4**	**0.9**	14.4	20.9	(2.4)	32.9	(97%)
Free cash flow[1]	**3.1**	**(38.0)**	**0.4**	**(34.5)**	4.0	8.1	(2.4)	9.7	(456%)
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**4,596**	**5,625**	**–**	**10,221**	4,733	4,187	–	8,920	15%
Finished Nickel	**4,521**	**5,209**	**–**	**9,730**	4,614	3,743	–	8,357	16%
Finished Cobalt	**491**	**392**	**–**	**883**	438	327	–	765	15%
Fertilizer	**66,744**	**16,071**	**–**	**82,815**	64,670	9,961	–	74,631	11%
NICKEL RECOVERY (%)	**89%**	**88%**			86%	88%			
SALES VOLUMES (tonnes)									
Finished Nickel	**4,549**	**4,976**	**–**	**9,525**	4,588	3,813	–	8,401	13%
Finished Cobalt	**506**	**332**	**–**	**838**	433	361	–	794	6%
Fertilizer	**32,892**	**15,832**	**–**	**48,724**	17,325	12,412	–	29,737	64%
AVERAGE REFERENCE PRICES (US$ per pound)									
Nickel				**$ 4.78**				$ 8.43	(43%)
Cobalt[2]				**13.32**				14.74	(10%)
AVERAGE-REALIZED PRICES[1]									
Nickel ($ per pound)	**$ 6.31**	**$ 6.02**	**–**	**$ 6.16**	$ 9.03	$ 8.94	–	$ 8.99	(31%)
Cobalt ($ per pound)	**16.44**	**15.55**	**–**	**16.08**	15.66	15.56	–	15.60	3%
Fertilizer ($ per tonne)	**359**	**201**	**–**	**308**	353	158	–	269	14%
UNIT OPERATING COSTS[1] (US$ per pound)									
Nickel – net direct cash cost	**$ 4.07**	**$ 4.24**			$ 5.25	$ 7.26			
SPENDING ON CAPITAL[3]									
Sustaining	**$ 15.3**	**$ 3.3**	**$ –**	**$ 18.6**	$ 9.4	$ 12.8	$ –	$ 22.2	(16%)
Expansion	**4.3**	**–**	**–**	**4.3**	1.5	–	–	1.5	187%
	$ 19.6	**$ 3.3**	**$ –**	**$ 22.9**	$ 10.9	$ 12.8	$ –	$ 23.7	(3%)

(1) For additional information see the Non-GAAP measures section.
(2) Average low-grade cobalt published price per Metals Bulletin.
(3) For Ambatovy JV, excludes payments made on arbitration settlements disclosed in note 6 of the interim condensed consolidated financial statements for the three and nine month period ended September 30, 2015.

$ millions, for the nine months ended September 30				2015				2014	
	Moa JV and Fort Site	**Ambatovy JV**	**Other**	**Total**	Moa JV and Fort Site	Ambatovy JV[1]	Other	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	**$ 311.5**	**$ 262.1**	**$ 47.7**	**$ 621.3**	$ 330.1	$ 218.4	$ 48.8	$ 597.3	4%
Earnings (loss) from operations	**2.4**	**(148.6)**	**1.1**	**(145.1)**	29.1	(106.8)	0.8	(76.9)	(89%)
Adjusted EBITDA[2]	**34.6**	**0.1**	**0.5**	**35.2**	56.9	2.0	0.8	59.7	(41%)
Cash provided (used) by operations	**32.3**	**(2.0)**	**2.7**	**33.0**	4.5	(35.8)	(1.5)	(32.8)	201%
Free cash flow[2]	**(10.3)**	**(33.8)**	**2.7**	**(41.4)**	(15.9)	(73.8)	(1.5)	(91.2)	55%
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**14,174**	**14,556**	**–**	**28,730**	13,616	11,795	–	25,411	13%
Finished Nickel	**12,755**	**14,023**	**–**	**26,778**	12,123	10,857	–	22,980	17%
Finished Cobalt	**1,346**	**1,000**	**–**	**2,346**	1,169	889	–	2,058	14%
Fertilizer	**186,250**	**39,761**	**–**	**226,011**	193,427	28,170	–	221,597	2%
NICKEL RECOVERY (%)	**89%**	**86%**			88%	85%			
SALES VOLUMES (tonnes)									
Finished Nickel	**12,743**	**14,192**	**–**	**26,935**	12,203	9,901	–	22,104	22%
Finished Cobalt	**1,326**	**952**	**–**	**2,278**	1,188	814	–	2,002	14%
Fertilizer	**121,604**	**41,219**	**–**	**162,823**	136,137	27,761	–	163,898	(1%)
AVERAGE REFERENCE PRICES (US$ per pound)									
Nickel				**$ 5.73**				$ 7.81	(27%)
Cobalt[3]				**13.55**				14.20	(5%)
AVERAGE-REALIZED PRICES[2]									
Nickel ($ per pound)	**$ 7.11**	**$ 7.02**	**–**	**$ 7.06**	$ 8.34	$ 8.56	–	$ 8.44	(16%)
Cobalt ($ per pound)	**16.36**	**15.88**	**–**	**16.17**	15.10	14.93	–	15.02	8%
Fertilizer ($ per tonne)	**431**	**196**	**–**	**372**	392	162	–	353	5%
UNIT OPERATING COSTS[2] (US$ per pound)									
Nickel – net direct cash cost	**$ 4.22**	**$ 5.08**			$ 5.18	$ 7.11			
SPENDING ON CAPITAL[4]									
Sustaining	**$ 33.6**	**$ 18.8**	**$ –**	**$ 52.4**	$ 18.0	$ 25.1	$ –	$ 43.1	22%
Expansion	**10.0**	**–**	**–**	**10.0**	3.2	–	–	3.2	213%
	$ 43.6	**$ 18.8**	**$ –**	**$ 62.4**	$ 21.2	$ 25.1	$ –	$ 46.3	35%

(1) Represents the post-commercial production period except for production volumes and nickel recovery.
(2) For additional information see the Non-GAAP measures section.
(3) Average low-grade cobalt published price per Metals Bulletin.
(4) For Ambatovy JV, excludes payments made on arbitration settlements disclosed in note 6 of the interim condensed consolidated financial statements for the three and nine month period ended September 30, 2015.

Moa Joint Venture and Fort Site

Revenue is composed of the following:

$ millions	For the three months ended 2015 September 30	2014 September 30	Change	For the nine months ended 2015 September 30	2014 September 30	Change
Nickel	**$ 63.3**	$ 91.3	(31%)	**$ 199.7**	$ 224.4	(11%)
Cobalt	**18.3**	14.9	23%	**47.8**	39.5	21%
Fertilizers	**11.8**	6.1	93%	**52.4**	53.4	(2%)
Other[1]	**4.2**	4.5	(7%)	**11.6**	12.8	(9%)
	$ 97.6	$ 116.8	(16%)	**$ 311.5**	$ 330.1	(6%)

(1) Beginning in the second quarter of 2015 sulphuric acid revenue was reclassified from fertilizers to other; all current and prior periods have been adjusted to reflect this change. The amount of sulphuric acid revenue included in other was $3.3 million and $7.9 million for the three and nine months ended September 30, 2015, respectively, and $2.8 million and $8.7 million for the three and nine months ended September 30, 2014, respectively.

The change in earnings from operations between 2015 and 2014 is detailed below:

$ millions	For the three months ended 2015 September 30	For the nine months ended 2015 September 30
Lower U.S. dollar denominated realized nickel prices	**$ (37.6)**	**$ (58.1)**
Lower U.S. dollar denominated realized cobalt prices	**(1.9)**	**(2.4)**
(Lower) higher fertilizer prices	**(0.4)**	**5.9**
Higher metals sales volumes	**0.9**	**3.1**
Higher (lower) fertilizer sales volumes	**1.5**	**(2.1)**
Lower mining, processing and refining, third-party feed and fertilizer unit costs	**5.1**	**19.9**
Weaker Canadian dollar relative to the U.S. dollar	**3.2**	**8.5**
Other	**2.2**	**(1.5)**
Change in earnings from operations, compared to 2014	**$ (27.0)**	**$ (26.7)**

The average-realized prices of nickel for the three and nine months ended September 30, 2015 was lower than the same periods in the prior year due to lower reference prices. The impact of lower reference prices was partly offset by the impact of a weaker Canadian dollar relative to the U.S. dollar.

The average-realized prices of cobalt for the three and nine months ended September 30, 2015 were higher compared to the same periods in the prior year as the lower reference prices were more than offset by the impact of a weaker Canadian dollar relative to the U.S. dollar.

Production of contained mixed sulphides for the three months ended September 30, 2015 was marginally lower compared to the same period in the prior year due to the impact of power failures from a newly commissioned national power plant in the Moa area which tripped out Moa Nickel's operations on several occasions in the quarter resulting in unplanned production outages. Moa Nickel has since taken steps to ensure that future power outages from the new facility have minimal impact on operations. Production was higher for the nine months ended September 30, 2015 reflecting strong first quarter production.

Production of finished nickel for the three months ended September 30, 2015 was marginally lower compared to the same period in the prior year due to maintenance activities; however it was higher for the current year-to-date period. Continued stable refinery operations and mixed sulphide availability during the current year resulted in finished nickel volume above levels of the prior year despite a longer planned annual refinery shutdown in the second quarter of 2015. Finished cobalt production for the three and nine months ended September 30, 2015 was also higher than in the same periods in the prior year reflecting similar trends and a higher cobalt ratio in feed.

Fertilizer's contributions to operating earnings for the three and nine months ended September 30, 2015 were lower compared to the same periods in the prior year. For the three months ended September 30, 2015 higher maintenance costs were partly offset by higher sales volumes and lower natural gas prices. For the nine months ended September 30, 2015 lower opening inventories after a strong fourth quarter in 2014 and the maintenance shutdown in the second quarter of 2015, impacted production and sales volumes.

Cost of sales[1] is composed of the following:

	For the three months ended			For the nine months ended		
	2015	2014		**2015**	2014	
$ millions	**September 30**	September 30	Change	**September 30**	September 30	Change
Mining, processing and refining	**$ 69.9**	$ 67.6	3%	**$ 192.8**	$ 188.7	2%
Third-party feed costs	**2.5**	4.6	(46%)	**9.2**	11.2	(18%)
Fertilizers	**12.7**	4.4	189%	**41.2**	39.5	4%
Selling costs	**4.2**	3.9	8%	**11.9**	12.5	(5%)
Other[1]	**4.7**	6.5	(28%)	**17.4**	15.2	14%
	$ 94.0	$ 87.0	8%	**$ 272.5**	$ 267.1	2%

(1) Excludes depletion, depreciation and amortization

(2) Beginning in the second quarter of 2015 sulphuric acid cost of sales was reclassified from fertilizers to other; all current and prior periods have been adjusted to reflect this change. The amount of sulphuric acid cost of sales included in other was $2.8 million and $9.9 million for the three and nine months ended September 30, 2015, respectively, and $1.9 million and $5.0 million for the three and nine months ended September 30, 2014, respectively.

Net direct cash cost[1] is composed of the following:

	For the three months ended			For the nine months ended		
	2015	2014		**2015**	2014	
	September 30	September 30	Change	**September 30**	September 30	Change
Mining, processing and refining costs	**$ 5.12**	$ 6.10	(16%)	**$ 5.34**	$ 6.33	(16%)
Third-party feed costs	**0.19**	0.40	(53%)	**0.26**	0.38	(32%)
Cobalt by-product credits	**(1.39)**	(1.35)	(3%)	**(1.35)**	(1.34)	(1%)
Other[2]	**0.15**	0.10	50%	**(0.03)**	(0.19)	84%
Net direct cash cost (US$ per pound of nickel)	**$ 4.07**	$ 5.25	(22%)	**$ 4.22**	$ 5.18	(19%)

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

(2) Includes the Moa Joint Venture and Fort Site refinery fertilizer by-product profit or loss and marketing costs, discounts, and other by-product credits.

Net direct cash cost of nickel in the three and nine months ended September 30, 2015 were lower compared to the same periods in the prior year primarily due to lower fuel oil prices, lower third party feed costs and a weaker Canadian dollar relative to the U.S. dollar.

Sustaining capital spending for the Moa Joint Venture was higher in the three and nine months ended September 30, 2015 compared to the same periods in the prior year reflecting higher planned spending and a weaker Canadian dollar relative to the U.S. dollar. Higher spending was a result of planned projects undertaken during the extended refinery and utilities shutdowns completed in the second quarter of 2015. Expansion capital spending relates to the construction of the 2,000 tonnes per day acid plant at Moa which is on track for operation in the second half of 2016.

Ambatovy

Revenue is composed of the following:

$ millions	For the three months ended			For the nine months ended		
	2015 September 30	2014 September 30	Change	**2015 September 30**	2014 September 30[1]	Change
Nickel	**$ 66.0**	$ 75.2	(12%)	**$ 219.5**	$ 186.7	18%
Cobalt	**11.4**	12.4	(8%)	**33.4**	26.8	25%
Fertilizers	**3.2**	2.0	60%	**8.1**	4.5	80%
Other	**0.2**	0.2	–	**1.1**	0.4	175%
	$ 80.8	$ 89.8	(10%)	**$ 262.1**	$ 218.4	20%

(1) Excludes revenue for January of approximately $17 million, which was capitalized for accounting purposes.

The change in earnings from operations between 2015 and 2014 is detailed below:

$ millions	For the three months ended 2015 September 30	For the nine months ended 2015 September 30
Lower US dollar denominated realized nickel prices	**$ (18.4)**	**$ (26.2)**
Lower US dollar denominated realized cobalt prices	**(2.7)**	**(5.4)**
Higher metals sales volumes	**29.7**	**61.5**
Higher fertilizer sales volumes	**0.6**	**2.1**
(Higher) lower administrative expense	**(1.1)**	**1.9**
Higher depreciation expense	**(3.1)**	**(19.6)**
Weaker Canadian dollar relative to the U.S. dollar	**(17.9)**	**(39.1)**
January 2014 losses capitalized prior to commercial production	**–**	**(10.2)**
Inventory Impairment	**(3.0)**	**(7.3)**
Other	**(2.4)**	**0.5**
Change in earnings from operations, compared to 2014	**$ (18.3)**	**$ (41.8)**

The average-realized prices of nickel for the three and nine months ended September 30, 2015 decreased compared to the same periods in the prior year due to lower reference prices. The impact of a lower reference price was partly offset by a weaker Canadian dollar relative to the U.S. dollar.

The average-realized prices of cobalt for the three and nine months ended September 30, 2015 were higher compared to the same periods in the prior year as the lower reference prices were more than offset by the impact of a weaker Canadian dollar relative to the U.S. dollar.

Production and sales volumes of nickel and cobalt were higher for the three and nine months ended September 30, 2015 compared to the same periods in the prior year due to process control enhancements and improved operational stability, which have facilitated the continued ramp-up of production capacity. The third quarter of 2015 represented a record quarter for nickel production. For the nine months ended September 30, 2015 production was affected by a plant strike in April, unexpected plant outages and maintenance and repairs to the ore thickeners. The first ore thickener was brought back online in the second quarter and the second returned to production at the end of this quarter. A planned autoclave train turnaround was executed in September, with further turnarounds scheduled in October and November.

Sales of nickel and cobalt for the nine months ended September 30, 2015 were higher compared to the prior-year period which only included sales for the eight months following the declaration of commercial production.

Depletion, depreciation, and amortization expense for the nine months ended September 30, 2015 was higher compared to the same period in the prior year primarily due to the prior-year period recognizing depreciation for the post commercial production period only.

Cost of sales[1] is composed of the following:

	For the three months ended			For the nine months ended		
	2015	2014		**2015**	2014	
$ millions	**September 30**	September 30	Change	**September 30**	September 30[2]	Change
Mining, processing and refining	**$ 68.7**	$ 74.7	(8%)	**$ 227.7**	$ 187.3	22%
Selling costs	**3.7**	2.7	37%	**11.0**	8.0	38%
Other	**2.4**	1.9	26%	**5.8**	3.8	53%
	$ 74.8	$ 79.3	5%	**$ 244.5**	$ 199.1	23%

(1) Excludes depletion, depreciation and amortization.

(2) Excludes cost of sales for January of approximately $27 million, which were capitalized for accounting purposes.

Net direct cash cost[1] is composed of the following:

	For the three months ended			For the nine months ended		
	2015	2014		**2015**	2014	
	September 30	September 30	Change	**September 30**	September 30[2]	Change
Mining, processing and refining costs	**$ 5.18**	$ 8.33	(38%)	**$ 5.64**	**$** 8.14	(31%)
Cobalt by-product credits	**(0.84)**	(1.34)	(37%)	**(0.86)**	(1.14)	(25%)
Other[3]	**(0.10)**	0.27	(137%)	**0.30**	0.11	173%
Net direct cash cost (US$ per pound of nickel)	**4.24**	7.26	(42%)	**5.08**	7.11	(29%)

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

(2) Represents the post-commercial production period.

(3) Includes selling costs, discounts, and other by-product credits.

Net direct cash cost of nickel for the three and nine months ended September 30, 2015 decreased compared to the same periods in the prior year primarily due to increased production efficiencies resulting from the continued ramp up; lower maintenance costs and lower overall commodity input costs.

Capital spending for Ambatovy is focused on sustaining capital for mining and production equipment and the tailings facility.

In September 2015, Ambatovy achieved financial completion under the terms of the Ambatovy senior financing. Upon achieving financial completion, the US$1.7 billion (100% basis, balance as at September 30, 2015) Ambatovy senior financing became non-recourse to the Joint Venture partners and the interest rate increased from LIBOR plus 1.4% to LIBOR plus 2.5%. Under the terms of the Ambatovy Joint Venture Financing, a supermajority group of the lenders may, within 45 days of achieving financial completion, initiate a challenge to reinstate the completion guarantees. In order for any challenge to succeed, the lenders would need to prove that one or more of the completion certificates is false in a materially adverse way to the lenders' interest. During a challenge, if one occurs, Sherritt's proportionate share of the outstanding project debt would remain non-recourse to Sherritt until a final ruling or settlement occurs.

In the third quarter of 2015, US$174.0 million (100% basis) of funding was provided by the Joint Venture partners including funding of the Senior Debt Reserve Account for US$115.0 million (100% basis) and to settle arbitration payments of US$65.0 million (100% basis).

During the quarter, SNC-Lavalin exercised their put option to divest their 5% put option in Ambatovy, selling their stake to existing partner Sumitomo Corporation for $600 million. Sumitomo now owns 32.5%, with Sherritt at 40% and Korea Resources at 27.5%. As a result of SNC-Lavalin exercising their put option, the Ambatovy call option expired and the Corporation recognized a loss on financial instruments of $13.7 million within net finance expense.

OIL AND GAS

Financial review

$ millions, except as otherwise noted	For the three months ended 2015 September 30	2014 September 30	Change	For the nine months ended 2015 September 30	2014 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 38.5**	$ 68.1	(43%)	**$ 132.1**	$ 219.7	(40%)
(Loss) earnings from operations	**(81.6)**	32.1	(354%)	**(70.4)**	115.6	(161%)
Adjusted EBITDA[1]	**20.8**	47.7	(56%)	**72.2**	165.6	(56%)
Cash provided (used) by operations	**47.2**	41.3	14%	**50.6**	135.5	(63%)
Free cash flow[1]	**35.7**	26.8	33%	**(1.8)**	89.5	(102%)
PRODUCTION AND SALES[2]						
Gross working-interest (GWI) - Cuba	**17,693**	19,412	(9%)	**18,666**	19,710	(5%)
Total net working-interest (NWI)	**11,026**	10,607	4%	**11,304**	11,160	1%
AVERAGE REFERENCE PRICES (US$ per barrel)						
Gulf Coast Fuel Oil No. 6	**$ 38.11**	$ 87.57	(56%)	**$ 44.42**	$ 89.56	(50%)
Brent	**50.29**	101.86	(51%)	**55.00**	106.99	(49%)
AVERAGE-REALIZED PRICES[1] (NWI)						
Cuba ($ per barrel)	**$ 36.36**	$ 69.18	(47%)	**$ 41.26**	$ 71.31	(42%)
Spain ($ per barrel)	**66.03**	109.99	(40%)	**70.29**	116.43	(40%)
Pakistan ($ per boe)[2]	**10.97**	9.02	22%	**10.51**	8.94	18%
Weighted-average ($ per boepd)	**36.69**	68.37	(46%)	**41.66**	70.74	(41%)
UNIT OPERATING COSTS[1][2][3] (GWI)						
Cuba	**$ 9.04**	$ 9.98	(9%)	**$ 9.13**	$ 8.12	12%
Spain	**43.82**	39.30	12%	**61.27**	38.89	58%
Pakistan	**8.57**	7.69	11%	**8.13**	6.49	25%
Weighted-average ($ per boepd)	**9.76**	10.32	(5%)	**10.40**	8.55	22%
SPENDING ON CAPITAL						
Development, facilities and other	**$ 10.9**	$ 14.0	(22%)	**$ 54.3**	$ 44.6	22%
Exploration	**0.8**	–	–	**0.9**	0.6	50%
	$ 11.7	$ 14.0	(16%)	**$ 55.2**	$ 45.2	22%

(1) For additional information see the Non-GAAP measures section.
(2) Oil production is stated in barrels of oil per day (bopd). Natural gas production is stated in barrels of oil equivalent per day (boepd), which is converted at 6,000 cubic feet per barrel. Collectively, oil and natural gas production are stated in barrels of oil equivalent per day (boepd).
(3) Excludes the impact of impairment of property, plant and equipment.

Oil and Gas revenue is composed of the following:

$ millions	For the three months ended 2015 September 30	2014 September 30	Change	For the nine months ended 2015 September 30	2014 September 30	Change
Cuba	**$ 34.6**	$ 64.1	(46%)	**$ 118.7**	$ 205.6	(42%)
Spain	**2.2**	2.4	(8%)	**9.0**	9.2	(2%)
Pakistan	**0.3**	0.3	–	**0.9**	0.8	13%
Processing	**1.4**	1.3	8%	**3.5**	4.1	(15%)
	$ 38.5	$ 68.1	(43%)	**$ 132.1**	$ 219.7	(40%)

The change in earnings from operations between 2015 and 2014 is detailed below:

$ millions	For the three months ended 2015 September 30	For the nine months ended 2015 September 30
Lower realized oil and gas prices, denominated in U.S. dollars	$ (28.0)	$ (81.5)
Lower Cuba gross working-interest volumes	(4.6)	(8.4)
Higher Spain volumes	1.7	6.7
Lower cost recovery revenue	(1.6)	(10.4)
Lower administrative costs	0.2	1.8
Higher depletion, depreciation and amortization	(2.5)	(4.6)
Weaker Canadian dollar relative to the U.S. dollar	(0.9)	(3.4)
Impairment of Oil assets	(80.6)	(80.6)
Lower exploration and evaluation impairment losses	0.2	1.2
Lower (higher) operating costs	3.4	(5.2)
Other	(1.0)	(1.6)
Change in earnings from operations, compared to 2014	$ (113.7)	$ (186.0)

Reference and realized prices continued to decline in the third quarter of 2015. Prices were significantly lower in the three and nine months ended September 30, 2015 compared to the same periods in the prior year. The decrease in average-realized price in the current-year periods benefited from the impact of a weaker Canadian dollar relative to the U.S. dollar.

In Spain, revenue was relatively unchanged in the three and nine months ended September 30, 2015 compared to the same periods in the prior year due to higher production resulting from a successful workover in the Rodaballo field, which came back onto production in the first quarter of 2015. The increase in production from this workover was offset by the impact of lower realized prices.

Production and sales volumes were as follows:

	For the three months ended			For the nine months ended		
	2015	2014		2015	2014	
Daily production volumes[1]	September 30	September 30	Change	September 30	September 30	Change
Gross working-interest oil production in Cuba	**17,693**	19,412	(9%)	**18,666**	19,710	(5%)
Net working-interest oil production						
Cuba (heavy oil)						
Cost recovery	**4,349**	2,428	79%	**3,884**	3,087	26%
Profit oil	**6,005**	7,643	(21%)	**6,652**	7,475	(11%)
Total	**10,354**	10,071	3%	**10,536**	10,562	–
Spain (light oil)	**374**	235	59%	**471**	288	64%
Pakistan (natural gas)	**298**	301	(1%)	**297**	310	(4%)
	11,026	10,607	4%	**11,304**	11,160	1%

(1) Refer to Oil and Gas production and sales volume on page 30 for further detail.

Gross working-interest oil production in Cuba decreased in the three and nine months ended September 30, 2015 compared to the same periods in the prior year primarily due to lower oil production from development wells drilled under the Puerto Escondido/Yumuri Production Sharing Contract (PSC) extension which were not able to offset the natural reservoir declines.

Cost-recovery oil production in Cuba for the three and nine months ended September 30, 2015 increased compared to the same periods in the prior year as a result of lower oil prices. The allocation of cost recovery barrels in any particular period is limited to a fixed percentage of GWI volumes within each cost pool. Expenditures that exceed this limit are carried forward and are eligible for a future allocation of cost recovery barrels.

Profit oil production, which represents Sherritt's share of production after cost recovery volumes are deducted from GWI volumes, were lower as a result of higher cost recovery oil volumes during the current-year periods and a reduction in GWI volumes.

In Spain, oil production was higher in the three and nine months ended September 30, 2015 compared to the same periods in the prior year as a result of increased production from the Rodaballo field.

Unit operating cost in Cuba decreased in the three months ended September 30, 2015 and increased for the nine months ended September 30, 2015 compared to the same periods in the prior year. Both periods increased due to the effect of lower production volumes and a weaker Canadian dollar relative to the U.S. dollar, however, this increase was more than offset by lower well workover costs in the quarter.

Unit operating cost in Spain increased in the three and nine months ended September 30, 2015 compared to the same periods in the prior year. The increase in the three and nine months ended September 30, 2015 was primarily a result of higher workover costs in 2015, partly offset by higher production in the Rodaballo field. In addition, a stronger Canadian dollar relative to the Euro partly offset the increase in unit operating cost in the nine months ended September 30, 2015. Major workover costs accounted for an increase of $8.43 and $31.86 per barrel for the three and nine months periods ended September 30, 2015, respectively.

Spending on capital was lower in the three months ended September 30, 2015 and higher in the nine months ended September 30, 2015 compared to the same periods in the prior year. The decrease in third quarter was primarily due to decrease in development drilling activities and lower spending on facilities and equipment. The increase in the nine months ended September 30, 2015 was primarily due to an increase in development drilling activities and equipment purchases, partly offset by lower spending on facilities. In the three months ended September 30, 2015, two new development wells were drilled with one producing and one subsequently suspended. In the nine months ended September 30, 2015, a total of six development wells were drilled with four currently producing oil, one abandoned and one suspended.

Oil and Gas fulfilled its commitment to drill seven wells under the Puerto Escondido/Yumuri Production Sharing Contract (PSC) extension agreement.

POWER

Financial review

$ millions (33 1/3% basis), except as otherwise noted	For the three months ended 2015 September 30	2014 September 30	Change	For the nine months ended 2015 September 30	2014 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 14.5**	$ 12.7	14%	**$ 39.0**	$ 37.3	5%
(Loss) earnings from operations	**1.0**	2.7	(63%)	**(0.4)**	4.4	(109%)
Adjusted EBITDA[1]	**9.6**	8.0	20%	**24.5**	19.4	26%
Cash provided by operations	**15.6**	20.7	(25%)	**55.0**	31.3	76%
Free cash flow[1]	**14.7**	20.1	(27%)	**52.7**	29.2	81%
PRODUCTION AND SALES						
Electricity (GWh[2])	**242**	223	9%	**676**	633	7%
AVERAGE-REALIZED PRICES[1]						
Electricity (per MWh[2])	**$ 55.46**	$ 46.39	20%	**$ 53.49**	$ 46.28	16%
UNIT OPERATING COSTS[1] (per MWh)						
Base	**$ 15.15**	$ 12.39	22%	**$ 15.49**	$ 13.82	12%
Non-base[3]	**2.27**	1.00	127%	**1.19**	1.55	(23%)
	17.42	13.39	30%	**16.68**	15.37	9%
SPENDING ON CAPITAL AND SERVICE CONCESSION ARRANGEMENTS						
Sustaining	**$ 0.8**	0.6	33%	**$ 2.2**	$ 1.4	57%
Growth	**–**	–	–	**–**	0.7	(100%)
Capital	**$ 0.8**	0.6	33%	**$ 2.2**	$ 2.1	5%
Service concession arrangements	**0.1**	0.4	(75%)	**(0.1)**	2.1	(105%)
	$ 0.9	1.0	(10%)	**$ 2.1**	$ 4.2	(50%)

(1) For additional information see the Non-GAAP measures section.
(2) Gigawatt hours (GWh), Megawatt hours (MWh).
(3) Costs incurred at the Boca de Jaruco and Puerto Escondido facilities that otherwise would have been capitalized if these facilities were not accounted for as service concession arrangements.

Power revenue is composed of the following:

$ millions (33 1/3% basis)	For the three months ended 2015 September 30	2014 September 30	Change	For the nine months ended 2015 September 30	2014 September 30	Change
Electricity sales	**$ 13.4**	$ 10.3	30%	**$ 36.1**	$ 29.3	23%
By-products and other	**1.0**	2.0	(50%)	**3.0**	5.9	(49%)
Construction activity[1]	**0.1**	0.4	(75%)	**(0.1)**	2.1	(105%)
	$ 14.5	$ 12.7	14%	**$ 39.0**	$ 37.3	5%

(1) Value of construction, enhancement or upgrading activity of the Boca de Jaruco and Puerto Escondido facilities. The contractual arrangements related to the activities of these facilities are treated as service concession arrangements for accounting purposes. Construction activity revenue is offset equally by construction activity expenses recorded in cost of goods sold.

The change in earnings from operations between 2015 and 2014 is detailed below:

$ millions (33 1/3% basis)	For the three months ended 2015 September 30	For the nine months ended 2015 September 30
Higher electricity volumes	$ 1.0	$ 2.4
Lower realized by-product prices	(1.0)	(2.4)
Higher (lower) realized by-product volume	0.1	(0.7)
Lower administrative expenses	0.6	2.6
Higher depletion, depreciation and amortization	(3.6)	(9.9)
Weaker Canadian dollar relative to the U.S. dollar	2.4	5.3
Other	(1.2)	(2.1)
Change in earnings from operations, compared to 2014	$ (1.7)	$ (4.8)

Electricity revenue was higher in the three and nine months ended September 30, 2015 due to higher realized prices and volumes. Production was higher in the current periods as a result of higher gas availability and for the year to date period, production from the 150MW Boca de Jaruco Combined Cycle Project which was operational for the entire period, compared to eight months in the prior-year period as a result of being brought online effective February 2, 2014.

The average-realized price of electricity was higher for the three and nine months ended September 30, 2015 compared to the same periods in the prior year primarily due to a weaker Canadian dollar relative to the U.S. dollar.

Higher depletion, depreciation and amortization expense for the three and nine months ended September 30, 2015 compared to the same periods in the prior year is due to the impact of a change in residual value estimate of the Varadero facility in the first quarter of 2015 as well as the impact of a weaker Canadian dollar relative to the U.S. dollar. In addition, depletion, depreciation and amortization is higher for the nine months ended September 30, 2015 due to depreciation at the Boca de Jaruco Combined Cycle Project being recognized for the full period, compared to eight months in the prior period.

Unit operating cost increased for the three and nine months ended September 30, 2015 compared to the same periods in the primarily due to a weaker Canadian dollar relative to the U.S. dollar, partly offset by higher production. Costs in the three month period ended September 30, 2015 were also impacted by higher equipment purchases and processing equipment repairs.

Sustaining capital expenditures were primarily related to routine maintenance and the purchases of equipment.

Liquidity and capital resources

Total available liquidity at September 30, 2015 was $454.5 million which includes cash, cash equivalents and short term investments of $373.8 million and available credit facilities of $80.7 million.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table provides a summary of consolidated significant liquidity and capital commitments based on existing commitments and debt obligations (including accrued interest):

Canadian $ millions, as at September 30, 2015	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	$ 118.1	$ 118.1	$ –	$ –	$ –	$ –	$ –
Income taxes payable	3.4	3.4	–	–	–	–	–
Loans and borrowings(1)	3,550.6	103.1	149.3	173.0	425.5	468.7	2,231.0
Provisions	190.8	30.5	0.2	7.8	0.8	–	151.5
Operating leases	20.6	2.9	2.9	2.9	3.0	3.0	5.9
Capital commitments	12.6	8.0	4.6	–	–	–	–
Total	$ 3,896.1	$ 266.0	$ 157.0	$ 183.7	$ 429.3	$ 471.7	$ 2,388.4

(1) The interest and principal on the loans from the Ambatovy Joint Venture partners will be repaid from the Corporation's share of distributions from the Ambatovy Joint Venture. Amounts are based on management's best estimate of future cash flows including estimating assumptions such as commodity prices, production levels, cash costs of production, capital and reclamation costs. The Ambatovy Joint Venture additional partner loans are non-recourse to Sherritt unless there is a direct breach of certain restrictions stipulated in the loan documents. The maturity analysis table includes an estimate of interest repayments.

OTHER COMMITMENTS

The following commitments are not reflected in the table above:

Moa Joint Venture

As a result of the Corporation's 50% interest in the Moa Joint Venture, its proportionate share of significant commitments of the joint venture includes the following:

- Environmental rehabilitation commitments of $80.0 million, with no significant repayments due in the next four years;
- Advances and loans payable of $200.9 million; and
- Other commitments of $0.9 million.

Ambatovy Joint Venture

As a result of the Corporation's 40% interest in the Ambatovy Joint Venture, its proportionate share of significant commitments of the Joint Venture includes the following:

- Environmental rehabilitation commitments of $223.4 million, with no significant repayments due in the next four years;
- Other contractual commitments of $46.3 million; and
- Ambatovy Joint Venture senior debt financing of US$678.1 million ($905 million). On an undiscounted basis, principal and interest repayments are $1.1 billion.

  In September 2015, the Ambatovy Joint Venture filed the final two certificates required and made a deposit of US$115 million in one-time funding of the Senior Debt Reserve Account to achieve financial completion under the Ambatovy Joint Venture financing. Upon achieving financial completion, the US$1.7 billion (100% basis, balance as at September 30, 2015) Ambatovy Joint Venture financing became non-recourse to the Joint Venture partners and the interest rate increased from LIBOR plus 1.4% to LIBOR plus 2.5%.

INVESTMENT LIQUIDITY

At September 30, 2015, cash and cash equivalents and investments were located in the following countries:

$ millions, as at September 30, 2015	Cash	Cash equivalents and short-term investments	Total
Canada	$ 93.8	$ 264.9	$ 358.7
Cuba	6.1	–	6.1
Other	9.0	–	9.0
	$ 108.9	$ 264.9	$ 373.8

Cash and short-term investments

The Corporation's cash balances are deposited with major financial institutions rated A- or higher by Standard & Poor's, except for institutions located in Madagascar (BB or higher) and with banks in Cuba that are not rated.

At September 30, 2015 cash equivalents included $ 156.9 million in Government of Canada treasury bills and term deposits with major financial institutions both having original maturity dates of less than three months and short-term investments included $108.0 million in Government of Canada treasury bills having original maturity dates of greater than three months and less than one year.

The table above does not include cash and cash equivalents of $29.4 million (100% basis) held by the Moa Joint Venture, or $200.5 million (100% basis) held by the Ambatovy Joint Venture. The Corporation's share is included as part of the investment in a joint venture and associate balances in the consolidated statement of financial position.

AVAILABLE CREDIT FACILITIES

At September 30, 2015, the Corporation and its related entities had borrowed $2.1 billion under available credit facilities and through the issuance of debentures.

The following table outlines the maximum amounts undrawn and available to the Corporation for credit facilities that had amounts undrawn at September 30, 2015 and December 31, 2014. In September 2015, the Corporation amended the terms of the syndicated revolving-term credit facility as well as the line of credit and increased the maximum credit available on these facilities. A detailed description of these facilities is provided in the Loans, borrowings and other liabilities note in the Corporation's interim condensed consolidated statements for the period ended September 30, 2015 and audited consolidated financial statements for the year ended December 31, 2014.

$ millions, as at		**2015 September 30**		2014 December 31
	Maximum	**Undrawn and Available**[1]	Maximum	Undrawn and Available[1]
Short-term				
Syndicated revolving-term credit facility[2]	**$ 115**	**$ 46**	$ 90	$ 33
Line of credit	**35**	**35**	20	20
Total	**$ 150**	**$ 81**	$ 110	$ 53

(1) The Corporation's credit facilities are available to the extent amounts are undrawn and financial covenants or restrictions have not been exceeded.

(2) Established for general corporate purposes. Total available draw is based on eligible receivables and inventory. At September 30, 2015, the Corporation had $44.3 million of letters of credit outstanding and drew down $25.0 million on this facility. Letters of credit at September 30, 2015 are primarily in place to support Oil and Gas reclamation obligations in Spain and exploration activities in Cuba.

Covenants

Certain of the Corporation's credit facilities, loans and debentures have financial tests and other covenants with which the Corporation and its affiliates must comply. Non-compliance with such covenants could result in accelerated repayment of the related debt or credit facilities and classification of the amounts to current. The Corporation monitors its covenants on an ongoing basis and reports on its compliance with the covenants to its lenders on a quarterly basis.

At September 30, 2015, there are no events of default on the Corporation's borrowings or debentures.

SOURCES AND USES OF CASH

The Corporation's cash flows from operating, investing and financing activities are summarized in the following table as derived from Sherritt's consolidated statements of cash flow[(1)].

	For the three months ended			For the nine months ended		
	2015	2014		**2015**	2014	
$ millions	**September 30**	September 30	Change	**September 30**	September 30	Change
Cash provided (used) by operating activities						
Oil and Gas operating cash flow	**$ 47.2**	$ 41.3	14%	**$ 50.6**	$ 135.5	(63%)
Power operating cash flow (excluding interest received on Energas CSA loan)	**11.6**	7.9	47%	**19.9**	16.4	21%
Fort Site operating cash flow	**27.6**	9.4	193%	**13.2**	(1.5)	969%
Dividends received from Moa Joint Venture	**–**	–	–	**12.5**	–	–
Interest received on Moa Joint Venture loans	**0.6**	6.6	(91%)	**8.4**	11.7	(28%)
Interest received on Energas CSA loan	**4.0**	12.8	(69%)	**35.1**	14.9	136%
Interest paid on debentures	**(9.2)**	(18.9)	51%	**(38.5)**	(65.3)	41%
Corporate and other operating cash flow	**(13.3)**	(18.1)	27%	**(47.5)**	(41.5)	(14%)
Cash provided by continuing operations	**68.5**	41.0	67%	**53.7**	70.2	(24%)
Cash (used) provided by discontinued operations	**(0.1)**	(5.6)	98%	**(3.7)**	18.7	(120%)
	$ 68.4	$ 35.4	93%	**$ 50.0**	$ 88.9	(44%)
Cash (used) provided by investing and financing						
Property, plant, equipment and intangible expenditures	**$ (17.3)**	$ (18.9)	8%	**$ (69.2)**	$ (56.9)	(22%)
Repayment of advances, loans receivable and other financial assets	**10.9**	0.1	10800%	**30.2**	10.3	193%
Increase in advances, loans receivable and other financial assets	**(17.1)**	(0.9)	(1800%)	**(17.1)**	(2.2)	(677%)
Increase of loans, borrowings and other financial liabilities	**25.0**	–	–	**25.0**	–	–
Repayment of loans, borrowings and other financial liabilities	**(0.4)**	(0.1)	(300%)	**(1.2)**	(364.9)	100%
Loans to Ambatovy Joint Venture	**(91.8)**	–	–	**(135.7)**	(118.0)	(15%)
Receipt from investments	**–**	–	–	**–**	6.2	(100%)
Net proceeds from sale of Corporate assets	**–**	–	–	**21.2**	–	–
Dividends paid on common shares	**(3.0)**	(3.0)	–	**(9.0)**	(18.9)	52%
Issuance of common shares	**0.7**	1.0	(30%)	**0.7**	1.0	(30%)
Cash used by discontinued operations	**–**	–	–	**–**	(23.0)	100%
Net proceeds from sale of Coal (net of cash disposed)	**–**	–	–	**–**	804.3	(100%)
Other	**0.1**	0.8	(88%)	**2.7**	1.7	59%
	$ (92.9)	$ (21.0)	(342%)	**$ (152.4)**	$ 239.6	(164%)
	(24.5)	14.4	(270%)	**(102.4)**	328.5	(131%)
Cash, cash equivalents and short-term investments:						
Beginning of the period	**398.3**	965.9	(59%)	**476.2**	651.8	(27%)
End of the period	**$ 373.8**	$ 980.3	(62%)	**$ 373.8**	$ 980.3	(62%)

(1) As a result of disposing the Coal operations on April 28, 2014, cash (used) provided by Coal prior to disposal and any subsequent uses related to Coal are reported in cash provided (used) by discontinued operations for the current and prior-year periods.

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

Cash from continuing operations was higher during the three months ended September 30, 2015 and lower for the nine months ended September 30, 2015 compared to prior periods:

- cash from continuing operating activities at Oil and Gas was higher for the three months ended and lower for the nine months ended September 30, 2015 compared to the same periods in the prior year, respectively. For both periods, cash was impacted by lower earnings and lower income taxes paid. In the three month period, the collection of overdue receivables more than offset the impact of lower earnings and taxes paid. The Corporation continues to receive payments on its overdue receivables in accordance with a payment plan agreed to by the Cuban Government;
- increase in cash flow from operations at Fort Site relates primarily to timing of collection of fertilizer sales; and
- interest payments on debentures were lower as a result of the reduction of outstanding debt in the fourth quarter of 2014.

In investing and financing activities, the Corporation:

- provided funding of $91.8 million (US$69.6 million) to the Ambatovy Joint Venture in the third quarter of 2015 relates primarily to fund the Senior Debt Reserve Account and to settle arbitration payments;

- repayment of advances and loans receivable of $10.9 million and $30.2 million for the three and nine months ended September 30, 2015, respectively, relates primarily to principal repayments from Energas;
- increase in advances and loans receivable in both periods of $17.1 million relates to advances made to the Moa Joint Venture; and
- increase in loans and borrowings in both periods of $25.0 million due to the draw down of the revolving term credit facility.

Combined adjusted operating and free cash flow

The Corporation's combined adjusted operating cash flow[1] and free cash flow[1] are summarized in the following table as derived from Sherritt's consolidated statements of cash flow.

	For the three months ended			For the nine months ended		
	2015	2014		**2015**	2014	
$ millions	**September 30**	September 30	Change	**September 30**	September 30	Change
Combined adjusted operating cash flow	**$ 10.7**	$ 82.7	(87%)	**$ 92.4**	$ 136.5	(32%)
Combined free cash flow	**(7.5)**	28.0	(127%)	**(74.2)**	(66.9)	(11%)

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

During the three and nine months ended September 30, 2015, combined adjusted operating cash flow, which excludes changes in working capital, and combined free cash flow were lower compared to the same period in the prior year primarily as a result of lower earnings.

In addition for the three and nine months ended September 30, 2015, property, plant and equipment expenditures were significantly higher at the Moa Joint Venture as a result of planned projects undertaken during the extended refinery and utilities shutdowns completed in the second quarter of 2015.

COMMON SHARES

As at October 27, 2015, the Corporation had 293,885,466 common shares outstanding. An additional 6,485,249 common shares are issuable upon exercise of outstanding stock options granted to employees and directors pursuant to the Corporation's stock option plan.

As part of a comprehensive initiative to manage liquidity, the Board has suspended the $0.01 per share quarterly dividend, effective September 2015.

Normal Course Issuer Bid

On October 29, 2014, the Corporation received approval from the TSX to commence a normal course issuer bid (NCIB) to purchase for cancellation up to 14,875,944 common shares, representing approximately 5% of its issued and outstanding common shares until November 2, 2015. Based on the average daily trading volumes, daily purchases are limited to 300,404 common shares, other than block purchase exceptions.

For the nine months ended September 30, 2015, the Corporation did not purchase or cancel any common shares under the NCIB. To September 30, 2015, the Corporation has purchased and cancelled a total of 3,960,300 shares under the NCIB at an average cost of $2.52 per share, for an aggregate cost of $10.0 million.

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.

Accounting Pronouncements

There have been no new accounting pronouncements issued in the third quarter of 2015 that are expected to impact the Corporation. For a summary of accounting pronouncements, see the accounting pronouncements note in the Corporation's audited consolidated financial statements for the year ended December 31, 2014.

Summary of quarterly results

The following table presents a summary of the segment revenue and consolidated operating results for each of the eight quarters ended December 31, 2013 to September 30, 2015[1].

$ millions, except per share amounts, for the three months ended	**2015 September 30**	2015 June 30	2015 Mar 31	2014 Dec 31	2014 Sept 30	2014 June 30	2014 Mar 31	2013 Dec 31
Revenue								
Metals	**$ 193.4**	$ 204.2	$ 223.7	$ 216.5	$ 221.2	$ 216.0	$ 160.1	$ 101.6
Oil and Gas	**38.5**	51.3	42.3	49.6	68.1	74.7	76.9	74.9
Power	**14.5**	12.7	11.8	11.7	12.7	12.7	11.9	10.6
Corporate and Other	**0.1**	0.2	0.5	0.5	0.7	1.2	1.8	2.0
Combined Revenue[2]	**$ 246.5**	$ 268.4	$ 278.3	$ 278.3	$ 302.7	$ 304.6	$ 250.7	$ 189.1
Adjust joint venture and associate revenue	**(169.6)**	(168.8)	(195.4)	(176.7)	(199.8)	(174.4)	(129.8)	(80.5)
Financial statement revenue	**$ 76.9**	$ 99.6	$ 82.9	$ 101.6	$ 102.9	$ 130.2	$ 120.9	$ 108.6
Share of earnings (loss) of an associate, net of tax	**(68.6)**	(62.6)	(42.3)	(65.0)	(49.4)	(50.9)	(40.1)	1.2
Share of earnings (loss) of a joint venture, net of tax	**(6.4)**	(0.3)	4.0	4.5	10.8	1.0	(6.9)	(24.4)
Net (loss) earnings from continuing operations	**(210.0)**	(47.6)	(56.8)	(147.7)	(51.3)	(49.0)	(70.5)	(142.6)
(Loss) earnings from discontinued operations, net of tax	**–**	(5.0)	–	(12.7)	–	18.9	22.3	(531.2)
Net (loss) earnings for the period	**$ (210.0)**	$ (52.6)	$ (56.8)	$ (160.4)	$ (51.3)	$ (30.1)	$ (48.2)	$ (673.8)
Net (loss) earnings per share, basic and diluted ($ per share)								
Net (loss) earnings from continuing operations	**$ (0.72)**	$ (0.16)	$ (0.19)	$ (0.50)	$ (0.17)	$ (0.16)	$ (0.24)	$ (0.48)
Net (loss) earnings for the period	**(0.72)**	(0.18)	(0.19)	(0.54)	(0.17)	(0.10)	(0.16)	(2.27)

(1) On April 28, 2014, the Corporation completed the sale of its Coal operations. Results for Coal prior to the date of sale and any subsequent expenses relating to Coal have been reported in (loss) earnings from discontinued operations.

(2) For additional information see the Non-GAAP measures section.

In general, net (loss) earnings for the Corporation are primarily affected by commodity prices, sales volumes and exchange rates that impact revenue and costs. The average Canadian dollar cost to purchase one U.S. dollar for the above quarters has ranged from $1.04 to $1.24. In addition to the impact of commodity prices, sales volumes and exchange rates, net (loss) earnings were impacted by the following significant items (pre-tax):

- the third quarter of 2015 includes an impairment of $80.6 million recognized on oil assets. Net finance expense includes a loss on financial instruments of $13.7 million related to the expiry of the Ambatovy call option;
- the second quarter of 2015 includes a gain on sale of the Corporation's head office building of $19.1 million and an additional tax recovery of $13.2 million related to tax rate reductions in Cuba;
- the first quarter of 2015 includes a tax recovery of $30.1 million related to tax rate reductions in Cuba;
- the fourth quarter of 2014 includes $33.8 million of fees related to the repurchase and redemption of debentures, $7.5 million related to restructuring costs and unrealized foreign exchange losses partly offset by a $3.3 million gain on sale of the Corporate assets and a $1.3 million gain on arbitration settlement;
- the third quarter of 2014 includes a $12.8 million gain on arbitration settlement;
- the second quarter of 2014 includes a $13.0 million gain recognized on the sale of the Coal operations;

- the first quarter of 2014 includes a reduction in depletion, depreciation, and amortization as a result of classifying Coal as a discontinued operation; and
- the fourth quarter of 2013 included total impairments of $577.7 million recognized in Coal (discontinued operation), Metals and Power. Net finance expense included a $13.6 million non-cash downward adjustment in the fair value of the Ambatovy call option.

Off-balance sheet arrangements

The Corporation has no foreign exchange or commodity options, futures or forward contracts.

Transactions with related parties

The Corporation and subsidiaries provide goods, labour, advisory and other administrative services to jointly controlled entities and an associate at fair value. The Corporation and its subsidiaries also market, pursuant to sales agreements, a portion of the nickel, cobalt and certain by-products produced by certain jointly controlled entities and an associate in the Metals business.

Canadian $ millions, as at	**2015 September 30**	2014 December 31
Accounts receivable from joint operations	**$ 0.5**	$ 0.1
Accounts receivable from joint venture	**14.2**	20.6
Accounts receivable from associate	**67.2**	37.5
Accounts payable to joint operations	**0.2**	0.1
Accounts payable to joint venture	**11.6**	34.2
Accounts payable to associate	**0.4**	2.5
Advances and loans receivable from associate	**1,917.0**	1,489.9
Advances and loans receivable from joint operations	**188.7**	239.3
Advances and loans receivable from joint venture	**300.5**	250.3

	For the three months ended		For the nine months ended	
Canadian $ millions	**2015 September 30**	2014 September 30	**2015 September 30**	2014 September 30
Total value of goods and services:				
Provided to joint operations	**$ 5.9**	$ 4.1	**$ 20.4**	$ 12.6
Provided to joint venture	**43.8**	41.4	**133.2**	126.7
Provided to associate	**0.7**	0.6	**2.2**	2.5
Purchased from joint operations	**–**	–	**–**	1.0
Purchased from joint venture	**24.4**	40.4	**101.5**	130.4
Purchased from associate	**13.2**	13.8	**42.6**	44.4
Net financing income from joint operations	**4.0**	4.5	**12.4**	14.0
Net financing income from associate	**18.0**	12.6	**48.7**	32.0
Net financing income from joint venture	**2.3**	1.8	**6.3**	5.4

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.

Advances and loans receivable from associate, joint operation and joint venture relate to the Corporation's interest in the Ambatovy subordinated loans receivable, Energas conditional sales agreement, and Moa Joint Venture loans receivable, respectively. For further detail, refer to note 18 of the Corporation's December 31, 2014 audited consolidated financial statements.

Goods and services provided to joint venture primarily relates to services provided by Fort Site to Moa Joint Venture. Goods and services purchased from associate relate to nickel purchased from the Ambatovy Joint Venture purchased under long term nickel off take agreements by a subsidiary of the Corporation established to buy, market and sell certain Ambatovy nickel production. Net financing income from associate relates to interest income recognized by the Corporation on the Ambatovy subordinated loans receivable.

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 September 30, 2015, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the quarter ended September 30, 2015, the Corporation did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Supplementary information

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation's net earnings and earnings per share from continuing operations for the three months ended September 30, 2015 from a change in selected key variables. The impact is measured changing one variable at a time and may not necessarily be indicative of sensitivities on future results.

Factor		Increase		Approximate change in quarterly net earnings ($ millions) Increase/(decrease)		Approximate change in quarterly basic EPS Increase/(decrease)
Prices						
Nickel – LME price per pound[1]	US$	0.50	$	11	$	0.04
Cobalt – Metal Bulletin price per pound[1]	US$	5.00		8		0.03
Oil –U.S. Gulf Coast Fuel Oil No. 6 price per barrel	US$	5.00		3		0.02
Exchange rate						
Weakening of the Canadian dollar relative to the U.S. dollar	US$	0.05		(13)		(0.05)
Operating costs[1]						
Natural gas – per gigajoule (Moa Joint Venture)	$	1.00		(1)		0.00
Sulphur – per tonne (Moa Joint Venture and Ambatovy)	US$	25.00		(2)		(0.01)
Sulphuric acid – per tonne (Moa Joint Venture)	US$	25.00		(1)		0.00
Coal – per tonne (Ambatovy)	US$	20.00		(1)		0.00
Limestone – per tonne (Ambatovy)	US$	5.00		(1)		0.00

(1) Variable changes are applied at the operating level with the approximate change in net earnings and basic EPS representing the Corporation's 50% interest in the Moa Joint Venture and 40% interest in the Ambatovy Joint Venture.

OIL AND GAS PRODUCTION AND SALES VOLUME

The following table provides further detail about the Corporation's oil and gas production and determination of sales volumes.

	For the three months ended			For the nine months ended		
	2015	2014		**2015**	2014	
Daily production volumes[1]	**September 30**	September 30	Change	**September 30**	September 30	Change
Gross working-interest oil production in Cuba[2][3]	**17,693**	19,412	(9%)	**18,666**	19,710	(5%)
Net working-interest oil production[4]						
Cuba (heavy oil)						
Cost recovery	**4,349**	2,428	79%	**3,884**	3,087	26%
Profit oil	**6,005**	7,643	(21%)	**6,652**	7,475	(11%)
Total	**10,354**	10,071	3%	**10,536**	10,562	–
Spain (light oil)[4]	**374**	235	59%	**471**	288	64%
Pakistan (natural gas)[4]	**298**	301	(1%)	**297**	310	(4%)
	11,026	10,607	4%	**11,304**	11,160	1%

(1) Oil production is stated in barrels of oil per day (bopd). Natural gas production is stated in barrels of oil equivalent per day (boepd), which is converted at 6,000 cubic feet per barrel. Collectively, oil and natural gas production are referred to as boepd.
(2) In Cuba, Oil and Gas delivered all of its gross working-interest oil production to CUPET at the time of production.
(3) Gross working-interest oil production is allocated between Oil and Gas and CUPET in accordance with production-sharing contracts. The Corporation's share, referred to as net working-interest production, includes (i) cost recovery oil (based upon the recoverable capital and operating costs incurred by Oil and Gas under each production-sharing contract) and (ii) a percentage of profit oil (gross working-interest production remaining after cost recovery oil is allocated to Oil and Gas). Cost recovery pools for each production-sharing contract include cumulative recoverable costs, subject to certification by CUPET, less cumulative proceeds from cost recovery oil allocated to Oil and Gas. Cost recovery revenue equals capital and operating costs eligible for recovery under the production-sharing contracts.
(4) Net working-interest production (equivalent to net sales volume) represents the Corporation's share of gross working-interest production.

NON-GAAP MEASURES

Management uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, adjusted earnings, adjusted operating cash flow per share and free cash flow 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 evaluate the results of its underlying business. These measures 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 Ambatovy Joint Venture achieved commercial production on January 22, 2014 and commenced recognizing revenues and costs within the statement of comprehensive income (loss) effective February 1, 2014. The non-GAAP measures reflect Ambatovy operating results for the post-commercial production period.

Combined results

The Corporation presents combined revenue, combined cost of sales, combined administrative expenses, combined net finance expense, and combined income taxes (together, combined results) as measures which help management assess the Corporation's financial performance across its business units. The combined results include the Corporation's consolidated financial results, and the results of its 50% share of the Moa Joint Venture and its 40% share of the Ambatovy Joint Venture, both of which are accounted for using the equity method for accounting purposes. Management uses these measures to reflect the Corporation's economic interest in its business units prior to the application of equity accounting. Refer to pages 6 to 8 for the reconciliations of the combined results.

Adjusted EBITDA

The Corporation defines Adjusted EBITDA as earnings (loss) from operations, associate and joint venture as reported in the financial statements for the period adjusted for depletion, depreciation and amortization; impairment charges for property, plant and equipment, intangible assets, goodwill and investments; and gain or loss on disposal of property, plant and equipment of the Corporation, associate and joint venture. The exclusion of impairment charges eliminates the non-cash impact.

The tables below reconcile Adjusted EBITDA to net earnings (loss) from operations, associate and joint venture:

$ millions, for the three months ended September 30									2015
	Metals								
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	Total
Earnings (loss) from operations, associate and joint venture per financial statements (note 4)	$ (7.7)	$ (55.0)	$ 0.7	$ (62.0)	$ (81.6)	$ 1.0	$ (8.6)	$ (14.7)	$ (165.9)
Add (deduct):									
Depletion, depreciation and amortization	1.5	–	(0.1)	1.4	21.8	8.6	0.8	–	32.6
Impairment of property, plant and equipment and intangibles	–	–	–	–	80.6	–	–	–	80.6
Adjustments for share of associate and joint venture:									
Depletion, depreciation and amortization	8.4	52.5	(0.3)	60.6	–	–	–	–	60.6
Net finance expense	–	–	–	–	–	–	–	23.9	23.9
Income tax recovery	–	–	–	–	–	–	–	(9.2)	(9.2)
Adjusted EBITDA	$ 2.2	$ (2.5)	$ 0.3	$ –	$ 20.8	$ 9.6	$ (7.8)	$ –	$ 22.6

$ millions, for the three months ended September 30									2014
	Metals								
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	Total
Earnings (loss) from operations, associate and joint venture per financial statements (note 4)	$ 19.3	$ (36.7)	$ –	$ (17.4)	$ 32.1	$ 2.7	$ 3.0	$ (21.9)	$ (1.5)
Add (deduct):									
Depletion, depreciation and amortization	2.1	–	–	2.1	15.6	5.3	0.8	–	23.8
Adjustments for share of associate and joint venture:									
Depletion, depreciation and amortization	6.5	41.0	–	47.5	–	–	–	–	47.5
Net finance expense	–	–	–	–	–	–	–	22.2	22.2
Income tax recovery	–	–	–	–	–	–	–	(0.3)	(0.3)
Adjusted EBITDA	$ 27.9	$ 4.3	$ –	$ 32.2	$ 47.7	$ 8.0	$ 3.8	$ –	$ 91.7

$ millions, for the nine months ended September 30									2015
	Metals								
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	Total
(Loss) earnings from operations, associate and joint venture per financial statements (note 4)	$ 2.4	$ (148.6)	$ 1.1	$ (145.1)	$ (70.4)	$ (0.4)	$ (8.0)	$ (32.8)	$ (256.7)
Add (deduct):									
Depletion, depreciation and amortization	6.9	–	–	6.9	62.0	24.9	2.2	–	96.0
Impairment of property, plant and equipment and intangibles	–	–	–	–	80.6	–	–	–	80.6
Gain on property, plant and equipment and intangibles	–	–	–	–	–	–	(19.1)	–	(19.1)
Adjustments for share of associate and joint venture:									
Depletion, depreciation and amortization	25.3	148.7	(0.6)	173.4	–	–	–	–	173.4
Net finance expense	–	–	–	–	–	–	–	55.7	55.7
Income tax recovery	–	–	–	–	–	–	–	(22.9)	(22.9)
Adjusted EBITDA	$ 34.6	$ 0.1	$ 0.5	$ 35.2	$ 72.2	$ 24.5	$ (24.9)	$ –	$ 107.0

$ millions, for the nine months ended September 30									2014
	Metals							Adjustment for Joint Venture and Associate	
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other		Total
Earnings (loss) from operations, associate and joint venture per financial statements (note 4)	$ 29.1	$ (106.8)	$ 0.8	$ (76.9)	$ 115.6	$ 4.4	$ (25.4)	$ (54.7)	$ (37.0)
Add (deduct):									
Depletion, depreciation and amortization	7.3	–	–	7.3	49.0	15.0	2.7	–	74.0
Impairment of property, plant and equipment and intangibles	–	–	–	–	1.0	–	–	–	1.0
Adjustments for share of associate and joint venture:									
Depletion, depreciation and amortization	20.5	108.8	–	129.3	–	–	–	–	129.3
Net finance expense	–	–	–	–	–	–	–	57.5	57.5
Income tax recovery	–	–	–	–	–	–	–	(2.8)	(2.8)
Adjusted EBITDA	$ 56.9	$ 2.0	$ 0.8	$ 59.7	$ 165.6	$ 19.4	$ (22.7)	$ –	$ 222.0

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given division. The average-realized price for nickel, cobalt, and fertilizer excludes the impact of by-product revenue and the metals marketing company. The average-realized price for oil and gas is based on net working-interest oil plus natural gas production stated in barrels of oil equivalent.

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

$ millions, except average-realized price and sales volume, for the three months ended September 30							**2015**
	Metals						
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements (note 4)	$ **129.3**	$ **29.7**	$ **15.0**	$ **19.4**	$ **193.4**	$ **38.5**	$ **14.5**
Adjustments to revenue:							
By-product revenue	–	–	–			–	**(1.0)**
Processing revenue	–	–	–			**(1.4)**	–
Service concession arrangement revenue	–	–	–			–	**(0.1)**
Revenue for purposes of average-realized price calculation	**129.3**	**29.7**	**15.0**			**37.1**	**13.4**
Sales volume for the period	**21.0**	**1.8**	**48.7**			**1.0**	**242**
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels[1]	Gigawatts
Average-realized price[2][3]	$ **6.16**	$ **16.08**	$ **308**			$ **36.69**	$ **55.46**

$ millions, except average-realized price and sales volume, for the three months ended September 30								2014
	Metals							
				Other				
	Nickel	Cobalt	Fertilizer	revenue	Total	Oil and Gas	Power
Revenue per financial statements (note 4)	$ 166.5	$ 27.3	$ 8.1	$ 19.3	$ 221.2	$ 68.1	$ 12.7
Adjustments to revenue:							
By-product revenue	–	–	–			–	(2.0)
Processing revenue	–	–	–			(1.3)	–
Service concession arrangement revenue	–	–	–			–	(0.4)
Revenue for purposes of average-realized price calculation	166.5	27.3	8.1			66.8	10.3
Sales volume for the period	18.5	1.8	29.7			1.0	223
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels[1]	Gigawatts
Average-realized price[2][3]	$ 8.99	$ 15.60	$ 269			$ 68.37	$ 46.39

$ millions, except average-realized price and sales volume, for the nine months ended September 30							**2015**
	Metals						
				Other			
	Nickel	Cobalt	Fertilizer	revenue	Total	Oil and Gas	Power
Revenue per financial statements (note 4)	$ **419.2**	$ **81.2**	$ **60.5**	$ **60.4**	$ **621.3**	$ **132.1**	$ **39.0**
Adjustments to revenue:							
By-product revenue	**–**	**–**	**–**			**–**	**(3.0)**
Processing revenue	**–**	**–**	**–**			**(3.5)**	**–**
Service concession arrangement revenue	**–**	**–**	**–**			**–**	**0.1**
Other	**–**	**–**	**–**			**–**	**–**
Revenue for purposes of average-realized price calculation	**419.2**	**81.2**	**60.5**			**128.6**	**36.1**
Sales volume for the period	**59.4**	**5.0**	**162.8**			**3.1**	**676**
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels[1]	Gigawatts
Average-realized price[2][3]	$ **7.06**	$ **16.17**	$ **372**			$ **41.66**	$ **53.49**

$ millions, except average-realized price and sales volume, for the nine months ended September 30							2014
	Metals						
				Other			
	Nickel	Cobalt	Fertilizer	revenue	Total	Oil and Gas	Power
Revenue per financial statements (note 4)	$ 411.1	$ 66.3	$ 57.9	$ 62.0	$ 597.3	$ 219.7	$ 37.3
Adjustments to revenue:							
By-product revenue	–	–	–			–	(5.9)
Processing revenue	–	–	–			(4.1)	–
Service concession arrangement revenue	–	–	–			–	(2.1)
Revenue for purposes of average-realized price calculation	411.1	66.3	57.9			215.6	29.3
Sales volume for the period	48.7	4.4	163.9			3.0	633
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels[1]	Gigawatts
Average-realized price[2][3]	$ 8.44	$ 15.02	$ 353			$ 70.74	$ 46.28

For purposes of average-realized price tables, above:

(1) Net working-interest oil production. For additional discussion see Oil and Gas Production and Sales Volume section.

(2) Average-realized price may not calculate based on amounts presented due to rounding.

(3) Power, average-realized price per MWh.

Unit operating cost

With the exception of Metals, which uses net direct cash cost, 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, gains and losses on property, plant, and equipment and exploration and evaluation assets and certain other non-production related costs by the number of units sold.

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

Average unit operating costs for oil and gas is based on gross working-interest oil plus natural gas production stated in barrels of oil equivalent.

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

$ millions, except unit cost and sales volume, for the three months ended September 30 — **2015**

	Metals					
	Moa JV and Fort Site	**Ambatovy JV**	**Other**	**Total**	**Oil and Gas**	**Power**
Cost of sales per financial statements (note 4)	**$ 103.7**	**$ 127.1**	**$ 14.5**	**$ 245.3**	**$ 37.9**	**$ 12.7**
Less:						
Depletion, depreciation and amortization in cost of sales	**(9.7)**	**(52.3)**	**0.2**	**(61.8)**	**(21.8)**	**(8.6)**
	94.0	**74.8**	**14.7**	**183.5**	**16.1**	**4.1**
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	**(34.3)**	**(15.5)**			**–**	**–**
Impact of opening/closing inventory and other	**(5.1)**	**(0.8)**			**–**	**–**
Service concession arrangements – Cost of construction	**–**	**–**			**–**	**(0.1)**
Cost of sales for purposes of unit cost calculation	**54.6**	**58.5**			**16.1**	**4.0**
Sales volume for the period	**10.0**	**11.0**			**1.7**	**242**
Volume units	Millions of pounds	Millions of pounds			Millions of barrels[1]	Gigawatts
Unit operating cost[2][3]	**$ 5.45**	**5.33**			**$ 9.76**	**$ 17.42**
Unit operating cost (U.S. dollars)	**$ 4.07**	**4.24**				

$ millions, except unit cost and sales volume, for the three months ended September 30 — 2014

	Metals					
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power
Cost of sales per financial statements (note 4)	$ 95.6	$ 120.3	$ 14.3	$ 230.2	$ 34.2	$ 8.6
Less:						
Depletion, depreciation and amortization in cost of sales	(8.6)	(40.7)	–	(49.3)	(15.5)	(5.2)
	87.0	79.6	14.3	180.9	18.7	3.4
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	(25.4)	(14.5)			–	–
Impact of opening/closing inventory and other	(5.4)	1.0			–	–
Service concession arrangements – Cost of construction	–	–			–	(0.4)
Cost of sales for purposes of unit cost calculation	56.2	66.1			18.7	3.0
Sales volume for the period	10.1	8.4			1.8	223
Volume units	Millions of pounds	Millions of pounds			Millions of barrels[1]	Gigawatts
Unit operating cost[2][3]	$ 5.56	7.86			$ 10.32	$ 13.39
Unit operating cost (U.S. dollars)	$ 5.25	7.26				

$ millions, except unit cost and sales volume, for the nine months ended September 30						**2015**
	Metals					
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power
Cost of sales per financial statements (note 4)	**$ 304.6**	**$ 392.8**	**$ 45.8**	**$ 743.2**	**$ 116.7**	**$ 35.9**
Less:						
Depletion, depreciation and amortization in cost of sales	**(32.1)**	**(148.3)**	**0.3**	**(180.1)**	**(61.8)**	**(24.9)**
	272.5	**244.5**	**46.1**	**563.1**	**54.9**	**11.0**
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	**(111.8)**	**(43.1)**			**–**	**–**
Impact of opening/closing inventory and other	**(11.4)**	**0.7**			**–**	**–**
Service concession arrangements – Cost of construction	**–**	**–**			**–**	**0.1**
Cost of sales for purposes of unit cost calculation	**149.3**	**202.1**			**54.9**	**11.1**
Sales volume for the period	**28.1**	**31.3**			**5.3**	**676**
Volume units	Millions of pounds	Millions of pounds			Millions of barrels[1]	Gigawatts
Unit operating cost[2][3]	**$ 5.31**	**6.46**			**$ 10.40**	**$ 16.68**
Unit operating cost (U.S. dollars)	**$ 4.22**	**5.08**				

$ millions, except unit cost and sales volume, for the nine months ended September 30						2014
	Metals					
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power
Cost of sales per financial statements (note 4)	$ 294.8	$ 307.9	$ 47.1	$ 649.8	$ 97.1	$ 26.8
Less:						
Depletion, depreciation and amortization in cost of sales	(27.7)	(108.8)	–	(136.5)	(48.8)	(14.9)
	267.1	199.1	47.1	513.3	48.3	11.9
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	(105.7)	(32.1)			–	–
Impact of opening/closing inventory and other	(9.4)	2.2			–	–
Service concession arrangements – Cost of construction	–	–			–	(2.1)
Impairments	–	–			(1.0)	–
Cost of sales for purposes of unit cost calculation	152.0	169.2			47.3	9.8
Sales volume for the period	26.9	21.8			5.5	633
Volume units	Millions of pounds	Millions of pounds			Millions of barrels[1]	Gigawatts
Unit operating cost[2][3]	$ 5.65	7.75			$ 8.55	$ 15.37
Unit operating cost (U.S. dollars)	$ 5.18	7.11				

For purposes of unit operating cost tables, above:

(1) Gross working-interest oil production. For additional discussion, see Oil and Gas Production and Sales Volume section.
(2) Unit operating costs may not calculate based on amounts presented due to rounding.
(3) Power, unit operating cost per MWh.

Adjusted earnings from continuing operations

The Corporation defines adjusted earnings from continuing operations as earnings from continuing operations less items not reflective of operational performance. These adjusting items include, but are not limited to, the Ambatovy call option fair value adjustment, impairment of assets, gains and losses on the acquisition or disposition of assets, gains and losses on unrealized foreign exchange, and other one-time adjustments. While some adjustments are recurring (such as the Ambatovy call option fair value adjustment), management believes that they do not reflect the Corporation's operational performance or future operational performance. Management believes that these measures, which are used internally to monitor operational performance, provide investors the ability to better assess the Corporation's operations.

The table below reconciles adjusted earnings net earnings (loss) per the financial statements:

$ millions	For the three months ended **2015 September 30**	For the three months ended 2014 September 30	For the nine months ended **2015 September 30**	For the nine months ended 2014 September 30
Net (loss) earnings from continuing operations	**$ (210.0)**	$ (51.3)	**$ (314.4)**	$ (170.8)
Adjusting items:				
Oil and Gas – Impairment	**80.6**	–	**80.6**	0.7
Corporate – Call option expiry/fair value adjustment	**13.7**	1.7	**17.7**	3.9
Corporate – Arbitration Settlement	**–**	(12.8)	**–**	(12.8)
Corporate – Sale of Corporate Office	**–**	–	**(19.1)**	–
Consolidated – Severance	**2.2**	–	**2.2**	–
Unrealized FX (gain) loss from continuing operations	**10.2**	5.9	**26.0**	9.3
Ambatovy – Inventory impairment	**3.0**	–	**7.3**	–
Ambatovy – VAT discounting adjustment	**–**	–	**(4.5)**	–
Ambatovy Arbitration Award costs	**4.5**	–	**4.5**	–
Total adjustments, before tax	**$ 114.2**	$ (5.2)	**$ 114.7**	$ 1.1
Tax adjustments[1]	**4.4**	4.6	**(37.9)**	3.2
Adjusted net (loss) earnings from continuing operations	**$ (91.4)**	$ (51.9)	**$ (237.6)**	$ (166.5)

(1) Year to date period includes tax recoveries of $43.3 million related to changes in tax rates in Cuba. See Income taxes on page 8 for further details.

Combined adjusted operating cash flow per share

The Corporation defines combined adjusted operating cash flow per share as cash provided (used) by continuing operations before net changes in non-cash working capital and dividends received from joint venture and associate divided by the weighted average number of outstanding shares during the period.

The tables below reconcile combined adjusted operating cash flow per share to the consolidated statement of cash flow:

$ millions, except per share amounts, for the three months ended September 30 — **2015**

	Metals: Moa JV and Fort Site	Metals: Ambatovy JV	Metals: Other	Metals: Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for Joint Venture and Associate	**Total derived from financial statements**
Cash provided (used) by continuing operations	**$ 22.3**	**$ (21.8)**	**$ 0.4**	**$ 0.9**	**$ 47.2**	**$ 15.6**	**$ (22.3)**	**$ 41.4**	**$ 27.1**	**$ 68.5**
Adjust: net change in non-cash working capital	**(21.6)**	**16.0**	**(0.2)**	**(5.8)**	**(27.7)**	**(2.3)**	**5.1**	**(30.7)**	**(22.8)**	**(53.5)**
Adjusted continuing operating cash flow	**0.7**	**(5.8)**	**0.2**	**(4.9)**	**19.5**	**13.3**	**(17.2)**	**10.7**	**4.3**	**15.0**
Combined adjusted operating cash flow per share[1]	**$ –**	**$ (0.02)**	**$ –**	**$ (0.02)**	**$ 0.07**	**$ 0.05**	**$ (0.06)**	**$ 0.04**	**$ 0.01**	**$ 0.05**

(1) The weighted average number of common shares for the quarter was 293.8 million shares.

$ millions, except per share amounts, for the three months ended September 30 2014

	Metals									
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for Joint Venture and Associate	**Total derived from financial statements**
Cash provided (used) by continuing operations	$ 14.4	$ 20.9	$ (2.4)	$ 32.9	$ 41.3	$ 20.7	$ (28.1)	$ 66.8	$ (25.8)	$ 41.0
Adjust: net change in non-cash working capital	5.6	(5.7)	2.4	2.3	(7.8)	(1.0)	22.3	15.9	(8.0)	7.9
Adjusted continuing operating cash flow	20.0	15.2	–	35.2	33.5	19.7	(5.8)	82.7	(33.8)	48.9
Combined adjusted operating cash flow per share(1)	$ 0.07	$ 0.05	$ –	$ 0.12	$ 0.11	$ 0.07	$ (0.02)	$ 0.28	$ (0.11)	$ 0.17

(1) The weighted average number of common shares for the quarter was 297.2 million shares.

$ millions, except per share amounts, for the nine months ended September 30 **2015**

	Metals									
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for Joint Venture and Associate	**Total derived from financial statements**
Cash provided (used) by continuing operations	**$ 32.3**	**$ (2.0)**	**$ 2.7**	**$ 33.0**	**$ 50.6**	**$ 55.0**	**$ (80.4)**	**$ 58.2**	**$ (4.5)**	**$ 53.7**
Adjust: net change in non-cash working capital	**(10.5)**	**(0.2)**	**(2.2)**	**(12.9)**	**15.8**	**4.4**	**26.9**	**34.2**	**2.3**	**36.5**
Adjusted continuing operating cash flow	**21.8**	**(2.2)**	**0.5**	**20.1**	**66.4**	**59.4**	**(53.5)**	**92.4**	**(2.2)**	**90.2**
Combined adjusted operating cash flow per share(1)	**$ 0.07**	**$ (0.01)**	**$ –**	**$ 0.06**	**$ 0.23**	**$ 0.20**	**$ (0.18)**	**$ 0.31**	**$ (0.01)**	**$ 0.30**

(1) The weighted average number of common shares for the quarter was 293.6 million shares.

$ millions, except per share amounts, for the nine months ended September 30 2014

	Metals									
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for Joint Venture and Associate	**Total derived from financial statements**
Cash provided (used) by continuing operations	$ 4.5	$ (35.8)	$ (1.5)	$ (32.8)	$ 135.5	$ 31.3	$ (93.6)	$ 40.4	$ 29.8	$ 70.2
Adjust: net change in non-cash working capital	39.7	40.5	2.2	82.4	(11.1)	(0.5)	25.2	96.1	(67.5)	28.6
Adjusted continuing operating cash flow	44.2	4.7	0.7	49.6	124.4	30.8	(68.4)	136.5	(37.7)	98.8
Combined adjusted operating cash flow per share(1)	$ 0.15	$ 0.02	$ –	$ 0.17	$ 0.42	$ 0.10	$ (0.23)	$ 0.46	$ (0.13)	$ 0.33

(1) The weighted average number of common shares for the quarter was 297.1 million shares.

Combined free cash flow

The Corporation defines combined free cash flow as cash flow provided (used) by continuing operations adjusted for dividends received from joint venture and associate less cash spending on property plant and equipment, exploration and evaluation, and intangible expenditures.

The tables below reconciled free cash flow to the consolidated statement of cash flow.

$ millions, for the three months ended September 30	Metals								Adjustment for Joint	**2015**
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Venture and Associate	**Total derived from financial statements**
Cash provided (used) by continuing operations	**$ 22.3**	**$ (21.8)**	**$ 0.4**	**$ 0.9**	**$ 47.2**	**$ 15.6**	**$ (22.3)**	**$ 41.4**	**$ 27.1**	**$ 68.5**
Less:										
Property, plant and equipment expenditures	**(19.2)**	**(16.2)**	**–**	**(35.4)**	**(10.7)**	**(0.9)**	**(1.1)**	**(48.1)**	**31.6**	**(16.5)**
Intangible Expenditures	**–**	**–**	**–**	**–**	**(0.8)**	**–**	**–**	**(0.8)**	**–**	**(0.8)**
Free Cash Flow	**$ 3.1**	**$ (38.0)**	**$ 0.4**	**$ (34.5)**	**$ 35.7**	**$ 14.7**	**$ (23.4)**	**(7.5)**	**$ 58.7**	**$ 51.2**

$ millions, for the three months ended September 30	Metals								Adjustment for Joint	**2014**
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Venture and Associate	**Total derived from financial statements**
Cash provided (used) by continuing operations	$ 14.4	$ 20.9	$ (2.4)	$ 32.9	$ 41.3	$ 20.7	$ (28.1)	$ 66.8	$ (25.8)	$ 41.0
Less:										
Property, plant and equipment expenditures	(10.4)	(12.8)	–	(23.2)	(14.5)	(0.6)	(0.5)	(38.8)	19.9	(18.9)
Free Cash Flow	$ 4.0	$ 8.1	$ (2.4)	$ 9.7	$ 26.8	$ 20.1	$ (28.6)	28.0	$ (5.9)	$ 22.1

$ millions, for the nine months ended September 30	Metals								Adjustment for Joint	**2015**
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Venture and Associate	**Total derived from financial statements**
Cash provided (used) by continuing operations	**$ 32.3**	**$ (2.0)**	**$ 2.7**	**$ 33.0**	**$ 50.6**	**$ 55.0**	**$ (80.4)**	**$ 58.2**	**$ (4.5)**	**$ 53.7**
Less:										
Property, plant and equipment expenditures	**(42.6)**	**(31.8)**	**–**	**(74.4)**	**(51.5)**	**(2.3)**	**(3.3)**	**(131.5)**	**63.2**	**(68.3)**
Intangible Expenditures	**–**	**–**	**–**	**–**	**(0.9)**	**–**	**–**	**(0.9)**	**–**	**(0.9)**
Free Cash Flow	**$ (10.3)**	**$ (33.8)**	**$ 2.7**	**$ (41.4)**	**$ (1.8)**	**$ 52.7**	**$ (83.7)**	**(74.2)**	**$ 58.7**	**$ (15.5)**

$ millions, for the nine months ended September 30	Metals								Adjustment for Joint	**2014**
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Venture and Associate	**Total derived from financial statements**
Cash provided (used) by continuing operations	$ 4.5	$ (35.8)	$ (1.5)	$ (32.8)	$ 135.5	$ 31.3	$ (93.6)	$ 40.4	$ 29.8	$ 70.2
Less:										
Property, plant and equipment expenditures	(20.4)	(38.0)	–	(58.4)	(45.4)	(1.4)	(0.8)	(106.0)	50.4	(55.6)
Intangible expenditures	–	–	–	–	(0.6)	(0.7)	–	(1.3)	–	(1.3)
Free Cash Flow	$ (15.9)	$ (73.8)	$ (1.5)	$ (91.2)	$ 89.5	$ 29.2	$ (94.4)	(66.9)	$ 80.2	$ 13.3

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”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements set out in the “Outlook” sections of this MD&A and certain expectations about capital costs and expenditures; capital project completion dates; sales volumes; revenue, costs, and earnings; sufficiency of working capital and capital project funding; completion of development and exploration wells; and amounts of certain joint venture commitments.

Forward-looking statements are not based on historic facts, but rather on current expectations, assumptions and projections about future events. 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 those 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.

Key factors that may result in material differences between actual results and developments and those contemplated by this MD&A include global economic and market conditions, and business, economic and political conditions in Canada, Cuba, Madagascar, and the principal markets for the Corporation’s products. Other such factors include, but are not limited to, uncertainties in the ramp-up and operation of large mining, processing and refining projects; risks related to the availability of capital to undertake capital initiatives; changes in capital cost estimates in respect of the Corporation’s capital initiatives; risks associated with the Corporation’s joint venture partners; risk of future non-compliance with financial covenants; potential interruptions in transportation; political, economic and other risks of foreign operations; the Corporation’s reliance on key personnel and skilled workers; the possibility of equipment and other unexpected failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainty of gas supply for electrical generation; uncertainties in oil and gas exploration; risks related to foreign exchange controls on Cuban government enterprises to transact in foreign currency; risks associated with the United States embargo on Cuba and the Helms-Burton legislation; risks related to the Cuban government’s and Malagasy government’s ability to make certain payments to the Corporation; risks related to exploration and development programs; uncertainties in reserve estimates; risks associated with access to reserves and resources; uncertainties in environmental rehabilitation provisions estimates; risks related to the Corporation’s reliance on partners and significant customers; risks related to the Corporation’s corporate structure; foreign exchange and pricing risks; uncertainties in commodity pricing; credit risks; competition in product markets; the Corporation’s ability to access markets; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; risks associated with future acquisitions; uncertainty in the ability of the Corporation to obtain government permits; risks associated with governmental regulations regarding greenhouse gas emissions; risks associated with government regulations and environmental, health and safety matters; uncertainties in growth management; interest rate risk; risks related to political or social unrest or change and those in respect of community relations; risks associated with rights and title claims; and certain corporate objectives, goals and plans for 2015; and the Corporation’s ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this MD&A and in the Corporation’s other documents filed with the Canadian securities authorities.

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 including, but not limited to, the Corporation’s Annual Information Form for the year ended December 31, 2014 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.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2015 and 2014

Condensed consolidated statements of comprehensive income (loss)

		For the three months ended		For the nine months ended	
		2015	2014	**2015**	2014
Unaudited, Canadian $ millions, except per share amounts	Note	**September 30**	September 30	**September 30**	September 30
Revenue		**$ 76.9**	$ 102.9	**$ 259.4**	$ 354.0
Cost of sales	5	**77.9**	65.4	**245.2**	217.9
Gross (loss) profit		**(1.0)**	37.5	**14.2**	136.1
Administrative expenses	5	**9.3**	13.2	**33.2**	50.4
Operating (loss) profit		**(10.3)**	24.3	**(19.0)**	85.7
Impairment of Oil assets	17	**(80.6)**	-	**(80.6)**	-
Gain on arbitration settlement	8	**–**	12.8	**–**	12.8
Gain on sale of Corporate assets	12	**–**	-	**19.1**	-
Share of loss of an associate, net of tax	6	**(68.6)**	(49.4)	**(173.5)**	(140.4)
Share of (loss) earnings of a joint venture, net of tax	7	**(6.4)**	10.8	**(2.7)**	4.9
Loss from operations, associate and joint venture		**(165.9)**	(1.5)	**(256.7)**	(37.0)
Financing income	9	**(11.3)**	(19.2)	**(51.9)**	(53.1)
Financing expense	9	**51.3**	50.7	**145.5**	142.4
Net finance expense		**40.0**	31.5	**93.6**	89.3
Loss before tax		**(205.9)**	(33.0)	**(350.3)**	(126.3)
Income tax expense (recovery)	10	**4.1**	18.3	**(35.9)**	44.5
Net loss from continuing operations		**(210.0)**	(51.3)	**(314.4)**	(170.8)
(Loss) earnings from discontinued operations, net of tax	11	**–**	-	**(5.0)**	41.2
Net loss for the period		**$ (210.0)**	$ (51.3)	**$ (319.4)**	$ (129.6)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations	20	**233.0**	143.4	**460.4**	156.1
Items that will not be subsequently reclassified to profit or loss:					
Actuarial (losses) gains on pension plans, net of tax					
Continuing operations	20	**(0.4)**	0.1	**(0.2)**	0.7
Discontinued operations		**–**	-	**–**	0.6
Other comprehensive income		**232.6**	143.5	**460.2**	157.4
Total comprehensive income		**$ 22.6**	$ 92.2	**$ 140.8**	$ 27.8
Net loss from continuing operations per common share, basic and diluted	13	**$ (0.72)**	$ (0.17)	**$ (1.07)**	$ (0.57)
Net loss per common share, basic and diluted	13	**$ (0.72)**	$ (0.17)	**$ (1.09)**	$ (0.43)

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

Condensed consolidated statements of financial position

Unaudited, Canadian $ millions, as at	Note	2015 September 30	2014 December 31
ASSETS			
Current assets			
Cash and cash equivalents	14	**$ 265.8**	$ 160.6
Restricted cash		**1.0**	1.0
Short-term investments	14	**108.0**	315.6
Advances, loans receivable and other financial assets	15	**97.5**	75.6
Trade accounts receivable, net	14	**298.7**	264.9
Inventories	16	**41.7**	30.6
Prepaid expenses		**8.1**	6.8
		820.8	855.1
Non-current assets			
Advances, loans receivable and other financial assets	15	**2,310.5**	1,922.4
Other non-financial assets		**1.0**	1.2
Property, plant and equipment	17	**370.0**	422.1
Investment in an associate	6	**1,568.1**	1,548.5
Investment in a joint venture	7	**405.3**	380.1
Intangible assets		**155.0**	149.4
Deferred income taxes		**–**	2.3
		4,809.9	4,426.0
Assets held for sale	12	**0.9**	2.1
Total assets		**$ 5,631.6**	$ 5,283.2
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Loans and borrowings	18	**$ 26.3**	$ 1.6
Trade accounts payable and accrued liabilities		**118.1**	131.6
Income taxes payable		**3.4**	22.0
Other financial liabilities	18	**1.4**	3.2
Other non-financial liabilities	18	**22.3**	17.2
Provisions	19	**29.0**	18.0
		200.5	193.6
Non-current liabilities			
Loans and borrowings	18	**2,078.4**	1,858.3
Other financial liabilities	18	**1.4**	4.2
Other non-financial liabilities	18	**3.8**	4.0
Provisions	19	**115.3**	108.8
Deferred income taxes		**36.9**	55.6
		2,235.8	2,030.9
Total liabilities		**2,436.3**	2,224.5
Shareholders' equity			
Capital stock	20	**2,775.3**	2,772.9
Deficit		**(585.3)**	(259.9)
Reserves	20	**224.6**	225.2
Accumulated other comprehensive income	20	**780.7**	320.5
		3,195.3	3,058.7
Total liabilities and shareholders' equity		**$ 5,631.6**	$ 5,283.2

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

Condensed consolidated statements of cash flow

Unaudited, Canadian $ millions	Note	For the three months ended 2015 September 30	2014 September 30	For the nine months ended 2015 September 30	2014 September 30
Operating activities					
Net loss from continuing operations		$ **(210.0)**	$ (51.3)	$ **(314.4)**	$ (170.8)
Add (deduct):					
Depletion, depreciation and amortization		**32.6**	23.8	**96.0**	74.0
Share of loss of an associate, net of tax	6	**68.6**	49.4	**173.5**	140.4
Share of loss (earnings) of a joint venture, net of tax	7	**6.4**	(10.8)	**2.7**	(4.9)
Loss on impairment of assets	17	**80.6**	-	**80.6**	1.0
Finance costs (less accretion expenses)	9	**39.8**	31.3	**92.8**	88.7
Income tax expense (recovery)	10	**4.1**	18.3	**(35.9)**	44.5
Service concession arrangement		**–**	(0.5)	**–**	(2.2)
Gain on sale of Corporate assets	12	**–**	-	**(19.1)**	-
Net change in non-cash working capital	22	**53.5**	(7.9)	**(36.5)**	(28.6)
Interest received	9	**5.2**	21.7	**45.9**	30.5
Interest paid	9	**(9.2)**	(18.9)	**(38.5)**	(65.3)
Income tax paid		**(2.2)**	(14.1)	**(7.0)**	(41.2)
Dividends received from joint venture		**–**	-	**12.5**	-
Other operating items	22	**(0.9)**	-	**1.1**	4.1
Cash provided by continuing operations		**68.5**	41.0	**53.7**	70.2
Cash (used) provided by discontinued operations	11	**(0.1)**	(5.6)	**(3.7)**	18.7
Cash provided by operating activities		**68.4**	35.4	**50.0**	88.9
Investing activities					
Property, plant and equipment expenditures	4	**(16.5)**	(18.9)	**(68.3)**	(55.6)
Intangible expenditures	4	**(0.8)**	-	**(0.9)**	(1.3)
Increase in advances, loans receivable and other financial assets		**(17.1)**	(0.9)	**(17.1)**	(2.2)
Repayment of advances, loans receivable and other financial assets		**10.9**	0.1	**30.2**	10.3
Proceeds from investments		**–**	-	**–**	6.2
Loans to an associate		**(91.8)**	-	**(135.7)**	(118.0)
Net proceeds from sale of Corporate assets	12	**–**	-	**21.2**	-
Net proceeds from sale of property, plant and equipment		**–**	-	**0.1**	0.4
Net proceeds from sale of Coal operations, net of cash disposed	11	**–**	-	**–**	804.3
Proceeds from (purchase of) short-term investments		**35.0**	(373.6)	**207.6**	(545.9)
Cash (used) provided by continuing operations		**(80.3)**	(393.3)	**37.1**	98.2
Cash used by discontinued operations	11	**–**	-	**–**	(13.5)
Cash (used) provided by investing activities		**(80.3)**	(393.3)	**37.1**	84.7
Financing activities					
Repayment of loans and borrowings and other financial liabilities		**(0.4)**	(0.1)	**(1.2)**	(364.9)
Increase in loans, borrowings and other financial liabilities		**25.0**	-	**25.0**	-
Issuance of common shares		**0.7**	1.0	**0.7**	1.0
Dividends paid on common shares	20	**(3.0)**	(3.0)	**(9.0)**	(18.9)
Cash provided (used) by continuing operations		**22.3**	(2.1)	**15.5**	(382.8)
Cash used by discontinued operations	11	**–**	-	**–**	(9.5)
Cash provided (used) by financing activities		**22.3**	(2.1)	**15.5**	(392.3)
Effect of exchange rate changes on cash and cash equivalents		**0.1**	0.8	**2.6**	1.3
Increase (decrease) in cash and cash equivalents		**10.5**	(359.2)	**105.2**	(217.4)
Cash and cash equivalents at beginning of the period		**255.3**	466.0	**160.6**	324.2
Cash and cash equivalents at end of the period		$ **265.8**	$ 106.8	**265.8**	$ 106.8

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

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian $ millions

	Note	Capital stock	Retained earnings (deficit)	Reserves	Accumulated other comprehensive income (loss)	Total
		(note 20)		(note 20)	(note 20)	
Balance as at December 31, 2013		**$ 2,808.5**	**$ 40.2**	**$ 196.5**	**$ 62.0**	**$ 3,107.2**
Total comprehensive income (loss):						
Net loss for the period		-	(129.6)	-	-	(129.6)
Foreign currency translation differences on foreign operations	20	-	-	-	156.1	156.1
Actuarial gains on defined benefit obligations, net of tax	20	-	-	-	1.3	1.3
		-	(129.6)	-	157.4	27.8
Shares issued for:						
Restricted stock plan (vested)	20	0.7	-	(0.7)	-	-
Employee share purchase plan (vested)	20	1.2	-	(0.2)	-	1.0
Restricted stock plan expense	21	-	-	0.5	-	0.5
Employee share purchase plan expense	21	-	-	0.1	-	0.1
Stock option plan expense	21	-	-	0.9	-	0.9
Reclassification on settlement of pension obligation	20	-	1.8	-	(1.8)	-
Dividend declared to common shareholders		-	(8.9)	-	-	(8.9)
Balance as at September 30, 2014		**$ 2,810.4**	**$ (96.5)**	**$ 197.1**	**$ 217.6**	**$ 3,128.6**
Total comprehensive income (loss):						
Net loss for the period		-	(160.4)	-	-	(160.4)
Foreign currency translation differences on foreign operations	20	-	-	-	104.7	104.7
Actuarial loss on defined benefit obligations, net of tax	20	-	-	-	(1.8)	(1.8)
		-	(160.4)	-	102.9	(57.5)
Shares issued for:						
Share repurchase	20	(37.5)	-	27.5	-	(10.0)
					-	
Restricted stock plan expense	21	-	-	0.2	-	0.2
Stock option plan expense	21	-	-	0.4	-	0.4
Dividend declared to common shareholders		-	(3.0)	-	-	(3.0)
Balance as at December 31, 2014		**$ 2,772.9**	**$ (259.9)**	**$ 225.2**	**$ 320.5**	**$ 3,058.7**
Total comprehensive income (loss):						
Net loss for the period		-	(319.4)	-	-	(319.4)
Foreign currency translation differences on foreign operations	20	-	-	-	460.4	460.4
Actuarial loss on defined benefit obligations, net of tax	20	-	-	-	(0.2)	(0.2)
		-	(319.4)	-	460.2	140.8
Shares issued for:						
Restricted stock plan (vested)	20	1.6	-	(1.6)	-	-
Employee share purchase plan (vested)	20	0.8	-	(0.1)	-	0.7
Restricted stock plan expense	21	-	-	0.1	-	0.1
Stock option plan expense	21	-	-	1.0	-	1.0
Dividend declared to common shareholders		-	(6.0)	-	-	(6.0)
Balance as at September 30, 2015		**$ 2,775.3**	**$ (585.3)**	**$ 224.6**	**$ 780.7**	**$ 3,195.3**

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

Notes to the interim 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 is a world leader in the mining and refining of nickel from lateritic ores with projects and operations in Canada, Cuba, and Madagascar. The Corporation is the largest independent energy producer in Cuba, with extensive oil and power operations across the island. Sherritt licenses its proprietary technologies and provides metallurgical services to mining and refining operations worldwide.

The Corporation is domiciled in Ontario, Canada and its registered office is 181 Bay Street, Toronto, Ontario, M5J 2T3. These consolidated financial statements were approved and authorized for issuance by the Audit Committee on behalf of the Board of Directors of Sherritt on October 26, 2015. The Corporation is listed on the Toronto Stock Exchange (TSX).

2. BASIS OF PRESENTATION

The interim condensed consolidated financial statements of the Corporation are prepared in accordance with IAS 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 interim condensed consolidated financial statements include the financial results of the Corporation’s interest in its subsidiaries, joint arrangements and an associate.

The interim condensed consolidated financial statements are prepared on a going concern basis, under the historical cost convention, except for certain financial assets which are presented at fair value. All financial information is presented in Canadian dollars, the Corporation’s reporting currency, except as otherwise noted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

These interim 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, 2014, with the exception of the impact of certain amendments to accounting standards or new interpretations issued by the IASB, which were applicable from January 1, 2015 and disclosed in the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2014. The adoption of these amendments and interpretations did not have a material impact on the accounting policies, methods of computation or presentation applied by the Corporation.

Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2014.

4. SEGMENTED INFORMATION

Business segments

Canadian $ millions, for the three months ended September 30						2015
	Metals[1]	Oil and Gas	Power	Corporate and Other[2]	Adjustments for Joint Venture and Associate[3]	Total
Revenue	$ 193.4	$ 38.5	$ 14.5	$ 0.1	$ (169.6)	$ 76.9
Cost of sales	245.3	37.9	12.7	2.6	(220.6)	77.9
Gross (loss) profit	(51.9)	0.6	1.8	(2.5)	51.0	(1.0)
Administrative expenses	10.1	1.6	0.8	6.1	(9.3)	9.3
Operating (loss) profit	(62.0)	(1.0)	1.0	(8.6)	60.3	(10.3)
Impairment of Oil assets	–	(80.6)	–	–	–	(80.6)
Share of loss of an associate, net of tax	–	–	–	–	(68.6)	(68.6)
Share of loss of a joint venture, net of tax	–	–	–	–	(6.4)	(6.4)
(Loss) earnings from operations, associate and joint venture	(62.0)	(81.6)	1.0	(8.6)	(14.7)	(165.9)
Financing income						(11.3)
Financing expense						51.3
Net finance expense						40.0
Loss before tax						(205.9)
Income tax expense						4.1
Net loss from continuing operations						(210.0)
Loss from discontinued operations, net of tax						–
Loss for the period						(210.0)
Supplementary information						
Depletion, depreciation and amortization	$ 62.0	$ 21.8	$ 8.6	$ 0.8	$ (60.6)	$ 32.6
Property, plant and equipment expenditures	35.4	10.7	0.9	1.1	(31.6)	16.5
Intangible asset expenditures	–	0.8	–	–	–	0.8
Canadian $ millions, as at September 30						2015
Non-current assets[4]	$ 5,163.9	$ 155.2	$ 200.9	$ 11.5	$ (5,006.5)	$ 525.0
Total assets	7,779.9	1,226.4	533.0	(316.6)	(3,591.1)	5,631.6

Canadian $ millions, for the three months ended September 30						2014
	Metals[1]	Oil and Gas	Power	Corporate and Other[2]	Adjustments for Joint Venture and Associate[3]	Total
Revenue	$ 221.2	$ 68.1	$ 12.7	$ 0.7	$ (199.8)	$ 102.9
Cost of sales	230.2	34.2	8.6	1.4	(209.0)	65.4
Gross (loss) profit	(9.0)	33.9	4.1	(0.7)	9.2	37.5
Administrative expenses	8.4	1.8	1.4	9.1	(7.5)	13.2
Operating (loss) profit	(17.4)	32.1	2.7	(9.8)	16.7	24.3
Gain on arbitration settlement	-	-	-	12.8	-	12.8
Share of loss of an associate, net of tax	-	-	-	-	(49.4)	(49.4)
Share of earnings of a joint venture, net of tax	-	-	-	-	10.8	10.8
(Loss) earnings from operations, associate and joint venture	(17.4)	32.1	2.7	3.0	(21.9)	(1.5)
Financing income						(19.2)
Financing expense						50.7
Net finance expense						31.5
Loss before tax						(33.0)
Income tax expense						18.3
Net loss from continuing operations						(51.3)
Net loss for the period						$ (51.3)
Supplementary information						
Depletion, depreciation and amortization	$ 49.6	$ 15.6	$ 5.3	$ 0.8	$ (47.5)	$ 23.8
Property, plant and equipment expenditures	23.2	14.5	0.6	0.5	(19.9)	18.9
Canadian $ millions, as at December 31		-	-	-	-	2014
Non-current assets[4]	$ 4,602.8	$ 210.6	$ 199.2	$ 11.1	$ (4,452.2)	$ 571.5
Total assets	6,675.1	1,264.9	484.5	(177.9)	(2,963.4)	5,283.2

(1) Included in the Metals segment are the operations of the Corporation's 50% interest in the Moa Joint Venture, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan, its 40% interest in the Ambatovy Joint Venture and wholly-owned subsidiaries of the Corporation established to finance the Ambatovy Joint Venture. Also included in the Metals segment are revenues of $13.8 million and $13.9 million for the three months ended September 30, 2015 and 2014, respectively, and costs of $13.6 million and $13.9 million for three months ended September 30, 2015 and 2014, respectively, recognized by a wholly-owned subsidiary of the Corporation established to buy, market and sell certain of Ambatovy's nickel production.

(2) Revenues from Corporate and Other primarily relate to sales from the Corporation's metallurgical technologies business.

(3) The adjustments for Joint Venture and Associate reflect the adjustments for equity-accounted investments in the Moa and Ambatovy joint ventures that are included within the Metals segment.

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

Canadian $ millions, for the nine months ended September 30						2015
	Metals(1)	Oil and Gas	Power	Corporate and Other(2)	Adjustments for Joint Venture and Associate(3)	Total
Revenue	$ 621.3	$ 132.1	$ 39.0	$ 0.8	$ (533.8)	$ 259.4
Cost of sales	743.2	116.7	35.9	6.2	(656.8)	245.2
Gross (loss) profit	(121.9)	15.4	3.1	(5.4)	123.0	14.2
Administrative expenses	23.2	5.2	3.5	21.7	(20.4)	33.2
Operating (loss) profit	(145.1)	10.2	(0.4)	(27.1)	143.4	(19.0)
Impairment of Oil assets	–	(80.6)	–	–	–	(80.6)
Gain on sale of Corporate assets	–	–	–	19.1	–	19.1
Share of loss of an associate, net of tax	–	–	–	–	(173.5)	(173.5)
Share of loss of a joint venture, net of tax	–	–	–	–	(2.7)	(2.7)
(Loss) earnings from operations, associate and joint venture	(145.1)	(70.4)	(0.4)	(8.0)	(32.8)	(256.7)
Financing income						(51.9)
Financing expense						145.5
Net finance expense						93.6
Loss before tax						(350.3)
Income tax recovery						(35.9)
Net loss from continuing operations						(314.4)
Loss from discontinued operations, net of tax						(5.0)
Net loss for the period						$ (319.4)

Supplementary information						
Depletion, depreciation and amortization	$ 180.3	$ 62.0	$ 24.9	$ 2.2	$ (173.4)	$ 96.0
Property, plant and equipment expenditures	74.4	51.5	2.3	3.3	(63.2)	68.3
Intangible asset expenditures	–	0.9	–	–	–	0.9

Canadian $ millions, as at September 30						2015
Non-current assets(4)	$ 5,163.9	$ 155.2	$ 200.9	$ 11.5	$ (5,006.5)	$ 525.0
Total assets	7,779.9	1,226.4	533.0	(316.6)	(3,591.1)	5,631.6

Canadian $ millions, for the nine months ended September 30	Metals[1]	Oil and Gas	Power	Corporate and Other[2]	Adjustments for Joint Venture and Associate[3]	2014 Total
Revenue	$ 597.3	$ 219.7	$ 37.3	$ 3.7	$ (504.0)	$ 354.0
Cost of sales	649.8	97.1	26.8	8.0	(563.8)	217.9
Gross (loss) profit	(52.5)	122.6	10.5	(4.3)	59.8	136.1
Administrative expenses	24.4	7.0	6.1	33.9	(21.0)	50.4
Operating (loss) profit	(76.9)	115.6	4.4	(38.2)	80.8	85.7
Gain on arbitration settlement	-	-	-	12.8	-	12.8
Share of loss of associate, net of tax	-	-	-	-	(140.4)	(140.4)
Share of loss of a joint venture, net of tax	-	-	-	-	4.9	4.9
(Loss) earnings from operations, associate and joint venture	(76.9)	115.6	4.4	(25.4)	(54.7)	(37.0)
Financing income						(53.1)
Financing expense						142.4
Net finance expense						89.3
Loss before tax						(126.3)
Income tax expense						44.5
Net loss from continuing operations						(170.8)
Earnings from discontinued operations, net of tax						41.2
Net loss for the period						$ (129.6)
Supplementary information						
Depletion, depreciation and amortization	$ 136.6	$ 49.0	$ 15.0	$ 2.7	$ (129.3)	$ 74.0
Property, plant and equipment expenditures	58.4	45.4	1.4	0.8	(50.4)	55.6
Intangible asset expenditures	-	0.6	0.7	-	-	1.3
Canadian $ millions, as at December 31						2014
Non-current assets[4]	$ 4,602.8	$ 210.6	$ 199.2	$ 11.1	$ (4,452.2)	$ 571.5
Total assets	6,675.1	1,264.9	484.5	(177.9)	(2,963.4)	5,283.2

(1) Included in the Metals segment are the operations of the Corporation's 50% interest in the Moa Joint Venture, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan, its 40% interest in the Ambatovy Joint Venture and wholly-owned subsidiaries of the Corporation established to finance the Ambatovy Joint Venture. Also included in the Metals segment are revenues of $44.1 million and $45.7 million for the nine months ended September 30, 2015 and 2014, respectively, and costs of $43.7 million and $45.0 million for the nine months ended September 30, 2015 and 2014, respectively, recognized by a wholly-owned subsidiary of the Corporation established to buy, market and sell certain of Ambatovy's nickel production.

(2) Revenues from Corporate and Other primarily relate to sales from the Corporation's metallurgical technologies business.

(3) The adjustments for Joint Venture and Associate reflect the adjustments for equity-accounted investments in the Moa and Ambatovy joint ventures that are included within the Metals segment.

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

Geographic segments

Canadian $ millions, as at	2015 September 30 Non-current assets[1]	Total assets[2]	2014 December 31 Non-current assets[1]	Total assets[2]
North America	**$ 175.7**	**$ 1,012.2**	$ 169.8	$ 1,114.2
Cuba	**334.8**	**1,007.5**	382.3	1,019.4
Madagascar	**1.4**	**3,549.3**	1.7	3,044.3
Europe	**12.2**	**20.6**	16.8	36.3
Asia	**0.9**	**2.0**	0.9	2.3
Other	**–**	**40.0**	-	66.7
	$ 525.0	**$ 5,631.6**	$ 571.5	$ 5,283.2

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

(2) For its geographic segments, the Corporation has allocated assets based on their physical location.

	For the three months ended		For the nine months ended	
	2015	2014	**2015**	2014
Canadian $ millions	**September 30**	September 30	**September 30**	September 30
	Total revenue[1]	Total revenue[1]	**Total revenue[1]**	Total revenue[1]
North America	**$ 23.0**	$ 21.2	**$ 85.9**	$ 93.1
Cuba	**50.3**	78.2	**160.8**	246.8
Madagascar	**0.4**	0.1	**1.3**	0.9
Europe	**2.4**	2.4	**9.3**	9.3
Asia	**0.4**	0.2	**1.0**	1.4
Other	**0.4**	0.8	**1.1**	2.5
	$ 76.9	$ 102.9	**$ 259.4**	$ 354.0

(1) For its geographic segments, the Corporation has allocated revenue based on the location of the customer.

Revenue components

Revenue includes the following significant categories:

	For the three months ended		For the nine months ended	
	2015	2014	**2015**	2014
Canadian $ millions	**September 30**	September 30	**September 30**	September 30
Commodity and electricity	**$ 75.0**	$ 99.1	**$ 252.6**	$ 340.7
Other	**1.9**	3.8	**6.8**	13.3
	$ 76.9	$ 102.9	**$ 259.4**	$ 354.0

5. EXPENSES

Cost of sales includes the following:

	For the three months ended		For the nine months ended	
	2015	2014	**2015**	2014
Canadian $ millions	**September 30**	September 30	**September 30**	September 30
Employee costs	**$ 11.5**	$ 15.1	**$ 46.4**	$ 45.8
Depletion, depreciation and amortization of property, plant and equipment and intangible assets	**31.8**	23.1	**93.9**	71.9
Raw materials and consumables	**12.6**	15.9	**37.9**	46.3
Repairs and maintenance	**15.8**	12.6	**49.9**	27.5
Exploration and evaluation expenses[1]	**–**	-	**–**	3.3
Impairment losses	**–**	-	**–**	1.0
Other	**6.2**	(1.3)	**17.1**	22.1
	$ 77.9	$ 65.4	**$ 245.2**	$ 217.9

(1) In 2014, the exploration and evaluation expenses incurred by the Corporation related to the Sulawesi Project in Indonesia. As the Corporation terminated its earn-in and shareholders' agreement for the Sulawesi project, effective February 1, 2014, there were no further funding requirements after this date.

Administrative expenses include the following:

	For the three months ended		For the nine months ended	
	2015	2014	**2015**	2014
Canadian $ millions	**September 30**	September 30	**September 30**	September 30
Employee costs	**$ 6.5**	$ 10.0	**$ 23.2**	$ 33.1
Severance	**2.2**	-	**2.2**	-
Depreciation	**0.8**	0.7	**2.1**	2.1
Stock-based compensation (recovery) expense	**(3.0)**	(0.5)	**(1.8)**	3.8
Annual general meetings costs and other shareholder related costs	**–**	0.1	**0.2**	4.1
Other	**2.8**	2.9	**7.3**	7.3
	$ 9.3	$ 13.2	**$ 33.2**	$ 50.4

6. INVESTMENT IN AN ASSOCIATE

The Corporation indirectly holds a 40% interest in Ambatovy Minerals S.A. and Dynatec Madagascar S.A. (collectively the Ambatovy Joint Venture). Sherritt is the operator of the Ambatovy Joint Venture and has as its partners, Sumitomo Corporation (Sumitomo) and Korea Resources Corporation (Kores). The Ambatovy Joint Venture has two nickel deposits located near Moramanga, Madagascar. The ore from these deposits is delivered via pipeline to a processing plant and refinery located near the Port of Toamasina.

Financial completion

In September 2015, the Ambatovy Joint Venture filed the final two remaining certificates and made a deposit of US$115 million (100% basis) in the Senior Debt Reserve Account to achieve financial completion under the Ambatovy Joint Venture financing. Upon achieving financial completion, the US$1.7 billion (100% basis, balance as at September 30, 2015) Ambatovy Joint Venture financing became non-recourse to the Ambatovy partners and the interest rate increased from approximately LIBOR plus 1.4% to LIBOR plus 2.5%. Under the terms of the Ambatovy Joint Venture financing, a supermajority group of the lenders may, within 45 days of achieving financial completion, initiate a challenge to reinstate the completion guarantees. In order for any challenge to succeed, the lenders would need to prove that one or more of the completion certificates is false in a materially adverse way to the lenders' interest. During a challenge, if one occurs, Sherritt's proportionate share of the outstanding project debt would remain non-recourse to Sherritt until a final ruling or settlement occurs.

Arbitration

In September and October of 2015, the Ambatovy Joint Venture received notice of final awards in three commercial arbitrations. Two of these decisions, related to the construction of a power plant and the refinery, resulted in rulings against the Ambatovy Joint Venture and resulted in a cash outflow of US$65 million (100% basis). The third, which related to the construction of a pipeline, resulted in a ruling in favour of the Ambatovy Joint Venture and will have a positive cash flow impact if and when collected. Arbitration and interest costs have been expensed and result in a net impact of US$11.2 million (100% basis) to the Share of loss of an associate, net of tax, within the Condensed consolidated statements of comprehensive income (loss). The remainder of the costs awarded relate to construction costs and result in US$44.5 million (100% basis) being capitalized to the Investment in associate within the Condensed consolidated statements of financial position, of which US$35 million (100% basis) had been previously accrued.

Statement of financial position

The following provides additional information relating to the Corporation's investment in the Ambatovy Joint Venture:

Canadian $ millions, 100% basis, as at	2015 September 30	2014 December 31
Assets		
Cash and cash equivalents[1]	**$ 200.5**	$ 47.7
Other current assets	**13.4**	23.1
Trade accounts receivable, net	**85.2**	67.9
Inventories	**507.2**	456.3
Deferred income taxes[2]	**100.8**	46.4
Other non-current assets	**7.0**	4.7
Property, plant and equipment	**11,874.1**	10,575.8
Total assets	**12,788.2**	11,221.9
Liabilities		
Trade accounts payable and accrued liabilities	**398.9**	332.2
Other current financial liabilities	**16.7**	12.0
Current portion of loans and borrowings:		
Ambatovy Joint Venture financing[3]	**252.3**	218.5
Ambatovy revolving credit facility[4]	**58.2**	44.7
Non-current portion of loans and borrowings:		
Ambatovy Joint Venture financing[3]	**1,990.3**	1,829.0
Ambatovy Subordinated loan payable[5]	**4,792.5**	3,724.8
Environmental rehabilitation provision	**122.1**	100.7
Other non-current liabilities	**9.5**	0.7
Deferred income taxes	**368.7**	327.4
Total liabilities	**8,009.2**	6,590.0
Net assets	**$ 4,779.0**	$ 4,631.9

(1) In accordance with *La loi établissant un régime special pour les grands investissements dans le secteur minier malagasy* (LGIM), Madagascar's large scale mining investment act, the Ambatovy Joint Venture is required to (a) maintain foreign currency in local bank accounts sufficient to pay 90 days of local expenses, or (b) repatriate all revenue from export sales of mining products, less authorized debt service costs, to local bank accounts within 90 days of receipt. The Ambatovy Joint Venture is currently electing to repatriate revenue from export sales, less authorized debt service costs, in compliance with the requirements of the LGIM.

(2) A deferred tax asset has been recognized on temporary differences on property, plant and equipment, as such differences do not expire. As at September 30, 2015, the Ambatovy Joint Venture has earned investment tax credits which management has estimated to be $690.0 million (December 31, 2014 - $595.0 million) for which a deferred tax asset has not been recognized. The investment tax credits have an indefinite carry forward period and may be used to partially offset Malagasy income tax otherwise payable by the Ambatovy Joint Venture in subsequent years. A deferred tax asset of $21.4 million was not recognized on operating losses incurred during the nine months ended September 30, 2015 as it is not probable that these losses can be utilized prior to their 5-year expiry.

(3) The Ambatovy Joint Venture financing is project financing with a group of international lenders that matures on June 15, 2024. For the period ended September 30, 2015, total repayments were US$109.9 million. The project financing became non-recourse to the partners in September 2015 when the project filed the remaining completion certificates and is now solely secured by the project assets. Interest is payable based on LIBOR rates plus 2.5%. As at September 30, 2015, the Ambatovy Joint Venture had borrowed US$1,695.3 million (December 31, 2014 - US$1,789.5 million) under the project financing.

(4) The Ambatovy revolving credit facility is comprised of a Malagasy Ariary (MGA) 140 billion ($58.2 million) revolving and MGA 30 billion ($12.5 million) overdraft credit facility agreement with local financial institutions. The facilities bear interest rates between 9.00% and 11.85% and mature on December 20, 2015. The facilities are subordinated to the Ambatovy Joint Venture financing. As at September 30, 2015, MGA 140 billion ($58.2 million) and nil were drawn on the revolving and overdraft credit facilities, respectively (December 31, 2014 - MGA 100 billion ($44.7 million) and MGA nil, respectively).

(5) The subordinated loan payable is comprised of pro-rata contributions provided by the Ambatovy Joint Venture partners. The debt bears interest at LIBOR plus 6%. Repayments of principal or interest will not be made prior to certain conditions of the finance agreements being satisfied. Unpaid interest is accrued monthly and capitalized to the principal balance semi-annually. The Corporation has recorded its share of the related subordinated loan receivable in advances, loans receivable and other financial assets (note 15).

Reconciliation of Ambatovy Joint Venture's net assets to the carrying value of investment in an associate recognized in the interim condensed consolidated statements of financial position:

Canadian $ millions, as at		2015 September 30		2014 December 31
Net assets of Ambatovy Joint Venture	$	**4,779.0**	$	4,631.9
Proportion of Sherritt's ownership interest		**40%**		40%
Total		**1,911.6**		1,852.8
Intercompany capitalized interest elimination		**(343.5)**		(304.3)
Carrying value of investment in associate	$	**1,568.1**	$	1,548.5

Results of operations

	For the three months ended				For the nine months ended			
Canadian $ millions, 100% basis		2015 September 30		2014 September 30		2015 September 30		2014 September 30
Revenue	$	**201.5**	$	224.1	$	**655.0**	$	545.7
Cost of sales[(1)]		**317.6**		301.0		**981.9**		770.0
Gross loss		**(116.1)**		(76.9)		**(326.9)**		(224.3)
Administrative expenses		**21.8**		15.8		**45.7**		43.4
Operating loss		**(137.9)**		(92.7)		**(372.6)**		(267.7)
Financing income		**–**		-		**(0.1)**		-
Financing expense		**82.5**		66.1		**195.5**		174.7
Net finance expense		**82.5**		66.1		**195.4**		174.7
Loss before tax		**(220.4)**		(158.8)		**(568.0)**		(442.4)
Income tax recovery		**(18.9)**		(14.2)		**(53.1)**		(38.7)
Net loss and comprehensive loss for the period	$	**(201.5)**	$	(144.6)	$	**(514.9)**	$	(403.7)

(1) Included in cost of sales for the three and nine months ended September 30, 2015 is depreciation and amortization of $130.9 million and $370.8 million, respectively ($101.8 million and $271.3 million for the three and nine months ended September 30, 2014).

Reconciliation of Ambatovy Joint Venture's net loss and comprehensive loss to the share of loss of an associate recognized in the interim condensed consolidated statements of comprehensive income (loss):

	For the three months ended				For the nine months ended			
Canadian $ millions		2015 September 30		2014 September 30		2015 September 30		2014 September 30
Net loss and comprehensive loss for the period of Ambatovy Joint Venture	$	**(201.5)**		(144.6)	$	**(514.9)**	$	(403.7)
Proportion of Sherritt's ownership interest		**40%**		40%		**40%**		40%
Total		**(80.6)**		(57.8)		**(206.0)**		(161.5)
Intercompany interest expense elimination		**12.0**		8.4		**32.5**		21.1
Share of loss of an associate, net of tax	$	**(68.6)**	$	(49.4)	$	**(173.5)**	$	(140.4)

Commercial production, the point at which Ambatovy began to recognize operating revenues and costs for accounting purposes, commenced on February 1, 2014. The Ambatovy Joint Venture generated pre-commercial production revenue of $42.5 million ($17.0 million – 40% basis) for the month ended January 31, 2014.

7. JOINT ARRANGEMENTS

Investment in a joint venture

The Corporation indirectly holds a 50% interest in the Moa Joint Venture. The operations of the Moa Joint Venture are currently conducted among three companies. Moa Nickel S.A. owns and operates the mining and processing facilities located in Moa, Cuba; The Cobalt Refinery Company Inc. owns and operates the metals refinery located at Fort Saskatchewan; and International Cobalt Company Inc. acquires mixed-sulphides from Moa Nickel S.A. and third parties, contracts the refining of such purchased materials and then markets finished nickel and cobalt.

The following provides additional information relating to the Corporation's investment in the Moa Joint Venture:

Statement of financial position

Canadian $ millions, 100% basis, as at	2015 September 30	2014 December 31
Assets		
Cash and cash equivalents	**$ 29.4**	$ 48.3
Income taxes receivable	**6.2**	3.7
Other current assets	**19.1**	2.8
Trade accounts receivable, net	**82.6**	107.7
Inventories	**229.5**	197.4
Other non-current assets	**13.6**	4.4
Property, plant and equipment	**1,295.3**	1,135.1
Deferred income taxes	**7.7**	1.3
Total assets	**1,683.4**	1,500.7
Liabilities		
Trade accounts payable and accrued liabilities	**79.3**	81.9
Other current financial liabilities	**90.4**	73.1
Other current liabilities	**3.2**	-
Loans and borrowings	**34.3**	13.7
Environmental rehabilitation provision	**74.9**	65.9
Other long-term financial liabilities	**464.3**	396.7
Deferred income taxes	**28.6**	23.4
Total liabilities	**775.0**	654.7
Net assets	**$ 908.4**	$ 846.0

Reconciliation of Moa Joint Venture's net assets to the carrying value of investment in a joint venture recognized in the interim condensed consolidated statements of financial position:

Canadian $ millions, as at	2015 September 30	2014 December 31
Net assets of Moa Joint Venture	**$ 908.4**	$ 846.0
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**454.2**	423.0
Intercompany capitalized interest elimination	**(48.9)**	(42.9)
Carrying value of investment in joint venture	**$ 405.3**	$ 380.1

Results of operations

Canadian $ millions, 100% basis	For the three months ended 2015 September 30	2014 September 30	For the nine months ended 2015 September 30	2014 September 30
Revenue	**$ 178.1**	$ 220.4	**$ 543.6**	$ 571.4
Cost of sales(1)	**187.6**	177.6	**529.2**	511.7
Gross (loss) profit	**(9.5)**	42.8	**14.4**	59.7
Administrative expenses	**1.9**	2.3	**5.1**	7.0
Operating (loss) profit	**(11.4)**	40.5	**9.3**	52.7
Financing income	**(0.1)**	(0.1)	**(0.3)**	(0.4)
Financing expense	**9.5**	11.8	**32.1**	28.9
Net finance expense	**9.4**	11.7	**31.8**	28.5
(Loss) earnings before tax	**(20.8)**	28.8	**(22.5)**	24.2
Income tax (recovery) expense(2)	**(3.2)**	10.8	**(3.3)**	25.4
Net (loss) earnings and comprehensive (loss) income for the period	**$ (17.6)**	$ 18.0	**$ (19.2)**	$ (1.2)

(1) Included in cost of sales for the three and nine months ended September 30, 2015 is depreciation and amortization of $16.6 million and $50.5 million, respectively (for the three and nine months ended September 30, 2014 - $13.2 million and $41.1 million, respectively).

(2) Due to a new foreign investment law in the first quarter of 2015, statutory tax rates for Cuba have been reduced, resulting in tax rate reductions at the Moa Joint Venture (note 10).

Reconciliation of Moa Joint Venture's net (loss) earnings and comprehensive (loss) income to the share of (loss) earnings of a joint venture recognized in the interim condensed consolidated statements of comprehensive income (loss):

	For the three months ended		For the nine months ended	
	2015	2014	**2015**	2014
Canadian $ millions	**September 30**	September 30	**September 30**	September 30
Net (loss) earnings and comprehensive (loss) income for the period of Moa Joint Venture	**$ (17.6)**	$ 18.0	**$ (19.2)**	$ (1.2)
Proportion of Sherritt's ownership interest	**50%**	50%	**50%**	50%
Total	**(8.8)**	9.0	**(9.6)**	(0.6)
Intercompany interest expense elimination	**2.4**	1.8	**6.9**	5.5
Share of (loss) earnings of a joint venture, net of tax	**$ (6.4)**	$ 10.8	**$ (2.7)**	$ 4.9

For the three and nine months ended September 30, 2015, the Moa Joint Venture (50% basis) paid $nil and $12.5 million of dividends, respectively ($nil for the three and nine months ended September 30, 2014).

Joint operations

The following is a summary of the Corporation's economic interests in joint operations, all of which have a December 31 reporting date:

		2015	2014
As at		**September 30**	December 31
Entity	**Principal activities**	**Economic Interest**	
Energas	Power generation	**33⅓%**	33⅓ %
Bienfait Activated Carbon[1]	Operator of activated carbon plant facilities	**–**	–
Carbon Development Partnership[1]	Coal recovery and coal gasification project	**–**	–

(1) As of April 28, 2014 the Corporation no longer had an interest in the Carbon Development Partnership and Bienfait Activated Carbon as a result of the completion of the sale of the Coal operations (note 11). The results of operations of Bienfait Activated Carbon and Carbon Development Partnership up to the date of the sale are included in earnings from discontinued operations. The Corporation had a 50% economic interest in these operations prior to completion of the sale of the Coal operations.

The Corporation recognizes all applicable assets, liabilities, revenues and expenses relating to its interest in the above noted joint operations in accordance with IFRS.

The following tables present a summary of the Corporation's interests in its joint operations:

Canadian $ millions, as at September 30	**2015**
	Energas
	33⅓%
Current assets	**$ 26.9**
Non-current assets	**175.1**
Current liabilities	**19.0**
Non-current liabilities	**83.5**
Net assets	**$ 99.5**

Canadian $ millions, as at December 31	2014
	Energas
	33⅓ %
Current assets	$ 27.7
Non-current assets	167.1
Current liabilities	14.1
Non-current liabilities	112.7
Net assets	$ 68.0

Canadian $ millions, for the three months ended September 30		**2015**
		Energas
		33⅓%
Revenue	**$**	**14.4**
Expense		**5.4**
Net earnings	**$**	**9.0**

Canadian $ millions, for the three months ended September 30						2014
		Carbon Development Partnership		Bienfait Activated Carbon		Energas
		50%		50%		33⅓ %
Revenue	$	-	$	-	$	12.6
Expense		-		-		5.4
Net earnings	$	-	$	-	$	7.2

Canadian $ millions, for the nine months ended September 30		**2015**
		Energas
		33⅓%
Revenue	**$**	**38.4**
Expense		**15.4**
Net earnings	**$**	**23.0**

Canadian $ millions, for the nine months ended September 30						2014
		Carbon Development Partnership		Bienfait Activated Carbon		Energas
		50%		50%		33⅓ %
Revenue	$	0.5	$	4.9	$	37.0
(Recovery) expense		(0.7)		3.5		26.9
Net earnings	$	1.2	$	1.4	$	10.1

8. GAIN ON ARBITRATION SETTLEMENT

On August 1, 2014, the Corporation received a favourable arbitration settlement ruling related to a contract dispute with a port operator that arose during the time the Corporation operated Coal Valley Resources Inc. As a result of the decision, the Corporation recognized a gain on settlement of $12.8 million. The funds were received by the Corporation in October 2014.

9. NET FINANCE EXPENSE

Canadian $ millions	Note	For the three months ended 2015 September 30	2014 September 30	For the nine months ended 2015 September 30	2014 September 30
Revaluation on financial instruments	14	**$ (13.7)**	$ (1.7)	**$ (17.7)**	$ (3.9)
Interest income on cash, cash equivalents and short-term investments		**0.6**	1.8	**2.2**	4.4
Interest income on investments		**–**	0.2	**–**	1.1
Interest income on advances and loans receivable		**24.4**	18.9	**67.4**	51.5
Total financing income		**11.3**	19.2	**51.9**	53.1
Interest expense and accretion on loans and borrowings		**38.6**	41.3	**109.9**	122.7
Unrealized foreign exchange loss		**10.1**	6.0	**25.9**	9.4
Realized foreign exchange (gain) loss	22	**(1.3)**	0.1	**(1.5)**	0.3
Other finance charges	22	**3.7**	3.1	**10.4**	9.4
Accretion expense on environmental rehabilitation provisions	19, 22	**0.2**	0.2	**0.8**	0.6
Total financing expense		**51.3**	50.7	**145.5**	142.4
Net finance expense		**$ 40.0**	$ 31.5	**$ 93.6**	$ 89.3

Included in interest income on advances and loans receivable in the interim condensed consolidated statements of comprehensive income (loss) is interest on the Energas conditional sales agreement of $4.0 million and $12.4 million for the three and nine months ended September 30, 2015, respectively ($4.5 million and $14.0 million for the three and nine months ended September 30, 2014, respectively). Additionally, included in interest received in the interim condensed consolidated statements of cash flow is interest of $4.0 million and $35.1 million for the three and nine months ended September 30, 2015, respectively ($12.9 million and $15.0 million for the three and nine months ended September 30, 2014, respectively). In the prior periods, these amounts were netted against interest expense and accretion on loans and borrowings and interest paid, respectively. For consistency of presentation with the current periods presented, the comparative amounts have been reclassified to interest income and interest received, respectively.

10. INCOME TAXES

Canadian $ millions	For the three months ended 2015 September 30	2014 September 30	For the nine months ended 2015 September 30	2014 September 30
Current income tax expense (recovery)				
Current period	**$ 3.4**	$ 13.5	**$ 13.6**	$ 40.9
Effect of tax rate change in Cuba	**–**	-	**(27.2)**	-
	3.4	13.5	**(13.6)**	40.9
Deferred income tax expense (recovery)				
Origination and reversal of temporary differences	**(24.7)**	(6.3)	**(47.9)**	(19.9)
Non-recognition of tax assets	**25.4**	11.1	**39.1**	23.5
Effect of tax rate change in Cuba	**–**	-	**(13.5)**	-
	0.7	4.8	**(22.3)**	3.6
Income tax expense (recovery)	**$ 4.1**	$ 18.3	**$ (35.9)**	$ 44.5

Tax rate changes

Cuba

In 2015, clarification was received from the Cuban government regarding the application of tax rate reductions in Cuba due to a new foreign investment law. As a result, the tax expense for the three and nine months ended September 30, 2015 includes tax recoveries of $nil and $40.7 million, respectively, in Oil and Gas. In addition, for the three and nine months ended September 30, 2015 a tax recovery of $nil and $2.6 million (50% basis) was recognized at the Moa Joint Venture, the impact of which is included in the Corporation's share of (loss) earnings of a joint venture. The new foreign investment law in Cuba resulted in the following rate changes:

Operation	Prior Statutory Tax Rate	Revised Statutory Tax Rate
Oil and Gas	**30.0%**	**22.5%**
Power	**30.0%**	**15.0%**
Metals - Moa Joint Venture	**45.0%**	**22.5%**

Alberta

In the second quarter of 2015, a 2% increase in Alberta's corporate income tax rate was substantively enacted. As a result, the tax expense at the Moa Joint Venture includes a non-cash adjustment of $1.0 million (50% basis) for the nine months ended September 30, 2015, reflecting a re-measurement of deferred tax liabilities. The impact of this adjustment is included in the Corporation's share of (loss) earnings of a joint venture (note 7).

11. DISCONTINUED OPERATIONS

On April 28, 2014, the Corporation completed the sale of its Coal operations, receiving $793.0 million in cash proceeds. In addition, a net post-closing adjustment of $21.4 million was received in June 2014.

For the three and nine months ended September 30, 2015 and 2014, (loss) earnings from Coal are reported in (loss) earnings from discontinued operations and cash (used) provided by Coal is reported in cash (used) provided by discontinued operations. For the three and nine months ended September 30, 2015, loss from discontinued operations relates to an increase in the obligations retained by the Corporation post-disposition (note 19).

The net (loss) earnings from Coal for the three and nine months ended September 30, 2015 and 2014 are as follows:

	For the three months ended		For the nine months ended	
Canadian $ millions	**2015 September 30**	2014 September 30	**2015 September 30**	2014 September 30
Revenue	**$ –**	$ -	**$ –**	$ 242.8
Cost of sales	**–**	-	**5.0**	198.5
Gross (loss) profit	**–**	-	**(5.0)**	44.3
Administrative expenses	**–**	-	**–**	7.2
Operating (loss) profit	**–**	-	**(5.0)**	37.1
Financing income	**–**	-	**–**	(4.8)
Financing expense	**–**	-	**–**	9.6
Net finance expense	**–**	-	**–**	4.8
(Loss) earnings before tax	**–**	-	**(5.0)**	32.3
Income tax expense	**–**	-	**–**	4.1
Net (loss) earnings for the period	**$ –**	$ -	**$ (5.0)**	$ 28.2
Gain on disposal of Coal operations	**–**	-	**–**	13.0
(Loss) earnings from discontinued operations	**$ –**	$ -	**$ (5.0)**	$ 41.2

Gain on disposal of Coal operations

The gain on disposal of the Coal operations is calculated as:

Canadian $ millions, as at	2014 September 30
Consideration received in cash	$ 793.0
Post-closing adjustments	21.4
Total consideration received	$ 814.4
Net assets disposed of	801.4
Gain on disposal	$ 13.0

The major classes of assets and liabilities of the Coal segment are as follows:

Canadian $ millions, as at		2014 April 28
ASSETS		
Current assets		
Cash and cash equivalents	$	10.1
Advances, loans receivable and other financial assets		3.9
Finance lease receivable		15.6
Trade accounts receivable, net		58.2
Income taxes receivable		1.6
Inventories		148.3
Prepaid expenses		1.7
		239.4
Non-current assets		
Advances, loans receivable and other financial assets		24.4
Other non-financial assets		2.0
Finance lease receivable		154.6
Property, plant and equipment		473.8
Intangible assets		417.2
		1,072.0
Assets of discontinued operations	$	1,311.4
LIABILITIES		
Current liabilities		
Trade accounts payable and accrued liabilities	$	79.4
Other financial liabilities		40.0
Other non-financial liabilities		0.1
Environmental rehabilitation provisions		19.4
		138.9
Non-current liabilities		
Other financial liabilities		95.2
Other non-financial liabilities		0.6
Environmental rehabilitation provisions		152.9
Deferred income taxes		122.4
		371.1
Liabilities of discontinued operations	$	510.0
Net assets of discontinued operations	$	801.4

The following table provides details of the operating, investing and financing activities of the Coal operations for the three and nine months ended September 30, 2015 and 2014:

	For the three months ended		For the nine months ended	
	2015	2014	**2015**	2014
Canadian $ millions	**September 30**	September 30	**September 30**	September 30
Operating activities				
Net (loss) earnings from discontinued operations	**$ –**	$ -	**$ (5.0)**	$ 28.2
Add (deduct):				
Finance costs (less accretion expenses)	**–**	-	**–**	3.8
Income tax expense	**–**	-	**–**	4.1
Loss on settlement of environmental rehabilitation provisions	**–**	-	**–**	1.2
Change in provision	**–**	(5.6)	**4.0**	(24.1)
Net change in non-cash working capital	**(0.1)**	-	**(2.7)**	(1.5)
Interest received	**–**	-	**–**	3.8
Interest paid	**–**	-	**–**	(6.3)
Liabilities settled for environmental rehabilitation provisions	**–**	-	**–**	(4.2)
Other operating items	**–**	-	**–**	13.7
Cash (used) provided by operating activities	**(0.1)**	(5.6)	**(3.7)**	18.7
Investing activities				
Property, plant and equipment expenditures	**–**	-	**–**	(14.2)
Increase in advances, loans receivable and other financial assets	**–**	-	**–**	(0.6)
Repayment of advances, loans receivable and other financial assets	**–**	-	**–**	1.2
Net proceeds from sale of property, plant and equipment	**–**	-	**–**	0.1
Cash used by investing activities	**–**	-	**–**	(13.5)
Financing activities				
Repayment of other financial liabilities	**–**	-	**–**	(14.2)
Increase in finance lease receivables	**–**	-	**–**	(1.0)
Repayment of finance lease receivables	**–**	-	**–**	5.7
Cash used by financing activities	**–**	-	**–**	(9.5)
Decrease in cash and cash equivalents	**$ (0.1)**	$ (5.6)	**$ (3.7)**	$ (4.3)

12. ASSETS HELD FOR SALE

Gain on sale of Corporate assets

On May 29, 2015, the Corporation completed the sale of its corporate office in Toronto for $21.5 million. On the sale of the property, the Corporation recognized a gain of $19.1 million, which represents the difference between the proceeds, net of transaction costs of $0.3 million, and the net book value of $2.1 million.

Assets held for sale

During the second quarter of 2015, the Corporation approved the sale of the Technologies property located in Fort Saskatchewan. In classifying the land and building as held for sale, the Corporation is required to measure the assets at the lower of carrying amount and fair value less cost to sell. The expected purchase consideration was used as the basis for determining the fair value. In performing this assessment, the Corporation concluded that the fair value less cost to sell of the assets exceeded the carrying amount. As a result, no adjustment was required. The transaction is expected to be completed in 2016.

13. LOSS PER SHARE

The following table presents the calculation of basic and diluted (loss) earnings per common share:

	For the three months ended		For the nine months ended	
	2015	2014	**2015**	2014
Canadian $ millions, except share amounts in millions and per share amounts in dollars	**September 30**	September 30	**September 30**	September 30
Net loss from continuing operations	**$ (210.0)**	$ (51.3)	**$ (314.4)**	$ (170.8)
(Loss) earnings from discontinued operations, net of tax	**–**	-	**(5.0)**	41.2
Net loss – basic and diluted	**$ (210.0)**	$ (51.3)	**$ (319.4)**	$ (129.6)
Weighted-average number of common shares – basic and diluted(1)	**293.8**	297.2	**293.6**	297.1
Net loss from continuing operations per common share, basic and diluted	**$ (0.72)**	$ (0.17)	**$ (1.07)**	$ (0.57)
(Loss) earnings from discontinued operations per common share, basic and diluted	**$ –**	$ -	**$ (0.02)**	$ 0.14
Net loss per common share, basic and diluted	**$ (0.72)**	$ (0.17)	**$ (1.09)**	$ (0.43)

(1) The determination of the weighted-average number of common shares - diluted excludes 7.3 million shares related to stock options that were anti-dilutive for the three and nine months ended September 30, 2015 (5.5 million for the three and nine months ended September 30, 2014). There were nil shares related to the employee share purchase plan that were anti-dilutive for the three and nine months ended September 30, 2015 (0.3 million shares for the three and nine months ended September 30, 2014). There were nil shares related to the restricted stock plan that were anti-dilutive for the three and nine months ended September 30, 2015 (0.3 million shares for the three and nine months ended September 30, 2014).

14. FINANCIAL INSTRUMENTS

Cash, cash equivalents and short-term investments

Cash and cash equivalents consist of:

	2015	2014
Canadian $ millions, as at	**September 30**	December 31
Cash equivalents	**$ 156.9**	$ 112.8
Cash on hand and balances with banks	**108.9**	47.8
	$ 265.8	$ 160.6

The Corporation's cash balances are deposited with major financial institutions rated A- or higher by Standard and Poor's except for institutions located in Madagascar (BB or higher) and with banks in Cuba that are not rated. The total cash held in Cuban bank deposit accounts was $6.1 million at September 30, 2015 (December 31, 2014 – $11.7 million).

As at September 30, 2015, $3.1 million of cash on the Corporation's interim condensed consolidated statements of financial position was held by Energas (December 31, 2014 – $7.5 million). These funds are for the use of the joint operation.

The Corporation's cash equivalents consist of Government of Canada treasury bills and term deposits with a major financial institution with maturities of 90 days or less. As at September 30, 2015, the Corporation had $156.9 million in Government of Canada treasury bills and term deposits (December 31, 2014 - $112.8 million) included in cash and cash equivalents and $108.0 million in short-term investments (December 31, 2014 - $315.6 million).

Financial instrument hierarchy

Canadian $ millions, as at	Note	Hierarchy level	2015 September 30	2014 December 31
Recurring financial assets held for trading, measured at fair value:				
Cash equivalents		1	**$ 156.9**	$ 112.8
Short-term investments		1	**108.0**	315.6
Restricted cash		1	**1.0**	1.0
Provisionally priced sales[1]		2	**4.6**	-
Ambatovy call option	15	3	**–**	15.5

(1) Revenue from provisionally priced sales is initially recorded at the estimated fair value of the consideration that is ultimately expected to be received based on forecast reference prices. At each reporting date all outstanding receivables originating from provisionally priced sales are marked to market based on a forecast of reference prices at that time. The adjustment to accounts receivable is recorded as an adjustment to sales revenue. Provisional pricing is only used in the pricing of nickel sales for which reference prices are established in a freely traded and active market.

The following is a reconciliation of the beginning to ending balance for the Ambatovy call option included in Level 3:

Canadian $ millions	Note	For the nine months ended September 30 2015	For the year ended December 31 2014
Balance, beginning of the period		**$ 15.5**	$ 22.1
Revaluation on financial instruments included in net finance expense	9	**(17.7)**	(8.5)
Effect of movements in exchange rates		**2.2**	1.9
Balance, end of the period		**$ –**	$ 15.5

Upon achieving financial completion on September 21, 2015, the Corporation's Ambatovy call option became exercisable for a two-year period or until SNC-Lavalin exercises its put option. The Ambatovy call option relates to the right of the Corporation and Sumitomo Corporation to acquire SNC-Lavalin's 5% equity interest in the Ambatovy Joint Venture. SNC-Lavalin's put option relates to the right to divest of its 5% equity interest to the Corporation and Sumitomo Corporation. The Corporation had the right to decline such an offer. On September 30, 2015, SNC-Lavalin exercised its put option. The Corporation declined its option to acquire its share of SNC-Lavalin's interest. As a result, the Ambatovy call option expired and the Corporation realized a loss of $13.7 million on the extinguishment of this financial instrument through net finance expense (note 9).

Fair values

Financial instruments with carrying amounts different from their fair values include the following[1]:

Canadian $ millions, as at	Note	Hierarchy value	2015 September 30 Carrying value	Fair value	2014 December 31 Carrying value	Fair Value
8.00% senior unsecured debentures due 2018	18	1	**$ 247.1**	**$ 160.0**	$ 246.5	$ 247.5
7.50% senior unsecured debentures due 2020	18	1	**246.4**	**155.0**	246.0	237.5
7.875% senior unsecured debentures due 2022	18	1	**240.0**	**148.8**	239.2	235.0
Ambatovy Joint Venture Additional Partner loans[2]	18	2	**1,215.3**	**457.2**	1,014.3	970.9
Ambatovy Joint Venture Partner loans[2]	18	2	**129.2**	**88.4**	111.0	93.5

(1) The carrying values are net of financing costs. Fair values exclude financing costs and are based on market closing prices.

(2) The fair value for the Ambatovy Partner loans and Ambatovy Additional Partner loans is calculated by discounting future cash flows by 19.88% and 30.13% respectively. These rates are based on market rates adjusted for the Corporation's credit quality for instruments with similar maturity horizons.

As at September 30, 2015, the carrying amounts of cash and cash equivalents, restricted cash, short-term investments, trade accounts receivable, current portion of advances and loans receivable, current portion of other financial assets, current portion of loans and borrowings, current portion of other financial liabilities, trade accounts payable and accrued liabilities are at fair value or approximate fair value due to their immediate or short terms to maturity.

The fair values of non-current loans and borrowings and other financial liabilities approximate their carrying amount except as indicated in the above table. The fair value of a financial instrument on initial recognition is normally the transaction price; the fair value of the consideration given or received. The fair values of non-current advances and loans receivable approximate their carrying amount based on their time horizon to maturity, and current market rates. Due to the use of judgment and uncertainties in the determination of the estimated fair values, these values should not be interpreted as being realizable in the immediate term.

The Corporation's 2022 notes include an option for the Corporation to redeem all or part of the notes outstanding prior to the expiration date at a determinable price. The fair value of the embedded derivative was insignificant at September 30, 2015.

As at September 30, 2015, the carrying amount of the lenders' conversion option under the Ambatovy Joint Venture additional partner loan agreements is approximately equal to its fair value.

Trade accounts receivable, net

The Corporation's trade accounts receivable are composed of the following:

Canadian $ millions, as at	Note	**2015 September 30**	2014 December 31
Trade accounts receivable		**$ 210.6**	$ 196.4
Allowance for doubtful accounts		**(11.4)**	(12.2)
Accounts receivable from joint operations	24	**0.5**	0.1
Accounts receivable from joint venture	24	**14.2**	20.6
Accounts receivable from associate	24	**67.2**	37.5
Other		**17.6**	22.5
		$ 298.7	$ 264.9

Aging of receivables not impaired:

Canadian $ millions, as at	**2015 September 30**	2014 December 31
Not past due	**$ 212.9**	$ 250.8
Past due no more than 30 days	**24.8**	5.1
Past due for more than 30 days but no more than 60 days	**10.5**	0.8
Past due for more than 60 days	**50.5**	8.2
	$ 298.7	$ 264.9

Current payment terms for oil sales to an agency of the Cuban government are based on West Texas Intermediate (WTI) reference prices. As the WTI price exceeds US$29.50, payment terms are 180 days from the date of invoice.

Payment terms for electricity and by-product sales to Cuban state enterprises are 60 days from the date of invoice.

15. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Advances, loans receivable and other financial assets

Canadian $ millions, as at	Note	2015 September 30	2014 December 31
Advances, loans receivable			
Ambatovy subordinated loans receivable	24	**$ 1,917.0**	$ 1,489.9
Energas conditional sales agreement	24	**188.7**	239.3
Moa Joint Venture loans receivable	24	**300.5**	250.3
Other		**1.8**	3.0
Other financial assets			
Ambatovy call option	14	**–**	15.5
		2,408.0	1,998.0
Current portion of advances, loans receivable and other financial assets		**(97.5)**	(75.6)
		$ 2,310.5	$ 1,922.4

Moa Joint Venture loans receivable

The Moa Joint Venture loans receivable consists of two funding arrangements with certain Moa Joint Venture entities. The first is a funding agreement entered into by the Corporation in prior years to finance expansion. This advance and loan receivable has a fixed interest rate of 6.5% and a balance outstanding as at September 30, 2015 of $243.6 million (December 31, 2014 - $207.4 million). In June 2015, the term of this agreement was extended to December 31, 2026.

Also, included in Moa Joint Venture loans receivable is a working capital facility totaling $56.9 million as at September 30, 2015 (December 31, 2014 - $42.9 million). In September 2015, the terms of this facility were amended to extend the maturity date to November 2016 and increase the maximum credit available from $65.0 million to $90.0 million. The facility bears interest at prime plus 2.25% per annum or bankers' acceptances plus 3.25%.

16. INVENTORIES

Canadian $ millions, as at	2015 September 30	2014 December 31
Materials in process	**$ 0.1**	$ 0.1
Finished products	**10.9**	4.9
	11.0	5.0
Spare parts and operating materials	**30.7**	25.6
	$ 41.7	$ 30.6

For the three and nine months ended September 30, 2015, the cost of inventories included in cost of sales was $12.5 million and $48.3 million, respectively ($10.3 million and $44.5 million for the three and nine months September 30, 2014, respectively).

17. PROPERTY, PLANT AND EQUIPMENT

Canadian $ millions, for the nine months ended September 30	Note	Oil and Gas properties	Plant, equipment and land	Total
				2015
Cost				
Balance, beginning of the period		$ **1,303.6**	$ **649.9**	$ **1,953.5**
Additions		**38.0**	**33.1**	**71.1**
Capitalized closure costs		**5.4**	**3.2**	**8.6**
Disposals and derecognition		**(1.3)**	**(25.6)**	**(26.9)**
Effect of movements in exchange rates		**180.3**	**48.5**	**228.8**
Reclassified to assets held for sale	12	**–**	**(4.0)**	**(4.0)**
Balance, end of the period		$ **1,526.0**	$ **705.1**	$ **2,231.1**
Depletion, depreciation and impairment losses				
Balance, beginning of the period		$ **1,227.5**	$ **303.9**	$ **1,531.4**
Depletion and depreciation		**55.1**	**25.6**	**80.7**
Impairments		**23.3**	**57.3**	**80.6**
Disposals and derecognition		**(1.3)**	**(24.8)**	**(26.1)**
Effect of movements in exchange rates		**174.6**	**23.0**	**197.6**
Reclassified to assets held for sale	12	**–**	**(3.1)**	**(3.1)**
Balance, end of the period		**1,479.2**	**381.9**	**1,861.1**
Net book value		$ **46.8**	$ **323.2**	$ **370.0**

Canadian $ millions, for the year ended December 31	Oil and Gas properties	Plant, equipment and land	Total
			2014
Cost			
Balance, beginning of the year	$ 1,176.0	$ 581.9	$ 1,757.9
Additions	42.2	41.1	83.3
Capitalized closure costs	6.3	12.4	18.7
Disposals and derecognition	-	(2.0)	(2.0)
Effect of movements in exchange rates	79.1	25.8	104.9
Reclassified to assets held for sale	-	(9.3)	(9.3)
Balance, end of the year	$ 1,303.6	$ 649.9	$ 1,953.5
Depletion, depreciation and impairment losses			
Balance, beginning of the year	$ 1,091.6	$ 273.5	$ 1,365.1
Depletion and depreciation	59.8	23.6	83.4
Impairments	-	2.1	2.1
Disposals and derecognition	-	(1.2)	(1.2)
Effect of movements in exchange rates	76.1	13.1	89.2
Reclassified to assets held for sale	-	(7.2)	(7.2)
Balance, end of the year	1,227.5	303.9	1,531.4
Net book value	$ 76.1	$ 346.0	$ 422.1

Canadian $ millions	Plant, equipment and land
Assets under construction, included in above	
As at September 30, 2015	**13.5**
As at December 31, 2014	17.5

Impairment of Oil assets

In the third quarter of 2015, the impairment loss of $80.6 million represented the write-down of certain Oil assets in the Oil and Gas segment to their recoverable amount as a result of lower oil price forecasts and poor drilling results from development wells at the Puerto Escondido/Yumuri extension. This impairment was recognized in the interim condensed consolidated statement of comprehensive income (loss) as Impairment of Oil assets. The Corporation has four cash-generating units ("CGUs") within its Oil and Gas segment. These CGUs are determined by geographical area or production-sharing contract ("PSC"). The impaired CGUs consisted of Puerto Escondido/Yumuri, Puerto Escondido/Yumari extension and Spain. The recoverable amount of the impaired CGUs was based on value in use and was $54.4 million as at September 30, 2015. In determining value in use for the CGU, the cash flows were discounted at a rate of 10%. The drilling results used in the value in use are derived from internal estimates and may be subject to change when the external reserve analysis is obtained in the fourth quarter of 2015.

18. LOANS, BORROWINGS AND OTHER LIABILITIES

Loans and borrowings

Canadian $ millions, as at	Note	**2015 September 30**	2014 December 31
Long-term loans			
8.00% senior unsecured debentures due 2018	14	**$ 247.1**	$ 246.5
7.50% senior unsecured debentures due 2020	14	**246.4**	246.0
7.875% senior unsecured debentures due 2022	14	**240.0**	239.2
Ambatovy Joint Venture Additional Partner loans	14	**1,215.3**	1,014.3
Ambatovy Joint Venture Partner loans	14	**129.2**	111.0
Syndicated revolving-term credit facility		**25.0**	-
Line of credit		**–**	-
Vendor financing		**1.7**	2.9
		2,104.7	1,859.9
Current portion of loans and borrowings		**(26.3)**	(1.6)
		$ 2,078.4	$ 1,858.3

Syndicated revolving-term credit facility

In September 2015, the Corporation amended the terms of the syndicated revolving-term credit facility to extend the maturity date to November 30, 2016 and increase the maximum credit available from $90.0 to $115.0 million. The interest rate on the facility remains unchanged at prime plus 2.25% per annum or bankers' acceptances plus 3.25%. As at September 30, 2015, the Corporation had $44.3 million of letters of credit outstanding on this facility. As at September 30, 2015, $25.0 million has been drawn on this facility.

Line of credit

In September 2015, the Corporation amended the terms of the line of credit to extend the maturity date to November 30, 2016 and increase the maximum credit available from $20.0 to $35.0 million. The interest rate on the facility increased from prime plus 2.25% or bankers' acceptance plus 3.25% per annum to prime plus 2.75% or bankers' acceptances plus 3.75% per annum.

Covenants

As at September 30, 2015, there are no events of default on the Corporation's borrowings or debentures.

Other financial liabilities

Canadian $ millions, as at	Note	2015 September 30	2014 December 31
Other long-term financial liabilities		**$ 0.3**	$ 0.6
Stock compensation liability	21	**2.5**	6.8
		2.8	7.4
Current portion of other financial liabilities		**(1.4)**	(3.2)
		$ 1.4	$ 4.2

Other non-financial liabilities

Canadian $ millions, as at	2015 September 30	2014 December 31
Deferred revenue	**$ 26.1**	$ 21.2
	26.1	21.2
Current portion of other non-financial liabilities	**(22.3)**	(17.2)
	$ 3.8	$ 4.0

19. PROVISIONS, CONTINGENCIES AND GUARANTEES

Canadian $ millions, as at	2015 September 30	2014 December 31
Environmental rehabilitation provisions	**$ 115.3**	$ 101.7
Other provisions	**29.0**	25.1
	144.3	126.8
Current portion of provisions	**(29.0)**	(18.0)
	$ 115.3	$ 108.8

Environmental rehabilitation provisions

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian $ millions	Note	For the nine months ended September 30 2015	For the year ended December 31 2014
Balance, beginning of the period		**$ 101.7**	$ 83.6
Additions		**0.1**	0.3
Change in estimates		**8.5**	18.3
Accretion	9	**0.8**	1.4
Effect of movement in exchange rates		**4.2**	(1.9)
Balance, end of the period		**$ 115.3**	$ 101.7

Other provisions

The following is a reconciliation of other provisions:

Canadian $ millions	For the nine months ended September 30 2015	For the year ended December 31 2014
Balance, beginning of the period	$ 25.1	$ 41.3
Change in estimates	5.0	9.7
Utilized during the period	(1.1)	(25.9)
Balance, end of the period	$ 29.0	$ 25.1

On October 31, 2013 a breach of an onsite water containment pond occurred at the Coal operations' Obed Mountain mine near Hinton, Alberta. The release consisted of 670,000 cubic metres of process water, containing water mixed with clay, mud, slate and coal particles. The Corporation continues to be subject to financial obligations relating to the Obed breach subsequent to the sale of the Coal operations (note 11). Other provisions, which includes financial obligations relating to the Obed breach, remains unchanged from the balance at June 30, 2015 and includes management's best estimate of penalties arising from regulatory charges, including the provincial charges laid in October 2015 by the Alberta Crown Prosecutor.

20. SHAREHOLDERS' EQUITY

Normal Course Issuer Bid

On October 29, 2014, the Corporation received approval from the TSX to commence a normal course issuer bid (NCIB) to purchase for cancellation up to 14,875,944 common shares, representing approximately 5% of its issued and outstanding common shares until November 2, 2015. Based on the average daily trading volumes, daily purchases are limited to 300,404 common shares, other than block purchase exceptions.

For the three and nine months ended September 30, 2015, the Corporation did not purchase or cancel any common shares under the NCIB. To date, the Corporation has purchased and cancelled 3,960,300 under the NCIB at an average cost of $2.52 per share, for an aggregate cost of $10.0 million.

Capital Stock

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

Canadian $ millions, except share amounts		For the nine months ended September 30 2015		For the year ended December 31 2014	
	Note	Number	Capital stock	Number	Capital stock
Balance, beginning of the period		293,271,191	$ 2,772.9	296,939,426	$ 2,808.5
Restricted stock plan (vested)	21	260,400	1.6	73,500	0.7
Employee share purchase plan (vested)	21	326,875	0.8	218,565	1.2
Share repurchase		–	–	(3,960,300)	(37.5)
Balance, end of the period		293,858,466	$ 2,775.3	293,271,191	$ 2,772.9

The following dividends were paid or were declared but unpaid:

Canadian $ millions, except per share amounts	For the nine months ended September 30 2015		For the year ended December 31 2014	
	Per share	Total	Per share	Total
Dividends paid during the period	$ 0.030	$ 9.0	$ 0.074	$ 21.9
Dividends declared but unpaid	–	–	0.010	3.0

On September 17, 2015, the Corporation's Board of Directors suspended its quarterly dividend of $0.01 per common share.

Reserves

Canadian $ millions	Note	For the nine months ended September 30 2015	For the year ended December 31 2014
Stated capital reserve			
Balance, beginning of the period		**$ 217.8**	$ 190.3
Share repurchase		**–**	27.5
Balance, end of the period		**217.8**	217.8
Stock-based compensation reserve(1)			
Balance, beginning of the period		**$ 7.4**	$ 6.2
Restricted stock plan (vested)	21	**(1.6)**	(0.7)
Restricted stock plan expense	21	**0.1**	0.7
Employee share purchase plan (vested)	21	**(0.1)**	(0.2)
Employee share purchase plan expense	21	**–**	0.1
Stock option plan expense	21	**1.0**	1.3
Balance, end of the period		**6.8**	7.4
Total reserves, end of the period		**$ 224.6**	$ 225.2

(1) Stock-based compensation reserve relates to equity-settled compensation plans issued by the Corporation to its directors, officers and employees.

Accumulated other comprehensive income

Canadian $ millions	For the nine months ended September 30 2015	For the year ended December 31 2014
Foreign currency translation reserve		
Balance, beginning of the period	**$ 323.8**	$ 63.0
Foreign currency translation differences on foreign operations	**460.4**	260.8
Balance, end of the period	**784.2**	323.8
Actuarial gains (losses) on defined benefit obligation		
Balance, beginning of the period	**$ (3.3)**	$ (1.0)
Actuarial gains (losses) on defined benefit obligation, net of tax		
Continuing operations	**(0.2)**	(1.1)
Discontinued operations	**–**	0.6
Reclassification due to settlement of pension obligation	**–**	(1.8)
Balance, end of the period	**$ (3.5)**	$ (3.3)
Total accumulated other comprehensive income	**$ 780.7**	$ 320.5

21. STOCK-BASED COMPENSATION PLANS

Stock options and options with tandem stock appreciation rights

The following is a summary of stock option activity:

Canadian $, except number of options, for the three months ended September 30	**2015**			2014		
	Number of options		**Weighted-average exercise price**	Number of options		Weighted-average exercise price
Outstanding, beginning of the period	**7,145,252**	**$**	**6.07**	5,543,752	$	7.55
Granted	**160,900**		**1.02**	-		-
Forfeited	**–**		**–**	(25,000)		15.02
Outstanding, end of the period	**7,306,152**	**$**	**5.96**	5,518,752	$	7.52
Options exercisable, end of the period	**4,215,615**	**$**	**8.46**	3,604,288	$	9.46

Canadian $, except number of options, for the nine months ended September 30	**2015**			2014		
	Number of options		**Weighted-average exercise price**	Number of options		Weighted-average exercise price
Outstanding, beginning of the period	**5,518,752**	**$**	**7.52**	4,868,249	$	8.70
Granted	**2,075,600**		**2.07**	1,233,200		3.02
Forfeited	**(198,200)**		**6.19**	(582,697)		7.85
Expired	**(90,000)**		**11.45**	-		-
Outstanding, end of the period	**7,306,152**	**$**	**5.96**	5,518,752	$	7.52
Options exercisable, end of the period	**4,215,615**	**$**	**8.46**	3,604,288	$	9.46

The following table summarizes information on stock options outstanding and exercisable:

As at September 30							**2015**
Range of exercise prices	**Number outstanding**	**Weighted-average remaining contractual life (years)**		**Weighted-average exercise price**	**Number exercisable**		**Exercisable weighted-average exercise price**
$1.02 - $5.05	**3,284,300**	**8.3**	**$**	**2.43**	**429,565**	**$**	**3.08**
$5.06 - $9.77	**2,685,185**	**5.0**		**6.58**	**2,449,383**		**6.72**
$9.78 - $11.64	**456,667**	**0.3**		**10.29**	**456,667**		**10.29**
$11.65 - $15.23	**880,000**	**1.9**		**14.99**	**880,000**		**14.99**
Total	**7,306,152**	**5.8**	**$**	**5.96**	**4,215,615**	**$**	**8.46**

As at September 30, 2015, 2,455,552 options with tandem SARs (September 30, 2014 – 2,575,552) and 4,850,600 options without tandem SARs (September 30, 2014 – 2,943,200) remained outstanding for which the Corporation has recognized a compensation expense of $0.3 million and $0.6 million, respectively, for the three and nine months ended September 30, 2015 (compensation recovery of $0.5 million and expense of $0.2 million for the three and nine months ended September 30, 2014, respectively, of which a recovery of $nil and $0.1 million for the three and nine months ended September 30, 2014, respectively, is included in earnings from discontinued operations). The carrying amount of liabilities associated with cash-settled compensation arrangements is nil as at September 30, 2015 (December 31, 2014 – $0.5 million).

Inputs for measurement of grant date fair values

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

Canadian $, except as noted, for the nine months ended September 30	2015	2014
Share price at grant date	**$ 2.07**	$ 3.04
Exercise price	**$ 2.07**	$ 3.02
Risk-free interest rates (based on 10-year Government of Canada bonds)	**1.50%**	2.39%
Expected volatility	**51.78%**	49.10%
Expected dividend yield	**1.74%**	1.41%
Expected life of options	**10 years**	10 years
Weighted-average fair value of options granted during the period	**$ 1.00**	$ 1.55

Other stock-based compensation

A summary of the Share Purchase Plan units, RSUs, DSUs and RSP units outstanding as at September 30, 2015 and 2014 and changes during the three and nine months ended is as follows:

For the three months ended September 30				2015
	Share Purchase Plan	RSU	DSU	RSP
Outstanding, beginning of the period	**159,340**	**7,429,032**	**557,894**	**27,000**
Issued	**–**	**235,295**	**102,845**	**–**
Dividends credited	**–**	**38,854**	**2,917**	**–**
Exercised	**(326,875)**	**–**	**–**	**–**
Forfeited	**–**	**(208,777)**	**–**	**–**
Adjusted on settlement	**167,535**	**–**	**–**	**–**
Vested	**–**	**(49,127)**	**–**	**–**
Outstanding, end of the period	**–**	**7,445,277**	**663,656**	**27,000**
Units exercisable, end of the period	**n/a**	**n/a**	**663,656**	**n/a**

For the nine months ended September 30				2015
	Share Purchase Plan	RSU	DSU	RSP
Outstanding, beginning of the period	**293,280**	**4,696,518**	**375,314**	**287,400**
Issued	**–**	**3,548,770**	**282,075**	**–**
Dividends credited	**–**	**87,802**	**6,267**	**–**
Exercised	**(326,875)**	**–**	**–**	**–**
Forfeited	**(133,940)**	**(210,282)**	**–**	**–**
Adjusted on settlement	**167,535**	**–**	**–**	**–**
Vested	**–**	**(677,531)**	**–**	**(260,400)**
Outstanding, end of the period	**–**	**7,445,277**	**663,656**	**27,000**
Units exercisable, end of the period	**n/a**	**n/a**	**663,656**	**n/a**

For the three months ended September 30				2014
	Share Purchase Plan	RSU	DSU	RSP
Outstanding, beginning of the period	524,475	4,625,683	458,079	287,400
Issued	-	4,647	42,925	-
Dividends credited	-	10,546	1,044	-
Exercised	(218,565)	-	-	-
Forfeited	(20,375)	(28,250)	-	-
Adjusted on settlement	34,280	-	-	-
Vested	-	-	(1,590)	-
Outstanding, end of the period	319,815	4,612,626	500,458	287,400
Units exercisable, end of the period	n/a	n/a	500,458	n/a

For the nine months ended September 30	Share Purchase Plan	RSU	DSU	RSP
				2014
Outstanding, beginning of the period	774,560	2,838,197	422,961	360,900
Issued	58,595	2,457,747	116,955	-
Dividends credited	-	60,720	7,798	-
Exercised	(218,565)	-	-	-
Forfeited	(329,055)	(43,612)	-	-
Adjusted on settlement	34,280	-	-	-
Vested	-	(700,426)	(47,256)	(73,500)
Outstanding, end of the period	319,815	4,612,626	500,458	287,400
Units exercisable, end of the period	n/a	n/a	500,458	n/a

For other stock-based compensation plans the Corporation recorded a compensation recovery of $3.3 million and $2.4 million, respectively for the three and nine months ended September 30, 2015 (compensation expense of $nil and $4.1 million for the three and nine months ended September 30, 2014, respectively, of which $nil and $0.6 million, respectively, are included in earnings from discontinued operations). The carrying amount of liabilities associated with cash-settled compensation arrangements is $2.5 million as at September 30, 2015 (December 31, 2014 - $6.3 million).

Measurement of fair values at grant date

The fair value of the Share Purchase Plan, RSUs, DSUs and RSPs are determined by reference to the market value and performance conditions, as applicable, of the shares at the time of grant.

The number of units subject to the RSU performance conditions outstanding at September 30, 2015 was 7,348,531 (September 30, 2014 – 3,913,256).

The following summarizes the grant date fair values for the RSU and DSU units granted during the period:

Canadian $, for the nine months ended September 30	**2015**	2014
Share Purchase Plan	**$ –**	$ 3.31
RSU	**2.06**	3.04
DSU	**2.11**	4.33

The intrinsic value of cash-settled stock-based compensation awards vested and outstanding as at September 30, 2015 was $2.7 million (December 31, 2014 - $7.0 million).

Employee share ownership plan

The Corporation offers an employee share ownership plan (ESOP) for eligible employees. Under the ESOP, contributions by the Corporation and eligible employees will be used by the plan administrator to make purchases of common shares of the Corporation on the open market. Each eligible employee may contribute up to 10% of the employee's salary to the ESOP. The Corporation will match 50% of employee contributions to the plan, up to a maximum annual contribution. Employer contributions will be used by the plan administrator to purchase additional common shares in the Corporation. These additional shares cannot be sold or withdrawn until the employee has participated in the plan for a continuous 24 month period. Shareholder approval is not required for this plan or any amendments to this plan.

The Corporation accounts for its contributions as compensation and benefits expense when the amounts are contributed to the plan. Compensation and benefits expense related to this plan was $0.2 million and $0.5 million for the three and nine months ended September 30, 2015 ($0.1 million for the three and nine months ended September 30, 2014).

22. CASH FLOWS

Other operating items

Canadian $ millions	Note	For the three months ended 2015 September 30	2014 September 30	For the nine months ended 2015 September 30	2014 September 30
Add (deduct) non-cash items:					
Accretion expense on environmental rehabilitation provisions	9, 19	**$ 0.2**	$ 0.2	**$ 0.8**	$ 0.6
Stock-based compensation (recovery) expense, net	21	**(3.0)**	(0.5)	**(1.8)**	3.8
Other items		**4.3**	3.5	**11.0**	9.4
Cash flow arising from changes in:					
Other finance charges	9	**(3.7)**	(3.1)	**(10.4)**	(9.4)
Realized foreign exchange gain (loss)	9	**1.3**	(0.1)	**1.5**	(0.3)
		$ (0.9)	$ -	**$ 1.1**	$ 4.1

Net change in non-cash working capital

Canadian $ millions	For the three months ended 2015 September 30	2014 September 30	For the nine months ended 2015 September 30	2014 September 30
Trade accounts receivable	**$ 54.0**	$ (30.7)	**$ 38.5**	$ (25.1)
Inventories	**(5.6)**	(5.5)	**(7.6)**	2.7
Prepaid expenses	**(1.4)**	(6.0)	**(10.0)**	(13.1)
Trade accounts payable and accrued liabilities	**(14.0)**	22.3	**(62.4)**	19.5
Deferred revenue	**20.5**	12.0	**5.0**	(12.6)
	$ 53.5	$ (7.9)	**$ (36.5)**	$ (28.6)

23. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Credit risk

Cuba

The Corporation has credit risk exposure related to its share of cash, accounts receivable, advances and loans receivable and certificates of deposit associated with its businesses located in Cuba or businesses which have Cuban joint venture partners as follows:

Canadian $ millions, as at	2015 September 30	2014 December 31
Cash	$ **12.6**	$ 19.0
Trade accounts receivable, net	**172.1**	140.7
Advances and loans receivable	**583.6**	609.3
Total	$ **768.3**	$ 769.0

The table above reflects the Corporation's maximum credit exposure to Cuban counterparties which may differ from balances in the consolidated results due to eliminations in accordance with accounting principles for subsidiaries and joint ventures.

Madagascar

The Corporation has credit risk exposure in Madagascar related to its share (40% basis) of net accounts receivable of $34.1 million associated with the Ambatovy Joint Venture including value added tax (VAT) receivables of $18.4 million from the government of Madagascar. The VAT receivable is net of a provision of $94.3 million (40% basis) reflecting the diminished likelihood of receipt of these amounts. As at September 30, 2015, total overdue accounts receivable including VAT (net of provision) for the Ambatovy Joint Venture amount to $5.5 million (40% basis).

Liquidity risk

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

Financial obligation maturity analysis

The Corporation's significant contractual commitments, obligations, and interest and principal repayments in respect of its financial liabilities are presented in the following table:

Canadian $ millions, as at September 30, 2015	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	$ **118.1**	$ **118.1**	$ **–**	$ **–**	$ **–**	$ **–**	$ **–**
Income taxes payable	**3.4**	**3.4**	**–**	**–**	**–**	**–**	**–**
Loans and borrowings[1]	**3,550.6**	**103.1**	**149.3**	**173.0**	**425.5**	**468.7**	**2,231.0**
Provisions	**190.8**	**30.5**	**0.2**	**7.8**	**0.8**	**–**	**151.5**
Operating leases	**20.6**	**2.9**	**2.9**	**2.9**	**3.0**	**3.0**	**5.9**
Total	$ **3,883.5**	$ **258.0**	$ **152.4**	$ **183.7**	$ **429.3**	$ **471.7**	$ **2,388.4**

(1) Loans and borrowings is composed primarily of $733.5 million in senior unsecured debentures and notes having interest rates of between 7.5% and 8.0% and maturities in 2018, 2020 and 2022, and $1,215.3 million and $129.2 million in loans provided by the Ambatovy Joint Venture partners to finance Sherritt's portion of the funding requirements of the Joint Venture, bearing interest of LIBOR plus a margin of 7.0% and 1.125%, respectively. These partner loans are to be repaid from the Corporation's share of cash distributions from the Ambatovy Joint Venture (note 18). The amounts above are based on management's best estimate of future cash flows including estimating assumptions such as commodity prices, production levels, cash costs of production, capital and reclamation costs. The Ambatovy joint venture additional partner loans are non-recourse to Sherritt unless there is a direct breach of certain restrictions stipulated in the loan documents. The maturity analysis table includes an estimate of interest repayments.

As a result of the Corporation's 40% interest in the Ambatovy Joint Venture, its proportionate share of significant undiscounted commitments of the Joint Venture include environmental rehabilitation commitments of $223.4 million, other contractual commitments of $46.3 million and senior debt financing of $1,096.8 million.

As a result of the Corporation's 50% interest in the Moa Joint Venture, its proportionate share of significant undiscounted commitments of the Joint Venture include advances and loans payable of $200.9 million, environmental rehabilitation commitments of $80.0 million and other commitments of $0.9 million.

Market risk

Foreign exchange risk

Many of Sherritt's businesses transact in currencies other than the Canadian dollar. The Corporation is sensitive to foreign exchange exposure when commitments are made to deliver products quoted in foreign currencies or when the contract currency is different from the product price currency. Derivative financial instruments are not used to reduce exposure to fluctuations in foreign exchange rates. The Corporation is also sensitive to foreign exchange risk arising from the translation of subsidiaries with a functional currency other than the Canadian dollar impacting other comprehensive (loss) income.

Based on financial instrument balances as at September 30, 2015, a strengthening or weakening of $0.05 of the Canadian dollar to the U.S. dollar with all other variables held constant could have a favourable or unfavourable impact of approximately $10.9 million, respectively, on net loss.

Based on financial instrument balances as at September 30, 2015, a strengthening or weakening of $0.05 of the Canadian dollar to the U.S. dollar with all other variables held constant could have an unfavourable or favourable impact of approximately $42.2 million, respectively, on other comprehensive (loss) income.

Interest rate risk

The Corporation is exposed to interest rate risk based on its outstanding loans and borrowings, and short-term and other investments. A change in interest rates could affect future cash flows or the fair value of financial instruments.

Based on the balance of short-term and long-term loans and borrowings, cash equivalents, short-term and long-term investments, and advances and loans receivable at September 30, 2015, excluding interest capitalized to project costs, a 1.0% decrease or increase in the market interest rate could decrease or increase the Corporation's net earnings by approximately $1.8 million, respectively. The Corporation does not engage in hedging activities to mitigate its interest rate risk.

Capital risk management

In the definition of capital, the Corporation includes, as disclosed in its interim condensed consolidated statements of financial position and notes to the financial statements: capital stock, deficit and un-drawn credit facilities.

Canadian $ millions, as at	**2015 September 30**	2014 December 31
Capital stock	**$ 2,775.3**	$ 2,772.9
Deficit	**(585.3)**	(259.9)
Un-drawn credit facilities	**80.7**	53.4

24. RELATED PARTY TRANSACTIONS

A description of the Corporation's interest in an associate and its interest in jointly controlled entities are included in notes 6 and 7, respectively.

	For the three months ended		For the nine months ended	
Canadian $ millions	**2015 September 30**	2014 September 30	**2015 September 30**	2014 September 30
Total value of goods and services:				
Provided to joint operations	**$ 5.9**	$ 4.1	**$ 20.4**	$ 12.6
Provided to joint venture	**43.8**	41.4	**133.2**	126.7
Provided to associate	**0.7**	0.6	**2.2**	2.5
Purchased from joint operations	**–**	-	**–**	1.0
Purchased from joint venture	**24.4**	40.4	**101.5**	130.4
Purchased from associate	**13.2**	13.8	**42.6**	44.4
Net financing income from joint operations	**4.0**	4.5	**12.4**	14.0
Net financing income from associate	**18.0**	12.6	**48.7**	32.0
Net financing income from joint venture	**2.3**	1.8	**6.3**	5.4

Canadian $ millions, as at	Note	**2015 September 30**	2014 December 31
Accounts receivable from joint operations	14	**$ 0.5**	$ 0.1
Accounts receivable from joint venture	14	**14.2**	20.6
Accounts receivable from associate	14	**67.2**	37.5
Accounts payable to joint operations		**0.2**	0.1
Accounts payable to joint venture		**11.6**	34.2
Accounts payable to associate		**0.4**	2.5
Advances and loans receivable from associate	15	**1,917.0**	1,489.9
Advances and loans receivable from joint operations	15	**188.7**	239.3
Advances and loans receivable from joint venture	15	**300.5**	250.3

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.

25. OPERATING LEASE ARRANGEMENTS

Corporation acts as a lessor

The Corporation acts as a lessor in operating leases related to the Power facilities in Madagascar and in Varadero, Cuba. During 2013, the Corporation recorded an impairment related to its electricity generating facility located in Madagascar. Accordingly, the future minimum lease payments have been determined to be $nil as at September 30, 2015 and as at December 31, 2014.

All operating lease payments related to the Varadero facility are contingent on power generation. The terms of the leases are for 20 years, ending in February 2017 and March 2018. For the three and nine months ended September 30, 2015, contingent revenue was $3.9 million and $10.3 million, respectively ($2.1 million and $9.0 million for the three and nine months ended September 30, 2014, respectively).

Corporation acts as a lessee

Operating lease payments recognized as an expense in the interim condensed consolidated statement of comprehensive income (loss) for the three and nine months ended September 30, 2015 were $0.8 million and $1.9 million, respectively ($0.5 million and $1.5 million for the three and nine months ended September 30, 2014, respectively).

26. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at September 30		2015
Property, plant and equipment commitments	$	**12.6**
Joint venture:		
Property, plant and equipment commitments		**23.4**
Other commitments		**0.3**

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