sherritt

Q3

2022 THIRD QUARTER REPORT

Sherritt International Corporation

For the three and nine months ended September 30, 2022

For immediate release

Sherritt reports strong third quarter results and provides details of its Moa JV expansion program

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Toronto – November 2, 2022 – Sherritt International Corporation ("Sherritt", the "Corporation", the "Company") (TSX: S), a world leader in the mining and hydrometallurgical refining of nickel and cobalt from lateritic ores, today reported its financial results for the three and nine months ended September 30, 2022. All amounts are in Canadian currency unless otherwise noted.

"We are very pleased with the progress we have made in meeting key strategic priorities for the year. With the signing of the agreement to address our Cuban receivables, we are pleased to announce that Sherritt's Board has approved the next phase of our expansion plans at the Moa Joint Venture. We narrowed the scope of our expansion investment to the most critical components resulting in an estimated cost of US$50 million on a 100% basis. This demonstrates our capital discipline in pursuing our most valuable brownfields growth objectives," said Leon Binedell, President and CEO of Sherritt International Corporation. "Reaching agreement on our Cuban receivables ahead of defining the expansion scope supports our sound capital and joint venture management. The investment, which builds on our previously approved SPP project, will expand mixed sulphide intermediate production by 6,500 tonnes of contained nickel and cobalt at Moa at a low capital intensity of approximately US$13,200 per annual tonne of contained nickel."

"We continue to be encouraged by strong market fundamentals for our nickel, cobalt and fertilizer products which we expect will continue into Q4," continued Mr. Binedell. "Equally important, after months of effort and negotiations, we have finalized an agreement with our Cuban partners on what we believe is a mutually beneficial, innovative arrangement to address our Cuban receivables over five years. This arrangement provides the cash we need to pursue our strategic objectives, and continue to fund our growth initiatives and debt obligations. In addition to the receivables agreement, we received government approval for the extension of our power generation contract for an additional 20 years. Concurrently, we finalized an extension to our "Moa swap" payment agreement, thus ensuring that we maintain our interest in this economically beneficial business while ensuring we have access to foreign currency from our Power business on a timely basis."

SELECTED Q3 2022 DEVELOPMENTS

- Sherritt had earnings from operations and joint venture for the quarter of $21.3 million, compared to a loss of $10.8 million in the same period in the prior year driven by higher nickel and fertilizer sales volume and realized prices and by the timing of maintenance between the two periods. Our annual maintenance shutdown occurred in the second quarter of this year versus the third quarter last year. Net loss from continuing operations was $26.9 million, or $(0.07) per share, compared to a net loss from continuing operations of $15.5 million, or $(0.04) per share, in Q3 2021. The current period net loss was largely as a result of the recognition of a $48.5 million non-cash loss on revaluation of the allowances for expected credit losses (ACL) on the cobalt swap agreement (the Cobalt Swap) entered into subsequent to the quarter-end related to the repayment of the Energas conditional sales agreement (CSA) receivable as outlined below.
- Sherritt's adjusted net earnings from continuing operations(1) was $13.9 million, or $0.03 per share for the quarter compared to an adjusted net loss from continuing operations of $13.4 million, or $(0.03) per share in Q3 2021. Similarly, for the nine months ended September 30, 2022 adjusted net earnings from continuing operations was $95.0 million, or $0.24 per share compared to an adjusted net loss from continuing operations of $28.7 million, or $(0.07) per share in the same period in the prior year.
- Adjusted EBITDA(1) in the quarter was $37.4 million compared to $17.6 million in Q3 2021. The improved Adjusted EBITDA was driven by higher nickel and fertilizer sales volume and realized prices and by the timing of maintenance between the two periods. The increase in sales volume was primarily as a result of increased production related to the timing of maintenance activities in the comparative quarters. For the nine months ended September 30, 2022 Adjusted EBITDA was $197.9 million compared to $65.8 million, or 201%, higher than the same period in the prior year.

- Sherritt's share of finished nickel and cobalt production at the Moa Joint Venture (Moa JV) was 4,443 tonnes and 419 tonnes, respectively. Finished production was higher in the current quarter primarily due to timing of the planned annual maintenance shutdown. Our annual maintenance shutdown occurred in the second quarter of this year versus the third quarter of last year. For the first three quarters of this year, nickel production was 6% higher than the same period last year, while cobalt production was marginally lower primarily due to the higher nickel to cobalt ratio in the mixed sulphides from Moa.
- Finished nickel sales for the three months ended September 30, 2022 exceeded production volumes while finished nickel sales for the nine months ended September 30, 2022 were lower than production primarily due to logistics-related challenges in transporting finished product to customers experienced late in the second quarter and throughout the third quarter. The temporary order deferrals generally reconciled throughout the third quarter. The order deferrals were largely related to a more cautious restocking approach taken by consumers after resumption of economic activity in China following an easing of zero-COVID policies. The positive consumer sentiment of increasing economic activity in China was tempered by continued recessionary and global inflation fears as well as the reduction of steel manufacturing in Europe due to significantly increased energy costs and energy supply uncertainty. Affected sales orders were partially offset by higher netback sales to other markets and sales to new customers. Finished cobalt sales volumes for both three months and nine months ended September 30, 2022 continued lower than production volumes in Q3 2022, with a contraction in the consumer electronics sector compared with 2021 contributing to reduced lithium cobalt oxide demand.

  The Corporation anticipates inventory levels for nickel will reduce to more typical levels by the end of 2022; however, given current market conditions, cobalt inventory levels are expected to reduce to more typical levels in the first quarter of 2023.
- Net direct cash cost (NDCC)(1) at the Moa JV was US$6.76/lb compared to US$4.53/lb in Q3 2021. NDCC was higher in the current year quarter due to higher input commodity costs, including a 131% increase in global sulphur prices, a 46% increase in fuel oil prices and a 156% increase in diesel prices, alongside lower cobalt by-product credit, primarily due to lower cobalt sales relative to the higher nickel sales volume as a result of delayed cobalt sales. Year-to-date to September 30, 2022, NDCC was US$4.39/lb compared to US$4.30/lb in the comparable 2021 period despite the increase in input commodity prices which were largely offset by higher by-product credits.
- In light of lower than expected sales in late Q2 and early Q3 and shipping delays, Sherritt did not receive any distributions from the Moa JV in Q3. Subsequent to the quarter, Sherritt received $20.6 million (US$15.0 million) as its share of distributions from the Moa JV. Given prevailing nickel and cobalt prices, planned spending on capital, including growth capital, working capital needs, and other expected liquidity requirements, Sherritt continues to anticipate higher distributions in the second half of 2022 compared to the first half.

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

EXPANSION PROJECT UPDATE

- With the signing of the Cuban receivables agreements, Sherritt's Board approved US$50 million (100% basis) as the next phase of the Moa JV expansion plan. The scope of Sherritt's expansion investment was narrowed to the most critical components and reflect the evolving market for nickel and cobalt. With a market focus on electric vehicle (EV) batteries, Sherritt sees an opportunity to focus its strategy on increasing production of intermediary products that will enable it to fully utilize existing capacity at the refinery and also consider direct sales of intermediate product into the EV battery supply chain.
- With the previously approved Slurry Preparation Plant (SPP) project, the estimated total cost of the two phases of the expansion is approximately US$77 million (100% basis).
- The second phase will focus on expanding mixed sulphide precipitate (MSP) intermediate production and consist of the completion of the Leach Plant Sixth Train and Fifth Sulphide Precipitation Train, and construction of additional acid storage capacity at Moa.

- Upon completion of the SPP, which is still expected in early 2024, and the second expansion phase at the end of 2024, the total increase in MSP is estimated at 20% of current production or 6,500 tonnes of contained metal, resulting in a total capital intensity of approximately US$13,200 per annual tonne of contained nickel.
- Sherritt estimates that two thirds of the increased production will be processed into finished nickel and cobalt fully utilizing the current refinery capacity to process the Moa feed, and the remaining could be sold as MSP.

LIFE OF MINE/UPDATED 43-101 TECHNICAL REPORT

The work to complete the Economic Cut-Off Grade (ECOG) and Life of Mine (LOM) development continues at the Moa mine.

- In Q3, resource model classifications and pit optimization activities were completed. The final development of the LOM is in progress with expectation of mine plan sequencing and reserves estimates to be completed during Q4.
- ECOG and LOM analysis using the latest methodologies are expected to extend the current LOM beyond 2040.
- Continued engagement with the Oficina Nacional de Recursos Minerales (ONRM), Cuba’s Natural Resources Agency, and alignment on the mine execution plan using the new methodologies is expected in Q4.
- Development of the NI 43-101 and peer review will occur during Q4 and early Q1 2023. The final draft of the 43-101 is expected to be released by the end of Q1 2023.

DEVELOPMENTS SUBSEQUENT TO QUARTER END

- Sherritt issued its 2021 sustainability, climate, and tailings management reports as well as its sustainability scorecard outlining the Corporation’s performance on environmental, social, and governance (ESG) matters. Sherritt continues to progress on its commitments to achieving net zero greenhouse emissions by 2050, obtaining 15% of overall energy from renewable sources by 2030, reducing nitrogen oxide emission intensity by 10% by 2024, and increasing the number of women in the workforce to 36% by 2030.
- Sherritt finalized the Cobalt Swap agreement with its Cuban partners to settle its total outstanding Cuban receivables over five years, beginning January 1, 2023. Under this agreement, the Moa JV will prioritize payment of dividends in the form of finished cobalt to each partner, up to an annual maximum volume of cobalt, with any additional dividends in a given year to be distributed in cash. All of the Cuban partner’s share of these cobalt dividends, and potentially additional cash dividends, will be redirected to Sherritt as payment to settle the receivables until the annual maximum cobalt volume and dollar amount limits, including the collection of any prior year shortfalls, has been reached.
- Sherritt and its Cuban partners finalized an extension to the Energas Payment Agreement (the Moa Swap) to fund the operating and maintenance costs of Energas, as well as cover future payments that would be owed to Sherritt. Sherritt expects to continue to receive approximately US$4.2 million ($5.6 million) per month under a payment agreement between Sherritt, Moa JV and Energas. The Moa JV converts foreign currency to Cuban pesos through Energas to support Moa JV’s local Cuban operating activities. The foreign currency is then paid to Sherritt primarily to facilitate foreign currency payments for the Energas operations and to fund dividend repatriations to Sherritt.
- Cuba’s Executive Council of Ministers approved the twenty-year extension of Energas’ power generation contract with the Cuban government to March 2043. The extension of this economically beneficial contract supports Sherritt's on-going investments in Cuba, helps facilitate the Cobalt and Moa Swaps, and supports Cuba’s long-term energy security.
- The Corporation paid interest of $13.2 million on the 8.50% second lien secured notes at the end of October. There were no mandatory redemptions on these notes for the two-quarter period ended June 30, 2022 as the conditions pursuant to the redemption provisions of the indenture agreement were not met. While 50% of the excess cash flow, as defined in the indenture agreement, for this period was $5.5 million, the Corporation did not meet minimum liquidity condition at the interest payment date.

Q3 2022 FINANCIAL HIGHLIGHTS

	For the three months ended			For the nine months ended		
	2022	2021		**2022**	2021	
$ millions, except per share amount	**September 30**	September 30	Change	**September 30**	September 30	Change
Revenue	**$ 30.2**	$ 20.7	46%	**$ 130.2**	$ 73.6	77%
Combined revenue(1)	**190.1**	120.2	58%	**613.8**	414.2	48%
Earnings (loss) from operations and joint venture	**21.3**	(10.8)	297%	**118.8**	(12.0)	nm(2)
Net (loss) earnings from continuing operations	**(26.9)**	(15.5)	(74%)	**71.0**	(27.8)	355%
Net (loss) earnings for the period	**(26.3)**	(16.2)	(62%)	**70.5**	(32.5)	317%
Adjusted EBITDA(1)	**37.4**	17.6	113%	**197.9**	65.8	201%
Net (loss) earnings from continuing operations ($ per share)	**(0.07)**	(0.04)	(75%)	**0.18**	(0.07)	357%
Cash provided by continuing operations for operating activities	**18.8**	16.2	16%	**50.0**	14.7	240%
Combined free cash flow(1)	**0.1**	19.3	(99%)	**21.9**	40.9	(46%)
Average exchange rate (CAD/US$)	**1.306**	1.260	4%	**1.283**	1.251	3%

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

	2022	2021	
$ millions, as at	**September 30**	December 31	Change
Cash and cash equivalents	**$ 137.6**	$ 145.6	(5%)
Loans and borrowings	**398.6**	444.5	(10%)

Cash and cash equivalents at September 30, 2022 were $137.6 million, up from $124.6 million at June 30, 2022. The increase in cash was primarily due to continued strong fertilizer pre-buys for fall season sales as a result of a generally successful harvest in western Canada, partly offset by the lack of distributions from the Moa JV during the quarter, and $10.4 million of capital expenditures.

Despite not receiving distributions from the Moa JV in the third quarter of 2022, distributions to the end of the quarter totaled $43.4 million (US$34 million). Distributions from the Moa JV are determined based on available cash in excess of liquidity requirements, including anticipated nickel and cobalt prices, planned spending on capital, working capital needs, and other expected liquidity requirements. Sherritt continues to expect distributions in the second half of 2022 to exceed the amount received in the first half of the year. To date in Q4, Sherritt has received $20.6 million (US$15 million) as its share of distributions from the Moa JV.

Sherritt also received US$12.5 million ($16.2 million) from Energas in Q3 which was used to facilitate foreign currency payments for the Energas operations. Concurrent with the finalization of the Cobalt Swap, Sherritt and its Cuban partners agreed to extend the Energas Payment Agreement to fund the operating and maintenance costs of Energas, as well as to cover future payments that would be owed to Sherritt. Sherritt expects to continue to receive approximately US$4.2 million ($5.6 million) per month under the agreement.

Of the $137.6 million of cash and cash equivalents, $36.9 million was held in Canada, up from $28.6 million as at June 30, 2022, and $95.8 million was held at Energas, up from $91.8 million as at June 30, 2022. The remaining amounts were held in Cuba and other countries.

The Cobalt Swap agreement

As announced on October 13, Sherritt finalized an agreement with its Cuban partners to settle the total outstanding Cuban receivables over five years, beginning January 1, 2023. Under the agreement, the Moa JV will prioritize payment of dividends in the form of finished cobalt to each partner, up to an annual maximum volume of cobalt, with any additional dividends in a given year to be distributed in cash. All of the Cuban partner's share of these cobalt dividends, and potentially additional cash dividends, will be redirected to Sherritt as payment to settle the receivables until the annual minimum payment amount and cobalt dividend volume, including the collection of any prior year shortfalls, has been reached.

On January 1, 2023, the outstanding receivable amounts owing to Sherritt from Energas S.A. (Energas) and Union Cuba-Petroleo (CUPET) – estimated to total $362 million – will be assumed by General Nickel Company (GNC), Sherritt's Moa JV partner, who in turn will enter into payment agreements of an equivalent amount, denominated in Cuban pesos, with Energas and CUPET. This amount includes the Energas conditional sales agreement (Energas CSA) receivable of $332.4 million and trade accounts receivables from CUPET of $29.5 million. This reflects the total amount owing to Sherritt from Energas and CUPET rather than only the overdue amounts (US$153.2 million at September 30, 2022) based on scheduled payments. The Energas CSA balance includes the total amount owing, excluding the 33 1/3% elimination reported in Sherritt's consolidated financial statements.

No interest will accrue on the Energas CSA to ensure repayment within five years; however, in the event that the total outstanding receivables are not fully repaid by December 31, 2027, interest will accrue retroactively at 8% per annum from January 1, 2023 on the unpaid principal amount, and the unpaid principal and interest amounts will become due and payable to Sherritt by GNC.

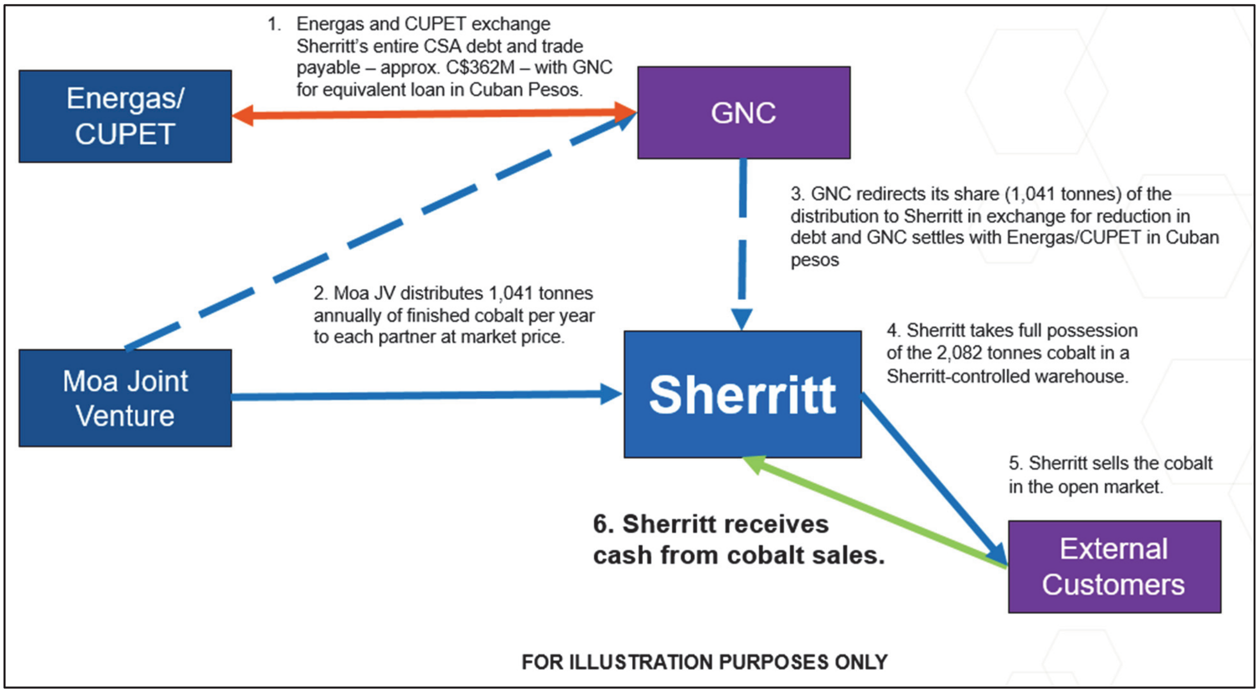
Over the five-year period beginning January 1, 2023, the Moa JV expects to distribute a maximum of 2,082 tonnes, or approximately 60% of current production (100% basis), of finished cobalt annually to the joint venture partners (finished cobalt dividends). Accordingly, Sherritt expects to receive a maximum of 1,041 tonnes of the finished cobalt dividends per year in respect of its 50% share of the Moa JV. GNC will redirect its 50% share of the finished cobalt dividends, up to 1,041 tonnes per year, to Sherritt as repayment towards the outstanding receivables, provided that the total cobalt volume redirected has a value of at least US$57 million. Any shortfall in the annual minimum payment amount and cobalt dividend volume, will be carried forward to the subsequent year such that full repayment is expected to be made within five years.

Upon receipt of the finished cobalt dividends, the title to both Sherritt and its partner's redirected cobalt share will be transferred immediately to a Sherritt warehouse in Fort Saskatchewan, from which Sherritt will sell the finished cobalt in the market.

This transaction represents a significant milestone for Sherritt and is expected to provide significant cash flow to deliver on the Corporation's strategic priorities to reduce debt and actively expand its business through:

- reasonable certainty the amount will be paid over the five year term of the loan as it is independent of Sherritt's Cuban partner's ability to access foreign currency;
- a reasonably certain cash flow to Sherritt of US$114 million annually through the sale of cobalt, half of which will be used to repay the amounts receivable;
- the receipt of the majority of the payments prior to the maturity of the second lien notes in November 2026; and
- an opportunity for early settlement of the receivables through enhanced repayment if the market value of the cobalt increases.

The diagram below summarizes the key components of the Cobalt Swap:



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

For the three months ended September 30		2022 $ millions	2022 $/share	2021 $ millions	2021 $/share
Net (loss) earnings from continuing operations	$	**(26.9)**	$ **(0.07)**	$ (15.5)	$ (0.04)
Adjusting items:					
Sherritt - Unrealized foreign exchange (gain) loss - continuing operations		**(4.6)**	**(0.01)**	7.9	0.02
Corporate - Severance and other contractual benefits expense		**-**	**-**	3.1	0.01
Corporate - Unrealized losses on commodity put options		**-**	**-**	(1.3)	-
Corporate - Realized loss on commodity put options		**-**	**-**	1.7	0.01
Moa Joint Venture - Inventory obsolescence		**0.1**	**-**	1.3	-
Fort Site - Inventory obsolescence		**-**	**-**	1.0	-
Oil and Gas - Gain on disposal of property, plant and equipment		**-**	**-**	(1.2)	-
Oil and Gas - Realized foreign exchange gain due to Cuban currency unification		**-**	**-**	(10.0)	(0.03)
Oil and Gas and Power - trade accounts receivable, net ACL revaluation		**(1.1)**	**-**	(1.4)	-
Power - Energas conditional sales agreement ACL revaluation[2]		**48.5**	**0.12**	-	-
Other[3]		**-**	**-**	0.7	-
Total adjustments, before tax	$	**42.9**	$ **0.11**	$ 1.8	$ 0.01
Tax adjustments		**(2.1)**	**(0.01)**	0.3	-
Adjusted net earnings (loss) from continuing operations	$	**13.9**	$ **0.03**	$ (13.4)	$ (0.03)

For the nine months ended September 30		2022 $ millions	2022 $/share	2021 $ millions	2021 $/share
Net earnings (loss) from continuing operations	$	**71.0**	$ **0.18**	$ (27.8)	$ (0.07)
Adjusting items:					
Sherritt - Unrealized foreign exchange gain - continuing operations		**(9.5)**	**(0.02)**	(3.3)	(0.01)
Corporate - Gain on repurchase of notes		**(13.8)**	**(0.03)**	(2.1)	(0.01)
Corporate - Transaction finance charges on repurchase of notes		**1.2**	**-**	-	-
Corporate - Severance and other contractual benefits expense		**-**	**-**	5.5	0.02
Corporate - Unrealized losses on commodity put options		**(0.9)**	**-**	3.0	0.01
Corporate - Realized losses on commodity put options		**0.9**	**-**	2.5	0.01
Moa Joint Venture - Inventory obsolescence		**0.5**	**-**	1.3	-
Fort Site - Inventory obsolescence		**-**	**-**	1.2	-
Oil and Gas - Gain on disposal of property, plant and equipment		**(1.3)**	**-**	(1.2)	-
Oil and Gas - Realized foreign exchange gain due to Cuban currency unification		**-**	**-**	(10.0)	(0.03)
Oil and Gas and Power - trade accounts receivable, net ACL revaluation		**0.4**	**-**	0.1	-
Power - Energas conditional sales agreement ACL revaluation[2]		**49.0**	**0.12**	2.7	0.01
Other[3]		**-**	**-**	(0.4)	-
Total adjustments, before tax	$	**26.5**	$ **0.07**	$ (0.7)	$ -
Tax adjustments		**(2.5)**	**(0.01)**	(0.2)	-
Adjusted net earnings (loss) from continuing operations	$	**95.0**	$ **0.24**	$ (28.7)	$ (0.07)

(1) A non-GAAP financial measure. For additional information see the Non-GAAP and other financial measures section of this press release.
(2) Primarily related to the recognition of a $48.5 million non-cash loss on the revaluation of the ACL on the Energas CSA receivable related to the signing of the Cobalt Swap subsequent to period end and in part as a result of the suspension of interest on the Energas CSA over the five-year period of the agreement.
(3) Other items primarily relate to losses in net finance (expense) income.

In the three and nine months ended September 30, 2022, the net loss and net earnings from continuing operations, respectively, include the recognition of a $48.5 million non-cash loss on the revaluation of the ACL on the Energas CSA receivable related to the signing of the Cobalt Swap subsequent to period end and in part as a result of the suspension of interest on the Energas CSA over the five-year period of the agreement.

Additionally, net loss and net earnings from continuing operations include unrealized foreign exchange gains of $4.6 million and $9.5 million in the three and nine months ended September 30, 2022, respectively, which compares to an unrealized foreign exchange loss of $7.9 million and unrealized foreign exchange gain of $3.3 million, in the corresponding periods of the prior years, respectively.

METALS MARKET

Nickel

Nickel prices remained relatively constant during the third quarter, with prices ending at US$10.11/lb, down from US$10.48/lb at the end of Q2. The average reference price during Q3 was US$10.01/lb, compared to US$13.13/lb for Q2. Reduced volatility on the London Metal Exchange (LME), continuing COVID-19 restrictions in China, high energy prices and supply concerns in Europe, along with inflationary pressures, and global economic recession concerns have all played a role in tempering the nickel price. The nickel price fluctuated in a relatively narrow range during much of the quarter – reaching a high of US$11.28/lb in September and a low of US$8.66/lb in July for one trading session when all metals dipped. However, in general, the price remained in the US$9.50/lb and US$10.50/lb range for most of the quarter.

Total inventory levels on the LME and Shanghai Futures Exchange (SHFE) continued to decline in Q3 with the total LME and SHFE inventory falling from 66,780 tonnes at the end of Q2 to 54,444 tonnes at the end of Q3.

Near-term market fundamentals are complex, and in some cases juxtaposed, given the uncertainty in the markets as related to declining inventory levels, the slower than expected economic recovery in China, the potential for increasing sanctions on Russian nickel and the possibility of self-sanctioning behaviours, the stronger U.S. dollar against most other currencies, projected nickel supply surpluses, primarily in Class II and particularly NPI, continued global logistics issues, inflationary pressures, and global economic recession concerns.

The long-term outlook for nickel remains positive on account of the strong demand expected from the stainless steel sector, the current largest market for nickel, and the rapidly growing EV battery market. Significant medium-term deficits are projected on continued growth in stainless steel and the exponential growth projected in the EV battery market as countries and automobile manufacturers implement climate change and net-zero strategies. The deficit is expected to be most impactful in the supply of Class I nickel for the EV market, which Sherritt produces.

In September 2022, Wood Mackenzie estimated nickel demand to increase by 43% from 2021 to 2026 and 163% to 2040. Growth to 2040 represents a compound annual growth rate (CAGR) of 4%, with EV battery and storage during the same period increasing at a 11% CAGR offsetting slower growth in stainless steel demand.

Cobalt

Cobalt prices continued their steady decline which started in mid-Q2 to mid-Q3 before increasing thereafter to settle near US$26.00/lb(1) through September after reaching a low of US$24.13/lb in August. The average price for cobalt in Q3 was US$26.57/lb compared to US$37.87/lb in Q2. Cobalt price started the quarter at US$32/lb and closed at $25.90/lb.

Cobalt prices continue to show near-term weakness for much the same reasons as nickel and due to increased supply from the Democratic Republic of Congo (DRC). Ongoing logistics issues relating to the transportation of cobalt hydroxide from the DRC, the world's largest supply market, recovered somewhat in Q3 and a contraction of the consumer electronics industry compared with 2021 has led to reduced lithium cobalt oxide demand, both contributing to weaker prices.

The expected proliferation of EV's provides a positive longer-term outlook for demand, which is expected to increase despite the EV industry's efforts to minimize cobalt content to reduce battery cost and supply risk. According to CRU in September 2022, global cobalt demand is expected to increase at a 13% CAGR to 2027 (from 173 thousand tonnes in 2021 to 369 thousand tonnes in 2027), with EV battery consumption driving much of this increase, at a forecasted 22% CAGR. The cobalt market is much more levered to the EV growth sector providing strong medium-term demand for cobalt and supporting Sherritt's growth strategy as a reliable top ten cobalt producer over the past decade.

(1) In August 2022 the Corporation changed its cobalt reference prices from the standard-grade cobalt published price per Fastmarket MB to the "minimum 99.8% chemical grade – Rotterdam" per Argus Metals. All spot and average cobalt prices for 2022 reflect the Argus Metals Price.

REVIEW OF OPERATIONS

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

$ millions (Sherritt's share), except as otherwise noted	For the three months ended 2022 September 30	2021 September 30	Change	For the nine months ended 2022 September 30	2021 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue(1)	**$ 173.9**	$ 108.9	60%	**$ 565.2**	$ 377.4	50%
Cost of Sales(1)	**148.3**	92.1	61%	**390.0**	308.7	26%
Earnings from operations	**23.1**	14.6	58%	**169.2**	62.1	172%
Adjusted EBITDA(2)	**35.3**	27.1	30%	**208.4**	102.9	103%
CASH FLOW						
Cash provided by continuing operations for operating activities	**$ 25.5**	$ 36.5	(30%)	**$ 91.4**	$ 81.6	12%
Free cash flow(2)	**8.1**	23.2	(65%)	**51.1**	55.9	(9%)
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**4,216**	4,666	(10%)	**12,248**	12,617	(3%)
Finished Nickel	**4,443**	2,908	53%	**12,022**	11,326	6%
Finished Cobalt	**419**	334	25%	**1,261**	1,287	(2%)
Fertilizer	**62,841**	46,730	34%	**187,893**	180,038	4%
NICKEL RECOVERY(3) (%)	**87%**	87%	-	**88%**	85%	4%
SALES VOLUMES (tonnes)						
Finished Nickel	**4,487**	2,989	50%	**11,393**	11,434	-
Finished Cobalt	**347**	372	(7%)	**993**	1,301	(24%)
Fertilizer	**27,373**	25,201	9%	**108,763**	117,034	(7%)
AVERAGE-REFERENCE PRICE (USD)						
Nickel (US$ per pound)(4)	**$ 10.01**	$ 8.67	15%	**$ 11.66**	$ 8.18	43%
Cobalt (US$ per pound)(5)	**26.26**	24.55	7%	**33.35**	22.46	48%
AVERAGE-REALIZED PRICE (CAD)(2)						
Nickel ($ per pound)	**$ 12.94**	$ 10.76	20%	**$ 14.69**	$ 9.99	47%
Cobalt ($ per pound)	**28.21**	27.03	4%	**37.59**	23.69	59%
Fertilizer ($ per tonne)	**531.10**	432.63	23%	**823.91**	391.73	110%
UNIT OPERATING COST(2) (US$ per pound)						
Nickel - net direct cash cost	**$ 6.76**	$ 4.53	49%	**$ 4.39**	$ 4.30	2%
SPENDING ON CAPITAL(2)						
Sustaining	**$ 16.2**	$ 13.2	23%	**$ 44.4**	$ 25.6	73%
Growth	**1.9**	-	-	**3.0**	-	-
	$ 18.1	$ 13.2	37%	**$ 47.4**	$ 25.6	85%

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

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

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

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

(5) In August 2022, the Corporation changed its cobalt reference price from the average standard-grade published price per Fastmarkets MB to the "minimum 99.8% chemical grade – Rotterdam" price per Argus Metals. All cobalt spot and average prices referenced for the three and nine months ended September 30, 2022 reflect the Argus Metals price. Comparative amounts and the three and nine months ended September 30, 2021 are Fastmarkets MB prices.

Revenue in Q3 2022 increased by 60% to $173.9 million from $108.9 million in the same period last year. The revenue increase was largely attributable to higher sales volume and average-realized prices(1) for nickel and fertilizers. Cobalt revenue was marginally lower in the quarter due to lower sales volume, partly offset by higher average-realized price. Sales volume for nickel was consistent with higher production volume; however, the cobalt sales volume was impacted again this quarter by continued contract delays and logistical issues.

Mixed sulphides production at the Moa JV in Q3 2022 was 4,216 tonnes, down 10% from the 4,666 tonnes produced in Q3 2021. The variance was primarily due to mining limitations caused by a combination of higher precipitation, lower diesel supply and lower equipment availabilities. Hurricane Ian did not directly impact Moa, but the resulting Cuban national power grid outage caused the mine and plant to temporarily operate at reduced capacity; however, this impact was not material.

Sherritt's share of finished nickel production in Q3 2022 totaled 4,443 tonnes, 53% higher than the 2,908 tonnes produced in Q3 2021, while finished cobalt production for Q3 2022 was 419 tonnes, up 25% from the 334 tonnes produced in the same period last year. Higher finished metals production in Q3 2022 was primarily a result of the timing of the annual maintenance shutdown. In 2022, the annual maintenance shutdown was in Q2 compared to Q3 in 2021. In 2021, the annual maintenance shutdown was rescheduled due to the impact of COVID-19 and contractor availability. Production in the prior year was also impacted by unplanned maintenance and transportation delays in shipping mixed sulphides from Moa to the refinery.

On a year-to-date basis, finished nickel production was 6% higher primarily due to unplanned maintenance and transportation delays during Q3 2021, while cobalt was 2% lower, primarily due to the higher nickel to cobalt ratio in mixed sulphides produced at Moa.

Finished nickel sales for the three months ended September 30, 2022 exceeded production volumes while finished nickel sales for the nine months ended September 30, 2022 were lower than production primarily due to logistics-related challenges in transporting finished product to customers experienced late in the second quarter and throughout the third quarter. The temporary order deferrals generally reconciled throughout the third quarter. The order deferrals were largely related to a more cautious restocking approach taken by consumers after resumption of economic activity in China following an easing of zero-COVID policies. The positive consumer sentiment of increasing economic activity in China was tempered by continued recessionary and global inflation fears as well as the reduction of steel manufacturing in Europe due to significantly increased energy costs and energy supply uncertainty. Affected sales orders were partially offset by higher netback sales to other markets and sales to new customers. Finished cobalt sales volumes for both three months and nine months ended September 30, 2022 continued lower than production volumes in Q3 2022, with a contraction in the consumer electronics sector compared with 2021 contributing to reduced lithium cobalt oxide demand.

The Corporation anticipates inventory levels for nickel will reduce to more typical levels by the end of 2022; however, given current market conditions, cobalt inventory levels are expected to reduce to more typical levels in the first quarter of 2023.

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

Fertilizer production for the three months ended September 30, 2022 was higher compared to the same period in the prior year in line with higher metals production, timing of maintenance activities and production capacity improvements. Fertilizer sales volume was higher reflecting an early start on the fall fertilizer season given good harvest weather, early crop harvesting in general on the Prairies and efforts by Sherritt to secure more out of season sales with customers.

Mining, processing and refining (MPR) costs per pound of nickel sold in Q3 2022 were up 23% from Q3 2021. Higher MPR costs in Q3 2022 continue to be driven by the rise in input costs, including a 131% increase in global sulphur prices, a 46% increase in fuel oil prices and a 156% increase in diesel prices. Since the quarter end, sulphur prices have declined and are projected to remain lower than Q3 in the near-term.

Net direct cash cost (NDCC)[1] per pound of nickel sold increased by 49% to US$6.76/lb in Q3 2022 from US$4.53/lb in Q3 2021. The higher NDCC was primarily due to higher MPR costs as discussed above and lower cobalt by-product credits. While cobalt revenue was only marginally lower in the current year quarter, the cobalt credit in NDCC was 38% lower as a result of lower cobalt sales relative to the higher nickel sales volume. The impact of higher MPR and lower cobalt by-product credit was partly offset by higher net fertilizer by-product credits. Year-to-date to September 30, 2022, NDCC was US$4.39/lb compared to US$4.30/lb in the comparable period in the prior year despite significant increases in input prices, mainly on the back of increased by-product credits.

As a result of softening cobalt and fertilizer prices and logistical issues related to delivery of cobalt sales, NDCC guidance range has been increased to US$4.50 – US$5.00/lb.

Sustaining spending on capital in Q3 2022 was $16.2 million, up 23% from $13.2 million in Q3 2021. The year-over-year increase was due primarily to higher planned spending at both the Moa JV and Fort Site. Growth spending on capital, which represents spending on the joint venture's expansion projects, was $1.9 million, most of which was related to spending on the slurry preparation plant.

Guidance for sustaining spending on capital remains unchanged; however, the Corporation revised its guidance for growth spending on capital at Moa JV to $10 million from $19 million as a result of the deferral of spending on next phase of the Moa expansion into 2023.

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

Expansion Project Update

With the signing of the Cobalt Swap, Sherritt's Board approved US$50 million (100% basis) as the next phase of the Moa JV expansion plan. The scope of Sherritt's expansion investment was narrowed to the most critical components and reflect the evolving market for nickel and cobalt. With a market focus on EV batteries, Sherritt sees an opportunity to focus its strategy on increasing production of intermediary products that will enable it to fully utilize existing capacity at the refinery and also consider direct sales of intermediate product into the EV battery supply chain.

In addition to the US$27 million (100% basis) previously approved by Sherritt and the Moa JV Boards, for the slurry preparation plant, the next phase of Moa expansion will include the completion of the Leach Plant Sixth Train and Fifth Sulphide Precipitation Train and construction of additional acid storage capacity at Moa. The new phase is expected to increase MSP intermediate production by 4,800 tonnes of contained nickel and cobalt. This phase is expected to have a positive impact of reducing NDCC by approximately US$0.20/lb.

With the previously approved SPP project the estimated total cost of the two phases of the expansion is approximately US$77 million (100% basis). With the completion of the SPP, which is expected in early 2024, and the second expansion phase at the end of 2024, the total increase in MSP is estimated at 20% of current production or 6,500 tonnes of contained nickel and cobalt, resulting in a total capital intensity of approximately US$13,200 per annual tonne of contained nickel for the full expansion. Of the total increased production, Sherritt estimates that two thirds will be processed into finished nickel and cobalt fully utilizing the current refinery capacity to process the Moa feed, and the remaining could be sold as MSP.

Sherritt believes there is an active intermediate market, and given developing market conditions, expects to be able to have the option to sell the MSP into the market.

Progress for the expansion projects in Q3 2022 included:

Slurry Preparation Plant

The SPP project remains on budget and schedule for completion in early 2024 and is expected to deliver a number of benefits including reduced ore haulage, lower carbon intensity from mining and increased annual MSP production of 1,700 tonnes;

- Ongoing construction of the SPP at Moa is progressing on schedule with civil construction 80% complete, and 96% of the contracts for supply of materials and services awarded. In addition, the structural steel pre-fabrication is ongoing and erection will commence in November along with field assembly of major equipment; and
- Up until Q3 2022, US$10.7 million (100% basis) in growth spending on capital has been committed and is prioritized on long lead materials and equipment, construction supplies and civil and mechanical construction.

Moa Processing

The Moa Expansion consists of the completion of the Leach Plant Sixth Train and Fifth Sulphide Precipitation Train and construction of additional acid storage capacity:

- Detailed engineering review of the Leach Plant Sixth Train has been completed to confirm the engineering work done with the initial expansion;
- The first stage of the Feasibility Study for the Leach Plant has been approved by Cuban authorities allowing for the ordering of long lead items. The final stage of the Feasibility Study, encompassing the full project scope, is near completion and is required for final Cuban authority approval of the project; and
- Bids are being solicited for the long lead items for the Leach Plant Sixth Train thus ordering can commence as part of the preliminary approval.

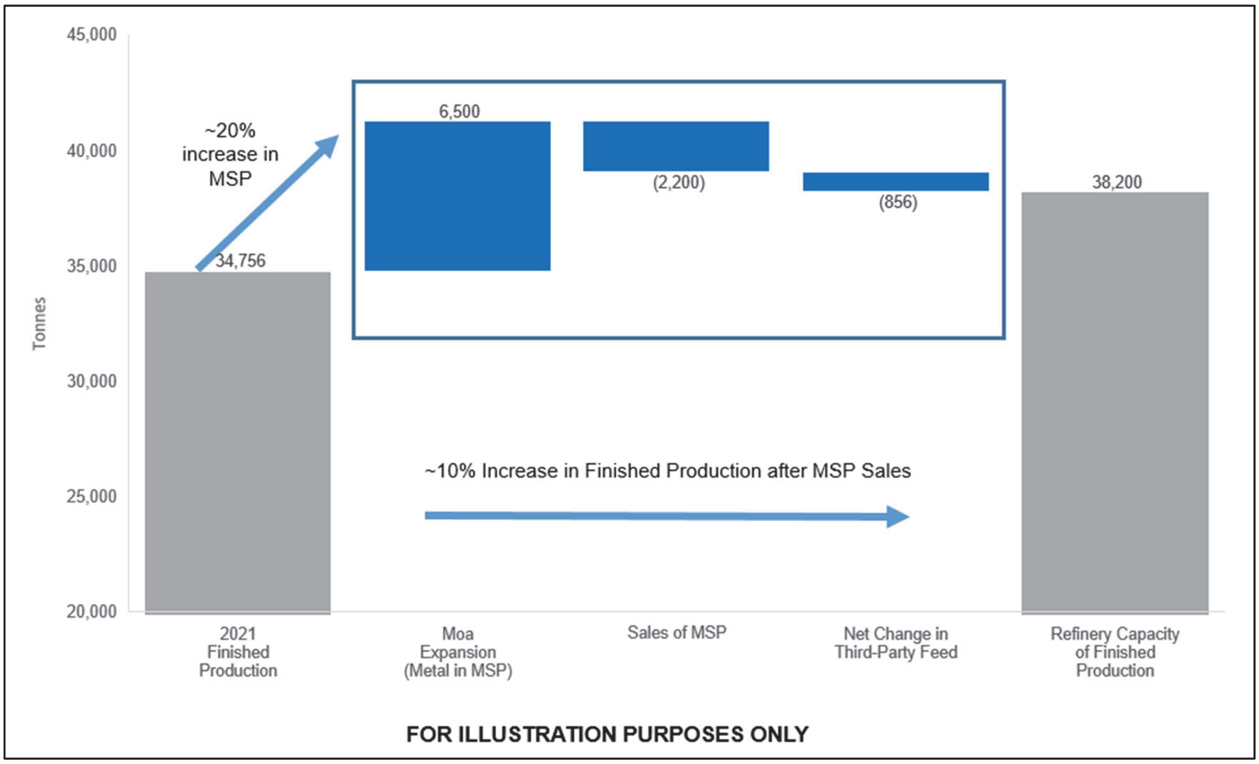
Basic engineering will commence in Q1 2023 on the Fifth Sulphide Precipitation Train and additional acid storage capacity.

Refinery

With the focus being on investing in those components which provide opportunity to increase intermediary products, utilize current refinery capacity, and potentially sell MSP directly into the market to serve the EV market, the refinery expansion has been put on hold. Sherritt retains the option to expand the refinery at a later date.

Current combined refinery production capacity is approximately 38,200 tonnes of finished nickel and cobalt. Upon completion of the expansion project in 2024, approximately two thirds of the increased MSP production will be processed into finished product. Any excess MSP over the refinery capacity will be available for sale as an intermediary product. To accommodate the additional refining of MSP production from Moa, some lower margin third-party feed production will be reduced.

The diagram provides a pro forma example of the expected impact of the expansion:



Spending on growth capital is expected to be self-funded by the Moa Joint Venture primarily using operating cash flows. Total growth spending on capital of $10 million (50% basis) (US$15.0 million (100% basis)) is expected in 2022, primarily related to the SPP, ordering of long lead items, and engineering work related to the Moa expansion. The reduction in current year guidance and spending is mainly due to the deferral of spending on the next phase of the Moa expansion which will occur in 2023.

Life of Mine/Updated 43-101 Technical Report

The work to complete the Economic Cut-Off Grade (ECOG) and Life of Mine (LOM) development continues at the Moa mine.

- In Q3, resource model classifications and pit optimization activities were completed. The final development of the LOM is in progress with expectation of mine plan sequencing and reserves estimates to be completed during Q4.
- ECOG and LOM analysis using the latest methodologies are expected to extend the current LOM to beyond 2040.
- Continued engagement with the Oficina Nacional de Recursos Minerales (ONRM), Cuba's Natural Resources Agency, and alignment on the mine execution plan using the new methodologies is expected in Q4.
- Development of the NI 43-101 and peer review will occur during Q4 and early Q1 2023. The final draft of the 43-101 is expected to be released by the end of Q1 2023.

Power

$ millions (33 ⅓% basis), except as otherwise noted	For the three months ended 2022 September 30	2021 September 30	Change	For the nine months ended 2022 September 30	2021 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 9.0**	$ 7.3	23%	**$ 26.6**	$ 20.2	32%
Cost of sales	**6.8**	6.5	5%	**19.3**	19.1	1%
Earnings (loss) from operations	**1.4**	0.2	600%	**4.2**	(1.1)	482%
Adjusted EBITDA(1)	**5.5**	4.1	34%	**16.2**	10.6	53%
CASH FLOW						
Cash provided by continuing operations for operating activities	**$ 9.1**	$ 3.0	203%	**$ 23.9**	$ 17.3	38%
Free cash flow(1)	**6.0**	3.0	100%	**20.3**	17.3	17%
PRODUCTION AND SALES						
Electricity (GWh(2))	**139**	110	26%	**409**	320	28%
AVERAGE-REALIZED PRICE(1)						
Electricity ($/MWh(2))	**$ 57.02**	$ 54.57	4%	**$ 55.67**	$ 53.93	3%
UNIT OPERATING COSTS(1)						
Electricity ($/MWh)	**20.04**	23.14	(13%)	**18.60**	23.19	(20%)
NET CAPACITY FACTOR (%)	**43**	35	23%	**43**	34	26%
SPENDING ON CAPITAL(1)						
Sustaining	**$ 3.0**	$ -	-	**$ 3.5**	$ -	-
	$ 3.0	$ -	-	**$ 3.5**	$ -	-

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

Power production in Q3 2022 was 139 gigawatt hours (GWh) of electricity, up 26% from 110 GWh produced in the comparable period of 2021 resulting primarily from the timing of maintenance activities. In Q3 2021, maintenance at the Boca facility reduced production and sales volumes. Accordingly, revenue in Q3 2022 totaled $9 million, up 23% from $7.3 million for the same quarter last year.

Based on production for the nine months ended Q3 2022, the production guidance range was increased to 525-550 GWh for 2022 due to the increased availability of gas supply. For 2023, Sherritt is in discussions with its Cuban partners to develop additional gas supply for the Boca facility.

Unit operating costs(1) in Q3 2022 were $20.04/MWh, down 13% from $23.14/MWh in Q3 2021. The year-over-year improvement was driven by higher power production and sales volumes. The unit cost guidance range was decreased to $22.00 – 23.00/MWh as a result of increased power production and delays in delivery of some parts and supplies into Q1 2023 which are required for maintenance activities that were scheduled for Q4 2022.

The Power business unit had $3.0 million in spending on capital in the third quarter of 2022, primarily driven by maintenance activities. Spending on capital to-date is in line with guidance for the year which is forecast at $5 million.

Sherritt received US$12.5 million ($16.2 million) in the quarter as part of the Moa swap agreement, all of which was used to facilitate foreign currency payments for the Energas operations.

Subsequent to the quarter-end:

- The Corporation signed the Cobalt Swap with its Cuban partners to settle its total outstanding Cuban receivables over five years, beginning January 1, 2023, which includes the Energas CSA receivable of approximately $332 million, as outlined above. Under the agreements, the Moa JV will prioritize payment of dividends in the form of finished cobalt to each partner, up to an annual maximum volume of cobalt, with any additional dividends in a given year to be distributed in cash. All of the Cuban partner's share of these cobalt dividends, and potentially additional cash dividends, will be redirected to Sherritt as payment to settle the receivables until an annual finished cobalt volume and dollar amount limit, including the collection of any prior year shortfalls, has been reached.
- Sherritt and its Cuban partners finalized an extension to the Energas Payment Agreement to fund the operating and maintenance costs of Energas, as well as cover future payments that would be owed to Sherritt. Sherritt expects to continue to receive approximately US$4.2 million ($5.6 million) per month under a payment agreement between Sherritt, Moa JV and Energas. The Moa JV converts foreign currency to Cuban pesos through Energas to support Moa JV's local Cuban operating activities. The foreign currency is then paid to Sherritt primarily to facilitate foreign currency payments for the Energas operations and to fund dividend repatriations to Sherritt.
- Cuba's Executive Council of Ministers approved the twenty-year extension of Energas' power generation contract with the Cuban government to March 2043. The extension of this economically beneficial contract supports Sherritt's on-going investments in Cuba, helps facilitate the Cobalt and Moa Swaps, and supports Cuba's long-term energy security.
- Sherritt received an additional payment of US$4.2 million ($5.7 million) in October and expects to continue to receive sufficient liquidity to support operations for the remainder of the year.

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

Technologies

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

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

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

  During the quarter, Technologies continued discussions with potential interested parties within the copper industry and advanced proposals for potential batch testing and piloting programs for specific copper project opportunities. Moreover, Technologies is advancing opportunities to utilize these technologies within the precious metals concentrate markets.

- Dense slurry hydroprocessing (DSH) – metallurgical reactor technology being applied to the processing of bio-oils into second-generation renewable fuels, upgrading of refinery vacuum residue to create value add products and upgrading heavy oils and bitumen. Utilizing the DSH reactor platform for bio-oils would overcome many of the challenges associated with commonly utilized fixed bed designs.

  During the quarter, Technologies continued to advance it assessment of the technology on bio-oils and refinery vacuum residues. Batch testing during the quarter demonstrated the potential to produce a renewable diesel product. Technologies also demonstrated the ability for significant conversion of refinery vacuum residues into higher value products and continued its front-end engineering work on different scale facilities to satisfy the technical assessment requirements of potential partners.

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

  Following completion of the initial unit operation pilot testing in the second quarter of 2022 which demonstrated the ability for selective leaching of nickel and cobalt from both saprolite and limonite ores, in the third quarter the piloting on the other unit operations were completed and results demonstrated high metal extraction rates into a final mixed hydroxide product.

Environmental, Social and Governance update

Sherritt issued its 2021 sustainability, climate and tailings management reports as well as its sustainability scorecard outlining the Corporation's performance on environmental, social, and governance (ESG) matters. Highlights include:

- Continued peer-leading safety performance, with the Total Recordable Incident Frequency Rate of 0.34 and the Lost Time Incident Frequency Rate of 0.14, a decrease of 48% and 75%, respectively, over the last three years;
- Experienced zero work-related fatalities at Sherritt's operations for the sixth consecutive year;
- Continued to meet safety and production targets at all sites despite the COVID-19 pandemic, prioritizing the health and safety of employees, contractors and the communities in which Sherritt operates;
- Developed a climate plan to advance a road map to achieve long-term net-zero GHG emissions by 2050;
- Had no material tailings-related incidents;
- Contributed almost $1 million to community investment projects in 2021; and
- Experienced no security incidents involving allegations of human rights abuses at any of Sherritt's operations.

Sherritt continues to progress on its commitments to achieving net zero greenhouse emissions by 2050, obtaining 15% of overall energy from renewable sources by 2030, reducing nitrogen oxide emission intensity by 10% by 2024, and increasing the number of women in the workforce to 36% by 2030.

2022 REVIEW OF STRATEGIC PRIORITIES

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

2022 Strategic Priorities	Selected Actions	Status
ESTABLISH SHERRITT AS A LEADING GREEN METALS PRODUCER	Accelerate plans to expand Moa JV nickel and cobalt production by up to 20% from the combined 34,710 tonnes produced in 2021.	Continued to progress on SPP which remains on time and budget. Sherritt's Board approved investment, of US$50 million (100% basis) as the next phase of the expansion to increase total mixed sulphide precipitate intermediate production by 6,500 tonnes of contained metals at Moa at a low capital intensity of approximately US$13,200 per annual tonne of contained nickel.
	Rank in lowest quartile of HPAL nickel producers for NDCC.	NDCC(1) for the YTD 2022 of US$4.39/lb ranked Sherritt in the second cost quartile of all nickel producers. Normalization of key input costs would help return Sherritt to ranking in the first quartile
LEVERAGE TECHNOLOGIES FOR TRANSFORMATIONAL GROWTH	Support Moa JV expansion, operational improvements, and life of mine extension.	Continued to support the planning for the Moa JV growth strategy and life of mine extension at Moa. ECOG and LOM analysis using the latest methodologies are expected to extend the current LOM to beyond 2040.
	Advance Technologies solutions toward commercialization.	Continued to advance development and commercialization of most promising and innovative technologies, including: Chimera/D-POX – continued discussions with potential interested parties and advanced proposals for potential batch testing and piloting programs for specific copper project opportunities. DSH – continued to advance its assessment of the technology on bio-oils and refinery vacuum residues. Batch testing demonstrated the potential to produce a renewable diesel product. NGL – Unit operation pilot testing demonstrated the ability for selective leaching of nickel and cobalt from both saprolite and limonite ores with high metal extraction rates into a mixed hydroxide product.
ACHIEVE BALANCE SHEET STRENGTH	Maximize collections of overdue Cuban receivables. Maximize available liquidity to support growth strategy.	Signed agreements in October 2022 to settle the full amount – $362 million – of receivables on the Energas CSA and Oil and Gas trade receivables by the end of 2027 through the use of the Cobalt Swap. In Q2, purchased $59.2 million principal amount of notes at a discount reducing annualized interest expense by $5.5 million.
	Continue to optimize costs to reflect operating footprint.	Implemented measures relating to director compensation and employee costs that will result in annual savings of $3 million.
BE RECOGNIZED AS A SUSTAINABLE ORGANIZATION	Deliver on actions identified in the Sustainability Report.	Issued Sherritt's 2021 sustainability reports and scorecard in October 2022.
	Achieve year-over-year ESG improvements including reduction of carbon intensity.	Developed a climate plan to advance a road map to achieve long-term net-zero GHG emissions by 2050. Continued replacing vehicles and equipment with EVs and electric equipment at Moa and the Fort Site.
	Deliver on 'Diversity and Inclusion' global framework	Made progress in defining metrics, analyzing workforce demographics and aligning Sustainability (CSR) investments with D&I initiatives. Improved gender balance in the operations senior management team and board.
MAXIMIZE VALUE FROM CUBAN ENERGY BUSINESSES	Extend economically beneficial Energas power generation contract beyond 2023.	In October 2022, received approval for extension of the Energas power generation contract to March 2043, and finalized extension of the Moa Swap agreement to support liquidity and secure sustainable operations.

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

OUTLOOK

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

Production volumes, unit operating costs and spending on capital	Guidance for 2022 - Total	Year-to-date actuals - Total	Updated 2022 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	32,000 - 34,000	24,044	No change
Cobalt, finished	3,400 - 3,700	2,522	No change
Electricity (GWh, 33⅓% basis)	450 - 500	409	525 - 550
Unit operating costs(1)			
Moa Joint Venture - NDCC (US$ per pound)	$4.00 - $4.50	$4.39	$4.50 - $5.00
Electricity (unit operating cost, $ per MWh)	$26.50 - $28.00	$18.60	$22.00 - $23.00
Spending on capital(1)($ millions)			
Sustaining			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)(3)	$60.0	$44.4	No change
Power (33⅓% basis)	$5.0	$3.5	No change
Growth			
Moa Joint Venture (50% basis)	$19.0	$3.0	$10.0
Spending on capital(3)(4)	$84.0	$50.9	$75.0

(1) Non-GAAP financial measures. For additional information see the Non-GAAP and other financial measures section of this press release.
(2) Spending is 50% of expenditures for the Moa Joint Venture and 100% expenditures for Fort Site fertilizer and utilities.
(3) 2022 guidance was updated July 27, 2022,
(4) Excludes spending on capital of the Metals Other, Oil and Gas, Technologies and Corporate segments.

Moa JV and Fort Site

- Guidance for nickel and cobalt production remains unchanged; however, based on the expected nickel to cobalt ratio in the ore, finished cobalt production is estimated to be at the lower end of the 3,400 – 3,700 tonne range.
- As a result of softening cobalt and fertilizer prices and logistical issues related to delivery of cobalt sales, NDCC guidance range has been increased to US$4.50 – US$5.00/lb.
- Guidance for sustaining spending on capital remains unchanged, however, the Corporation revised its guidance for growth spending on capital at Moa JV to $10 million from $19 million as a result of the deferral of spending on next phase of the Moa expansion into 2023.

Power

- Based on production for the nine months ended Q3 2022 the production guidance range was increased to 525 – 550 GWh due to the increased availability of gas supply.
- The unit cost guidance range was decreased to $22.00 – $23.00/MWh as a result of increased power production and delays in delivery of some parts and supplies into Q1 2023 which are required for maintenance activities that were scheduled for Q4 2022.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast November 3, 2022 at 10:00 a.m. Eastern Time to review its Q3 2022 results. Dial-in and webcast details are as follows:

North American callers, please dial:	1 (888) 886-7786 **Passcode: 84034622**
International callers, please dial:	1 (416) 764-8658 **Passcode: 84034622**
Live webcast:	www.sherritt.com

Please dial in 15 minutes before the start of the call to secure a line. Alternatively, listeners can access the conference call and presentation via the webcast available on Sherritt's website.

An archive of the webcast and replay of the conference call will also be available on the website.

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's condensed consolidated financial statements and MD&A for the three and nine months ended September 30, 2022 are available at www.sherritt.com and should be read in conjunction with this news release. Financial and operating data can also viewed in the investor relations section of Sherritt's website on SEDAR at www.sedar.com.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

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

ABOUT SHERRITT INTERNATIONAL CORPORATION

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

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as “believe”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “likely”, “may”, “will”, “could”, “should”, “suspect”, “outlook”, “potential”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture, growing and increasing nickel and cobalt production, extending the Moa life of mine, conversion of mineral resources to reserves, commercializing Technologies projects, growing shareholder value, updating technical reports and optimizing mine planning and performance; statements set out in the “Outlook” section of this press release and certain expectations regarding production volumes and increases, inventory levels, operating costs and capital spending and intensity; sales volumes; revenue, costs and earnings; supply, demand and pricing outlook in the nickel, cobalt and fertilizer markets; the availability of additional gas supplies to be used for power generation; the impact of COVID-19; Sherritt’s strategy, plans, targets and goals in respect of environmental and social governance issues, including climate change and greenhouse gas emissions reduction targets; anticipated payments and intention to settle outstanding receivables under the Cobalt Swap, including liability amounts at the implementation date, the anticipated end of historical repayment uncertainty, the anticipated repayment of all outstanding receivables through dividends, including in the form of finished cobalt or cash; and the timing, and amount of cobalt dividend distributions; distributions from the Corporation’s Moa Joint Venture in general; future receipts under the Moa Swap agreement; the impact of the U.S. sanctions on Cuba; anticipated economic conditions in Cuba; sufficiency of working capital and capital project funding; strengthening the Corporation’s capital structure and reducing annual interest expenses; and amounts of certain other commitments.

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

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

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

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

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APPENDIX – NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

Combined revenue

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

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

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

	For the three months ended			For the nine months ended		
	2022	2021		**2022**	2021	
$ millions	**September 30**	September 30	Change	**September 30**	September 30	Change
Revenue by reportable segment						
Moa Joint Venture and Fort Site(1)	**$ 173.9**	$ 108.9	60%	**$ 565.2**	$ 377.4	50%
Metals Other	**2.1**	1.3	62%	**6.4**	4.7	36%
Oil and Gas	**4.7**	2.2	114%	**13.7**	10.9	26%
Power	**9.0**	7.3	23%	**26.6**	20.2	32%
Technologies	**0.2**	0.2	-	**1.3**	0.4	225%
Corporate	**0.2**	0.3	(33%)	**0.6**	0.6	-
Combined revenue	**$ 190.1**	$ 120.2	58%	**$ 613.8**	$ 414.2	48%
Adjustment for Moa Joint Venture	**(159.9)**	(99.5)		**(483.6)**	(340.6)	
Financial statement revenue	**$ 30.2**	$ 20.7	46%	**$ 130.2**	$ 73.6	77%

(1) Revenue of Moa Joint Venture and Fort Site for the three months ended September 30, 2022 is composed of revenue recognized by the Moa Joint Venture of $159.9 million (50% basis), which is equity-accounted and included in share of earnings of Moa Joint Venture, net of tax, and revenue recognized by Fort Site of $14.0 million, which is included in consolidated revenue (for the three months ended September 30, 2021 - $99.5 million and $9.4 million, respectively). Revenue of Moa Joint Venture and Fort Site for the nine months ended September 30, 2022 is composed of revenue recognized by the Moa Joint Venture of $483.6 million (50% basis), which is equity-accounted and included in share of earnings of Moa Joint Venture, net of tax, and revenue recognized by Fort Site of $81.6 million, which is included in consolidated revenue (for the three months ended September 30, 2021 - $340.6 million and $36.8 million, respectively).

Adjusted EBITDA

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

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

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

$ millions, for the three months ended September 30	Moa JV and Fort Site[(1)]	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total 2022
Earnings (loss) from operations and joint venture per financial statements	$ 23.1	$ (0.6)	$ 1.5	$ 1.4	$ (3.5)	$ (1.1)	$ 0.5	$ 21.3
Add (deduct):								
Depletion, depreciation and amortization	2.0	0.1	0.1	4.1	-	0.1	-	6.4
Adjustments for share of earnings of Moa Joint Venture:								
Depletion, depreciation and amortization	10.2	-	-	-	-	-	-	10.2
Net finance expense	-	-	-	-	-	-	1.8	1.8
Income tax recovery	-	-	-	-	-	-	(2.3)	(2.3)
Adjusted EBITDA	$ 35.3	$ (0.5)	$ 1.6	$ 5.5	$ (3.5)	$ (1.0)	$ -	$ 37.4

$ millions, for the three months ended September 30	Moa JV and Fort Site[(1)]	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total 2021
Earnings (loss) from operations and joint venture per financial statements	$ 14.6	$ (0.5)	$ (2.0)	$ 0.2	$ (2.8)	$ (8.8)	$ (11.5)	$ (10.8)
Add (deduct):								
Depletion, depreciation and amortization	2.6	0.1	1.3	3.9	-	0.3	-	8.2
Gain on disposal of property, plant and equipment	-	-	(1.2)	-	-		-	(1.2)
Adjustments for share of earnings of Moa Joint Venture:								
Depletion, depreciation and amortization	9.9	-	-	-	-	-	-	9.9
Net finance expense	-	-	-	-	-	-	1.6	1.6
Income tax expense	-	-	-	-	-	-	9.9	9.9
Adjusted EBITDA	$ 27.1	$ (0.4)	$ (1.9)	$ 4.1	$ (2.8)	$ (8.5)	$ -	$ 17.6

$ millions, for the nine months ended September 30								**2022**
	Moa JV and Fort Site(2)	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	**$ 169.2**	**$ (1.8)**	**$ 0.8**	**$ 4.2**	**$ (10.4)**	**$ (15.8)**	**$ (27.4)**	**$ 118.8**
Add (deduct):								
Depletion, depreciation and amortization	**7.4**	**0.1**	**0.8**	**12.0**	**0.1**	**0.8**	**-**	**21.2**
Gain on disposal of property, plant and equipment	**-**	**-**	**(1.3)**	**-**	**-**	**-**	**-**	**(1.3)**
Adjustments for share of earnings of Moa Joint Venture:								
Depletion, depreciation and amortization	**31.8**	**-**	**-**	**-**	**-**	**-**	**-**	**31.8**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**-**	**6.7**	**6.7**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**20.7**	**20.7**
Adjusted EBITDA	**$ 208.4**	**$ (1.7)**	**$ 0.3**	**$ 16.2**	**$ (10.3)**	**$ (15.0)**	**$ -**	**$ 197.9**

$ millions, for the nine months ended September 30								2021
	Moa JV and Fort Site(2)	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	$ 62.1	$ (1.6)	$ (10.9)	$ (1.1)	$ (9.0)	$ (31.6)	$ (19.9)	$ (12.0)
Add (deduct):								
Depletion, depreciation and amortization	8.3	0.2	5.6	11.7	0.1	0.7	-	26.6
Gain on disposal of property, plant and equipment	-	-	(1.2)	-	-	-	-	(1.2)
Adjustments for share of earnings of Moa Joint Venture:								
Depletion, depreciation and amortization	32.5	-	-	-	-	-	-	32.5
Net finance income	-	-	-	-	-	-	(0.7)	(0.7)
Income tax expense	-	-	-	-	-	-	20.6	20.6
Adjusted EBITDA	$ 102.9	$ (1.4)	$ (6.5)	$ 10.6	$ (8.9)	$ (30.9)	$ -	$ 65.8

(1) Adjusted EBITDA of Moa Joint Venture and Fort Site for the three months ended September 30, 2022 is composed of Adjusted EBITDA at Moa Joint Venture of $31.5 million (50% basis) and Adjusted EBITDA at Fort Site of $3.8 million (for the three months ended September 30, 2021 - $28.7 million and $(1.6) million, respectively).

(2) Adjusted EBITDA of Moa Joint Venture and Fort Site for the nine months ended September 30, 2022 is composed of Adjusted EBITDA at Moa Joint Venture of $176.4 million (50% basis) and Adjusted EBITDA at Fort Site of $32.0 million (for the nine months ended September 30, 2021 - $105.5 million and $(2.6) million, respectively).

Average-realized price

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

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

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

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

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

$ millions, except average-realized price and sales volume, for the three months ended September 30							**2022**
	Moa Joint Venture and Fort Site						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 128.0**	**$ 21.5**	**$ 15.0**	**$ 9.0**	**$ 16.6**	**$ (159.9)**	**$ 30.2**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(1.1)**			
Revenue for purposes of average-realized price calculation	**128.0**	**21.5**	**15.0**	**7.9**			
Sales volume for the period	**9.9**	**0.8**	**27.4**	**139**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[2][3][4]	**$ 12.94**	**$ 28.21**	**$ 531.10**	**$ 57.02**			

$ millions, except average-realized price and sales volume, for the three months ended September 30							2021
	Moa Joint Venture and Fort Site						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 70.9	$ 22.2	$ 10.9	$ 7.3	$ 8.9	$ (99.5)	$ 20.7
Adjustments to revenue:							
By-product revenue	-	-	-	(1.2)			
Revenue for purposes of average-realized price calculation	70.9	22.2	10.9	6.1			
Sales volume for the period	6.6	0.8	25.2	110			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[2][3][4]	$ 10.76	$ 27.03	$ 432.63	$ 54.57			

$ millions, except average-realized price and sales volume, for the nine months ended September 30	Moa Joint Venture and Fort Site						2022
	Nickel	Cobalt	Fertilizer	Power	Other	Adjustment for Moa Venture	Total
Revenue per financial statements	$ 369.0	$ 82.2	$ 89.6	$ 26.6	$ 40.7	$ (483.6)	$ 124.5
Adjustments to revenue:							
Third-party finished nickel revenue	(14.1)	-	-	-			
By-product revenue	-	-	-	(3.9)			
Revenue for purposes of average-realized price calculation	354.9	82.2	89.6	22.7			
Sales volume for the period	25.1	2.2	108.8	409			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(1)(2)(3)	$ 14.69	$ 37.59	$ 823.91	$ 55.67			

$ millions, except average-realized price and sales volume, for the nine months ended September 30	Moa Joint Venture and Fort Site						2021
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 251.7	$ 67.9	$ 45.8	$ 20.2	$ 28.6	$ (340.6)	$ 73.6
Adjustments to revenue:							
By-product revenue	-	-	-	(2.9)			
Revenue for purposes of average-realized price calculation	251.7	67.9	45.8	17.3			
Sales volume for the period	25.2	2.9	117.0	320			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	$ 9.99	$ 23.69	$ 391.73	$ 53.93			

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

Unit operating cost/NDCC

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

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

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

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

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

$ millions, except unit cost and sales volume, for the three months ended September 30	Moa JV and Fort Site	Power	Other[1]	Adjustment for Moa Joint Venture	Total 2022
Cost of sales per financial statements	**$ 148.3**	**$ 6.8**	**$ 9.1**	**$ (137.2)**	**$ 27.0**
Less:					
Depletion, depreciation and amortization in cost of sales	**(12.2)**	**(4.1)**			
	136.1	**2.7**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(45.9)**	**-**			
Impact of opening/closing inventory and other[2]	**(3.1)**	**-**			
Cost of sales for purposes of unit cost calculation	**87.1**	**2.7**			
Sales volume for the period	**9.9**	**139**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	**$ 8.81**	**$ 20.04**			
Unit operating cost (US$ per pound) (NDCC)[5]	**$ 6.76**				

$ millions, except unit cost and sales volume, for the three months ended September 30	Moa JV and Fort Site	Power	Other[1]	Adjustment for Moa Joint Venture	Total 2021
Cost of sales per financial statements	$ 92.1	$ 6.5	$ 8.4	$ (79.3)	$ 27.7
Less:					
Depletion, depreciation and amortization in cost of sales	(12.5)	(3.9)			
	79.6	2.6			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(38.0)	-			
Impact of opening/closing inventory and other[2]	(3.7)	-			
Cost of sales for purposes of unit cost calculation	37.9	2.6			
Sales volume for the period	6.6	110			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	$ 5.75	$ 23.14			
Unit operating cost (US$ per pound) (NDCC)[5]	$ 4.53				

$ millions, except unit cost and sales volume, for the nine months ended September 30					2022
	Moa JV and Fort Site	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 390.0**	**$ 19.3**	**$ 31.6**	**$ (334.9)**	**$ 106.0**
Less:					
Depletion, depreciation and amortization in cost of sales	**(39.2)**	**(12.0)**			
	350.8	**7.3**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(196.2)**	**-**			
Impact of opening/closing inventory and other[2]	**(13.4)**	**-**			
Cost of sales for purposes of unit cost calculation	**141.2**	**7.3**			
Sales volume for the period	**25.1**	**409**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	**$ 5.62**	**$ 18.60**			
Unit operating cost (US$ per pound) (NDCC)[5]	**$ 4.39**				

$ millions, except unit cost and sales volume, for the nine months ended September 30					2021
	Moa JV and Fort Site	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 308.7	$ 19.1	$ 34.3	$ (263.7)	$ 98.4
Less:					
Depletion, depreciation and amortization in cost of sales	(40.8)	(11.7)			
	267.9	7.4			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(125.7)	-			
Impact of opening/closing inventory and other[2]	(6.8)	-			
Impairment on assets	-	-			
Cost of sales for purposes of unit cost calculation	135.4	7.4			
Sales volume for the period	25.2	320			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	$ 5.37	$ 23.19			
Unit operating cost (US$ per pound) (NDCC)[5]	$ 4.30				

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

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

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

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

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

		2022		2021
For the three months ended September 30	**$ millions**	**$/share**	$ millions	$/share
Net (loss) earnings from continuing operations	**$ (26.9)**	**$ (0.07)**	$ (15.5)	$ (0.04)
Adjusting items:				
Sherritt - Unrealized foreign exchange (gain) loss - continuing operations	**(4.6)**	**(0.01)**	7.9	0.02
Corporate - Severance and other contractual benefits expense	**-**	**-**	3.1	0.01
Corporate - Unrealized losses on commodity put options	**-**	**-**	(1.3)	-
Corporate - Realized loss on commodity put options	**-**	**-**	1.7	0.01
Moa Joint Venture - Inventory obsolescence	**0.1**	**-**	1.3	-
Fort Site - Inventory obsolescence	**-**	**-**	1.0	-
Oil and Gas - Gain on disposal of property, plant and equipment	**-**	**-**	(1.2)	-
Oil and Gas - Realized foreign exchange gain due to Cuban currency unification	**-**	**-**	(10.0)	(0.03)
Oil and Gas and Power - trade accounts receivable, net ACL revaluation	**(1.1)**	**-**	(1.4)	-
Power - Energas conditional sales agreement ACL revaluation(1)	**48.5**	**0.12**	-	-
Other(2)	**-**	**-**	0.7	-
Total adjustments, before tax	**$ 42.9**	**$ 0.11**	$ 1.8	$ 0.01
Tax adjustments	**(2.1)**	**(0.01)**	0.3	-
Adjusted net earnings (loss) from continuing operations	**$ 13.9**	**$ 0.03**	$ (13.4)	$ (0.03)

(1) Primarily related to a non-cash loss on revaluation of the ACL on the Energas CSA receivable as a result of the Cobalt Swap signed by the Corporation subsequent to period end and, in part, due to the suspension of interest over the five-year period of the agreement.

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

For the nine months ended September 30		2022 $ millions	2022 $/share	2021 $ millions	2021 $/share
Net earnings (loss) from continuing operations	$	**71.0**	$ **0.18**	$ (27.8)	$ (0.07)
Adjusting items:					
Sherritt - Unrealized foreign exchange gain - continuing operations		**(9.5)**	**(0.02)**	(3.3)	(0.01)
Corporate - Gain on repurchase of notes		**(13.8)**	**(0.03)**	(2.1)	(0.01)
Corporate - Transaction finance charges on repurchase of notes		**1.2**	**-**	-	-
Corporate - Severance and other contractual benefits expense		**-**	**-**	5.5	0.02
Corporate - Unrealized losses on commodity put options		**(0.9)**	**-**	3.0	0.01
Corporate - Realized losses on commodity put options		**0.9**	**-**	2.5	0.01
Moa Joint Venture - Inventory obsolescence		**0.5**	**-**	1.3	-
Fort Site - Inventory obsolescence		**-**	**-**	1.2	-
Oil and Gas - Gain on disposal of property, plant and equipment		**(1.3)**	**-**	(1.2)	-
Oil and Gas - Realized foreign exchange gain due to Cuban currency unification		**-**	**-**	(10.0)	(0.03)
Oil and Gas and Power - trade accounts receivable, net ACL revaluation		**0.4**	**-**	0.1	-
Power - Energas conditional sales agreement ACL revaluation(1)		**49.0**	**0.12**	2.7	0.01
Other(2)		**-**	**-**	(0.4)	-
Total adjustments, before tax	**$**	**26.5**	**$ 0.07**	$ (0.7)	$ -
Tax adjustments		**(2.5)**	**(0.01)**	(0.2)	-
Adjusted net earnings (loss) from continuing operations	**$**	**95.0**	**$ 0.24**	$ (28.7)	$ (0.07)

(1) Primarily related to a non-cash loss on revaluation of the ACL on the Energas CSA receivable as a result of the Cobalt Swap signed by the Corporation subsequent to period end and, in part, due to the suspension of interest over the five-year period of the agreement.

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

Spending on capital

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

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

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

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

$ millions, for the three months ended September 30						**2022**
	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	**$ 17.4**	**$ 3.0**	**$ 0.1**	**$ 20.5**	**$ (10.1)**	**$ 10.4**
Intangible asset expenditures[2]	**-**	**-**	**-**	**-**	**-**	**-**
	17.4	**3.0**	**0.1**	**20.5**	**$ (10.1)**	**$ 10.4**
Adjustments:						
Accrual adjustment	**0.7**	**-**	**-**	**0.7**		
Spending on capital	**$ 18.1**	**$ 3.0**	**$ 0.1**	**$ 21.2**		

$ millions, for the three months ended September 30						2021
	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	$ 13.3	$ -	$ 0.1	$ 13.4	$ (9.9)	$ 3.5
Intangible asset expenditures[2]	-	-	0.1	0.1	-	0.1
	13.3	-	0.2	13.5	$ (9.9)	$ 3.6
Adjustments:						
Accrual adjustment	(0.1)	-	(0.1)	(0.2)		
Spending on capital	$ 13.2	$ -	$ 0.1	$ 13.3		

$ millions, for the nine months ended September 30						2022
	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	**$ 40.3**	**$ 3.5**	**$ 0.1**	**$ 43.9**	**$ (25.9)**	**$ 18.0**
Intangible asset expenditures[2]	**-**	**-**	**0.6**	**0.6**	**-**	**0.6**
	40.3	**3.5**	**0.7**	**44.5**	**$ (25.9)**	**$ 18.6**
Adjustments:						
Accrual adjustment	**7.1**	**-**	**-**	**7.1**		
Spending on capital	**$ 47.4**	**$ 3.5**	**$ 0.7**	**$ 51.6**		

$ millions, for the nine months ended September 30	Moa JV and Fort Site	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	2021 Total derived from financial statements
Property, plant and equipment expenditures(2)	$ 25.7	$ -	$ 0.4	$ 26.1	$ (18.9)	$ 7.2
Intangible asset expenditures(2)	-	-	0.6	0.6	-	0.6
	25.7	-	1.0	26.7	$ (18.9)	$ 7.8
Adjustments:						
Accrual adjustment	(0.1)	-	(0.2)	(0.3)		
Spending on capital	$ 25.6	$ -	$ 0.8	$ 26.4		

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

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

Combined free cash flow

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

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

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

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

$ millions, for the three months ended September 30	Moa JV and Fort Site(1)	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**2022 Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities(2)	**$ 25.5**	**$ 3.8**	**$ 3.4**	**$ 9.1**	**$ (3.6)**	**$ (17.6)**	**$ 20.6**	**$ (1.8)**	**$ 18.8**
Less:									
Property, plant and equipment expenditures	**(17.4)**	**-**	**(0.1)**	**(3.0)**	**-**	**-**	**(20.5)**	**10.1**	**(10.4)**
Intangible expenditures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Free cash flow	**$ 8.1**	**$ 3.8**	**$ 3.3**	**$ 6.1**	**$ (3.6)**	**$ (17.6)**	**$ 0.1**	**$ 8.3**	**$ 8.4**

$ millions, for the three months ended September 30									2021
	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities[2]	$ 36.5	$ (2.3)	$ 2.1	$ 3.0	$ (2.9)	$ (3.6)	$ 32.8	$ (16.6)	$ 16.2
Less:									
Property, plant and equipment expenditures	(13.3)	-	-	-	-	(0.1)	(13.4)	9.9	(3.5)
Intangible expenditures	-	-	(0.1)	-	-	-	(0.1)	-	(0.1)
Free cash flow	$ 23.2	$ (2.3)	$ 2.0	$ 3.0	$ (2.9)	$ (3.7)	$ 19.3	$ (6.7)	$ 12.6

$ millions, for the nine months ended September 30									**2022**
	Moa JV and Fort Site[3]	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities[4]	**$ 91.4**	**$ (1.4)**	**$ (2.2)**	**$ 23.9**	**$ (10.6)**	**$ (34.7)**	**$ 66.4**	**$ (16.4)**	**$ 50.0**
Less:									
Property, plant and equipment expenditures	**(40.3)**	**-**	**(0.1)**	**(3.5)**	**-**	**-**	**(43.9)**	**25.9**	**(18.0)**
Intangible expenditures	**-**	**-**	**(0.6)**	**-**	**-**	**-**	**(0.6)**	**-**	**(0.6)**
Free cash flow	**$ 51.1**	**$ (1.4)**	**$ (2.9)**	**$ 20.4**	**$ (10.6)**	**$ (34.7)**	**$ 21.9**	**$ 9.5**	**$ 31.4**

$ millions, for the nine months ended September 30									2021
	Moa JV and Fort Site[3]	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities[4]	$ 81.6	$ 8.2	$ 1.9	$ 17.3	$ (8.8)	$ (32.6)	$ 67.6	$ (52.9)	$ 14.7
Less:									
Property, plant and equipment expenditures	(25.7)	-	(0.2)	-	-	(0.2)	(26.1)	18.9	(7.2)
Intangible expenditures	-	-	(0.6)	-	-	-	(0.6)	-	(0.6)
Free cash flow	$ 55.9	$ 8.2	$ 1.1	$ 17.3	$ (8.8)	$ (32.8)	$ 40.9	$ (34.0)	$ 6.9

(1) Property, plant and equipment expenditures and intangible expenditures for the Moa Joint Venture and Fort Site was $10.1 million and $7.3 million, respectively, for the three months ended September 30, 2022 (September 30, 2021 - $9.9 million and $3.4 million, respectively).

(2) Cash provided (used) by continuing operations for operating activities for the Moa Joint Venture and Fort Site was $2.0 million and $23.5 million, respectively, for the three months ended September 30, 2022 (September 30, 2021 - $29.3 million and $7.2 million, respectively).

(3) Property, plant and equipment expenditures and intangible expenditures for the Moa Joint Venture and Fort Site was $25.9 million and $14.4 million, respectively, for the nine months ended September 30, 2022 (September 30, 2021 - $18.9 million and $6.8 million, respectively).

(4) Cash provided (used) by continuing operations for operating activities for the Moa Joint Venture and Fort Site was $60.0 million and $31.4 million, respectively, for the nine months ended September 30, 2022 (September 30, 2021 - $88.8 million and $(7.2) million, respectively).

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2022

This Management's Discussion and Analysis (MD&A) is intended to help the reader understand Sherritt International Corporation's operations, financial performance and the present and future business environment. This MD&A, which has been prepared as of November 2, 2022, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three and nine months ended September 30, 2022 and Sherritt's audited consolidated financial statements and the MD&A for the year ended December 31, 2021. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com or on the Corporation's website at www.sherritt.com.

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

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

The business we manage

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

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

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

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

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

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

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

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

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

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

Corporate: Head office activities.

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

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Management uses these measures to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace International Financial Reporting Standards (IFRS) measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies. Further information on the composition and usefulness of each non-GAAP and other financial measure, including reconciliation to their most directly comparable IFRS measures, is included in the Non-GAAP and other financial measures section starting on page 71.

Strategic priorities

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

2022 Strategic Priorities	Selected Actions	Status
ESTABLISH SHERRITT AS A LEADING GREEN METALS PRODUCER	Accelerate plans to expand Moa JV nickel and cobalt production by up to 20% from the combined 34,710 tonnes produced in 2021.	Continued to progress on SPP which remains on time and budget. Sherritt's Board approved investment, of US$50 million (100% basis) as the next phase of the expansion to increase total mixed sulphide precipitate (MSP) intermediate production by 6,500 tonnes of contained metals at Moa at a low capital intensity of approximately US$13,200 per annual tonne of contained nickel.
	Rank in lowest quartile of HPAL nickel producers for NDCC.	NDCC[1] for the YTD 2022 of US$4.39/lb ranked Sherritt in the second cost quartile of all nickel producers. Normalization of key input costs would help return Sherritt to ranking in the first quartile
LEVERAGE TECHNOLOGIES FOR TRANSFORMATIONAL GROWTH	Support Moa JV expansion, operational improvements, and life of mine extension.	Continued to support the planning for the Moa JV growth strategy and life of mine extension at Moa. ECOG and LOM analysis using the latest methodologies are expected to extend the current LOM to beyond 2040.
	Advance Technologies solutions toward commercialization.	Continued to advance development and commercialization of most promising and innovative technologies, including: Chimera/D-POX – continued discussions with potential interested parties and advanced proposals for potential batch testing and piloting programs for specific copper project opportunities. DSH – continued to advance its assessment of the technology on bio-oils and refinery vacuum residues. Batch testing demonstrated the potential to produce a renewable diesel product. NGL – Unit operation pilot testing demonstrated the ability for selective leaching of nickel and cobalt from both saprolite and limonite ores with high metal extraction rates into a mixed hydroxide product.
ACHIEVE BALANCE SHEET STRENGTH	Maximize collections of overdue Cuban receivables. Maximize available liquidity to support growth strategy.	Signed agreements in October 2022 to settle the full amount – $362 million – of receivables on the Energas CSA and Oil and Gas trade receivables by the end of 2027 through the use of the Cobalt Swap. In Q2, purchased $59.2 million principal amount of notes at a discount reducing annualized interest expense by $5.5 million.
	Continue to optimize costs to reflect operating footprint.	Implemented measures relating to director compensation and employee costs that will result in annual savings of $3 million.
BE RECOGNIZED AS A SUSTAINABLE ORGANIZATION	Deliver on actions identified in the Sustainability Report.	Issued Sherritt's 2021 sustainability reports and scorecard in October 2022.
	Achieve year-over-year ESG improvements including reduction of carbon intensity.	Developed a climate plan to advance a road map to achieve long-term net-zero GHG emissions by 2050. Continued replacing vehicles and equipment with EVs and electric equipment at Moa and the Fort Site.
	Deliver on 'Diversity and Inclusion' global framework	Made progress in defining metrics, analyzing workforce demographics and aligning Sustainability (CSR) investments with D&I initiatives. Improved gender balance in the operations senior management team and board.
MAXIMIZE VALUE FROM CUBAN ENERGY BUSINESSES	Extend economically beneficial Energas power generation contract beyond 2023.	In October 2022, received approval for extension of the Energas power generation contract to March 2043, and finalized extension of the Moa Swap agreement to support liquidity and secure sustainable operations.

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

Highlights

EXPANSION PROJECT UPDATE

With the signing of the Cuban receivables agreement detailed below, Sherritt's Board of Directors approved US$50.0 million (100% basis) as the next phase of the Moa Joint Venture expansion plan. The scope of Sherritt's expansion investment was narrowed to the most critical components and reflect the evolving market for nickel and cobalt. With a market focus on electric vehicle (EV) batteries, Sherritt sees an opportunity to focus its strategy on increasing production of intermediary products that will enable it to fully utilize existing capacity at the refinery and also consider direct sales of intermediate product into the electric vehicle battery supply chain.

With the previously approved Slurry Preparation Plant (SPP) project, the estimated total cost of the two phases of the expansion is approximately US$77.0 million (100% basis). The second phase will focus on expanding MSP intermediate production and consist of the completion of the Leach Plant Sixth Train and Fifth Sulphide Precipitation Train and construction of additional acid storage capacity at Moa. Upon completion of the SPP, which is still expected in early 2024, and the second expansion phase at the end of 2024, the total increase in MSP is estimated at 20% of current production or 6,500 tonnes of contained metal, resulting in a total capital intensity of approximately US$13,200 per annual tonne of contained nickel. Sherritt estimates that two thirds of the increased production will be processed into finished nickel and cobalt fully utilizing the current refinery capacity to process the Moa feed, and the remaining could be sold as MSP.

Refer to the Moa Joint Venture and Fort Site Review of operations section of this MD&A for further details.

MOA JOINT VENTURE LIFE OF MINE/UPDATED 43-101 TECHNICAL REPORT

The work to complete the Economic Cut-Off Grade (ECOG) and Life of Mine (LOM) development continues at the Moa mine:

- In Q3, resource model classifications and pit optimization activities were completed. The final development of the LOM is in progress with expectation of mine plan sequencing and reserves estimates to be completed during Q4.
- ECOG and LOM analysis using the latest methodologies are expected to extend the current LOM beyond 2040.
- Continued engagement with the Oficina Nacional de Recursos Minerales (ONRM), Cuba's Natural Resources Agency, and alignment on the mine execution plan using the new methodologies is expected in Q4.
- Development of the NI 43-101 and peer review will occur during Q4 and early Q1 2023. The final draft of the 43-101 is expected to be released by end of Q1 2023.

MOA JOINT VENTURE AND FORT SITE

During the three months ended September 30, 2022, revenue increased by $65.0 million (50% basis) over the prior year period, primarily due to increases in the average-realized prices(1) for nickel and fertilizer of 20% and 23%, respectively, and an increase in nickel sales volume. Cobalt revenue was marginally lower due to lower sales volume, partially offset by higher average-realized price. Nickel sales volume was marginally higher than production volume during the quarter; however, cobalt sales volume was lower than production volume as a result of a contraction in the consumer electronics sector compared with 2021, contributing to reduced lithium cobalt oxide demand. The Corporation anticipates inventory levels for nickel will reduce to more typical levels by the end of 2022; however, given current market conditions, cobalt inventory levels are expected to reduce to more typical levels in the first quarter of 2023.

The Corporation's share of finished nickel production for the three months ended September 30, 2022 was 4,443 tonnes, 53% higher compared to the prior year period, and finished cobalt production of 419 tonnes was 25% higher compared to the prior year period. Finished nickel and cobalt production were higher than the same period in the prior year primarily due to the timing of the planned annual maintenance shutdown at the refinery, which in the prior year was deferred from the second quarter to the third quarter of 2021 to mitigate the risk of COVID-19 on employee and contractor health and safety and occurred during the second quarter of 2022.

NDCC(1) for the three months ended September 30, 2022 was US$6.76 per pound, 49% higher compared to the same period in the prior year driven by higher mining, processing and refining costs, primarily as a result of a 131% increase in global sulphur prices, 45% increase in fuel oil prices and 156% increase in diesel prices, coupled with a lower cobalt by-product credit primarily due to lower cobalt sales relative to the higher nickel sales volume as a result of delayed cobalt sales.

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

NICKEL AND COBALT PRICE

The nickel reference price on the London Metal Exchange (LME) closed on September 30, 2022 at US$10.11/lb, down 4% from the reference price of US$10.48/lb at the end of the second quarter. Reduced volatility on the London Metal Exchange (LME), continuing COVID-19 restrictions in China, high energy prices and supply concerns in Europe, along with inflationary pressures and global economic recession concerns have all played a role in tempering the nickel price. The long-term outlook for nickel continues to be positive on account of the strong demand expected from the stainless steel sector, the current largest market for nickel, and the rapidly growing electric vehicle (EV) battery market.

The cobalt reference price continued its steady decline during the third quarter of 2022 and closed on September 30, 2022 at US$25.90/lb according to data collected by Argus, down 20% from US$32.25/lb at the end of the second quarter. Cobalt prices continue to show near-term weakness for much the same reasons as nickel and due to increased supply from the Democratic Republic of Congo (DRC). Ongoing logistics issues relating to the transportation of cobalt hydroxide from the DRC, the world's largest supply market, recovered somewhat in the third quarter and a contraction of the consumer electronics industry compared with 2021 has led to reduced lithium cobalt oxide demand, both contributing to weaker prices. The expected proliferation of EVs provides a positive longer-term outlook for demand, which is expected to increase despite the EV industry's efforts to minimize cobalt content to reduce battery cost and supply risk.

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

DISTRIBUTIONS FROM MOA JOINT VENTURE

During the three and nine months ended September 30, 2022, the Moa Joint Venture paid distributions of nil and $86.8 million, respectively, to its shareholders, of which nil and $43.4 million, respectively, was paid to the Corporation directly, representing its 50% share. Sherritt did not receive any distributions from the Moa Joint Venture during the third quarter as a result of lower than expected sales late in the second quarter and early in the third quarter and shipping delays. Distributions received during the nine months ended September 30, 2022 have exceeded the total $35.9 million of distributions received in all of 2021.

Subsequent to period end, the Moa Joint Venture paid a distribution of $41.2 million to its shareholders, of which $20.6 million was paid to the Corporation directly, representing its 50% share. Given prevailing nickel and cobalt prices, planned spending on capital, including growth capital, working capital needs, and other expected liquidity requirements, the Corporation continues to anticipate higher distributions in the second half of 2022 compared to the first half of the year.

WORKING CAPITAL

Cash and cash equivalents as at September 30, 2022 were $137.6 million, down from $145.6 million as at December 31, 2021, primarily due to the $44.8 million repurchase of notes, $15.2 million of interest paid on the 8.50% second lien secured notes 2026 and $18.6 million of capital expenditures, partially offset by $43.4 million of distributions received from Moa Joint Venture in the first half of 2022 and fertilizer pre-buys. In addition, the decrease in cash and cash equivalents was impacted by the timing of collections of Cuban overdue receivables and distributions from the Moa Joint Venture.

As at September 30, 2022, the Corporation held cash and cash equivalents in Canada totaling $36.9 million, down from $64.2 million as at December 31, 2021. Subsequent to period end, the Corporation paid interest of $13.2 million on the 8.50% second lien secured notes. No mandatory redemptions were required in October as the conditions pursuant to the redemption provisions of the indenture agreement were not met.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) UPDATE

Subsequent to period end, Sherritt issued its 2021 sustainability, climate and tailings management reports as well as its sustainability scorecard outlining the Corporation's performance on ESG matters. Highlights include:

- Continued peer-leading safety performance, with the Total Recordable Incident Frequency Rate of 0.34 and the Lost Time Incident Frequency Rate of 0.14, a decrease of 48% and 75%, respectively, over the last three years;
- Experienced zero work-related fatalities at Sherritt's operations for the sixth consecutive year;
- Continued to meet safety and production targets at all our sites despite the COVID-19 pandemic, prioritizing the health and safety of our employees, contractors and the communities in which Sherritt operates;

- Developed a climate plan to advance a road map to achieve long-term net-zero GHG emissions by 2050;
- Had no material tailings-related incidents;
- Contributed almost $1 million to community investment projects in 2021; and
- Experienced no security incidents involving allegations of human rights abuses at any of Sherritt's operations.

Sherritt continues to progress on its commitments to achieving net zero greenhouse emissions by 2050, obtaining 15% of overall energy from renewable sources by 2030, reducing nitrogen oxide emission intensity by 10% by 2024, and increasing the number of women in the workforce to 36% by 2030.

SETTLEMENT OF TOTAL OUTSTANDING CUBAN RECEIVABLES

Subsequent to period end, on October 13, Sherritt finalized an agreement (the Cobalt Swap) with its Cuban partners to settle the total outstanding Cuban receivables over five years, beginning January 1, 2023. Under the agreement, the Moa JV will prioritize payment of dividends in the form of finished cobalt to each partner, up to an annual maximum volume of cobalt, with any additional dividends in a given year to be distributed in cash. All of the Cuban partner's share of these cobalt dividends, and potentially additional cash dividends, will be redirected to Sherritt as payment to settle the receivables until the annual minimum payment amount and cobalt dividend volume, including the collection of any prior year shortfalls, has been reached.

On January 1, 2023, the outstanding receivable amounts owing to Sherritt from Energas S.A. (Energas) and Union Cuba-Petroleo (CUPET) – estimated to total $362 million – will be assumed by General Nickel Company (GNC), Sherritt's Moa JV partner, who in turn will enter into payment agreements of an equivalent amount, denominated in Cuban pesos, with Energas and CUPET. This amount includes the Energas conditional sales agreement (Energas CSA) receivable of $332.4 million and trade accounts receivables from CUPET of $29.5 million. This reflects the total amount owing to Sherritt from Energas and CUPET rather than only the overdue amounts (US$153.2 million at September 30, 2022) based on scheduled payments. The Energas CSA balance includes the total amount owing, excluding the 33 1/3% elimination reported in Sherritt's consolidated financial statements.

No interest will accrue on the Energas CSA to ensure repayment within five years; however, in the event that the total outstanding receivables are not fully repaid by December 31, 2027, interest will accrue retroactively at 8% per annum from January 1, 2023 on the unpaid principal amount, and the unpaid principal and interest amounts will become due and payable to Sherritt by GNC.

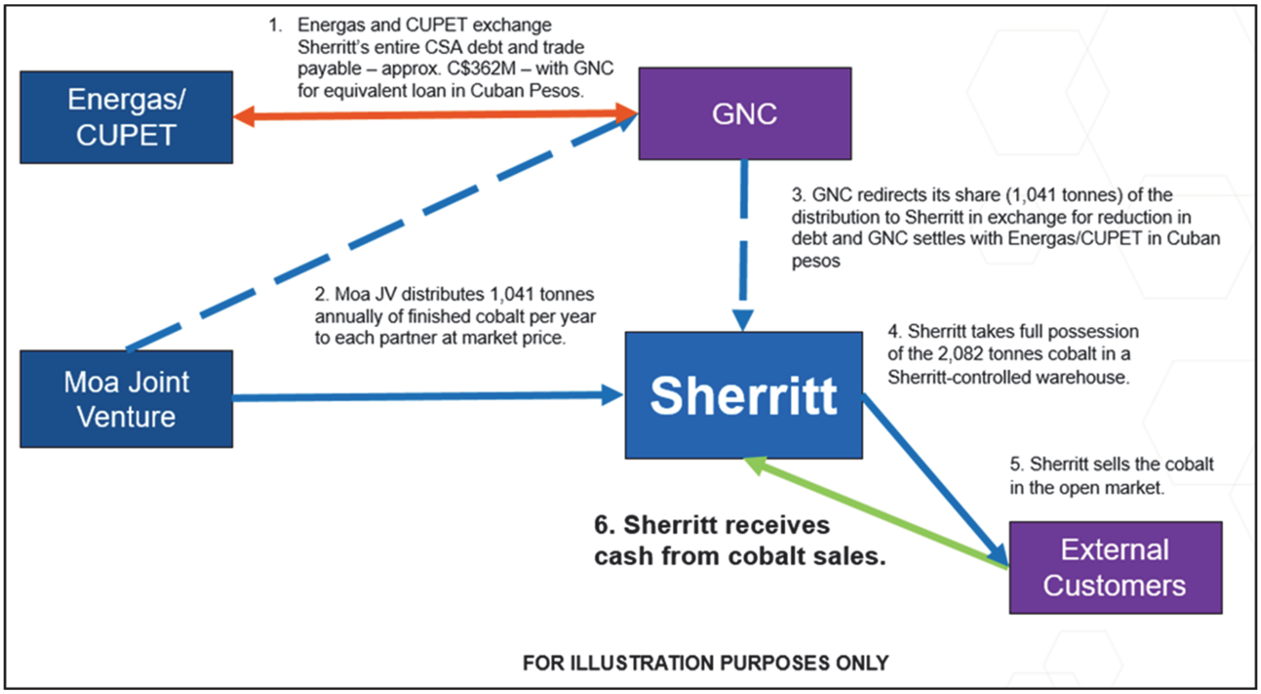
Over the five-year period beginning January 1, 2023, the Moa JV expects to distribute a maximum of 2,082 tonnes, or approximately 60% of current production (100% basis), of finished cobalt annually to the joint venture partners (finished cobalt dividends). Accordingly, Sherritt expects to receive a maximum of 1,041 tonnes of the finished cobalt dividends per year in respect of its 50% share of the Moa JV. GNC will redirect its 50% share of the finished cobalt dividends, up to 1,041 tonnes per year, to Sherritt as repayment towards the outstanding receivables, provided that the total cobalt volume redirected has a value of at least US$57 million. Any shortfall in the annual minimum payment amount and cobalt dividend volume, will be carried forward to the subsequent year such that full repayment is expected to be made within five years.

Upon receipt of the finished cobalt dividends, the title to both Sherritt and its partner's redirected cobalt share will be transferred immediately to a Sherritt warehouse in Fort Saskatchewan, from which Sherritt will sell the finished cobalt in the market.

This transaction represents a significant milestone for Sherritt and is expected to provide significant cash flow to deliver on the Corporation's strategic priorities to reduce debt and actively expand its business through:

- reasonable certainty the amount will be paid over the five year term of the loan as it is independent of Sherritt's Cuban partner's ability to access foreign currency;
- a reasonably certain cash flow to Sherritt of US$114 million annually through the sale of cobalt, half of which will be used to repay the amounts receivable;
- the receipt of the majority of the payments prior to maturity of the second lien notes in November 2026; and
- an opportunity for early settlement of the receivables through enhanced repayment if the market value of the cobalt increases.

The below diagram summarizes the key components of the Cobalt Swap:



EXTENSION OF THE ENERGAS PAYMENT AGREEMENT

Subsequent to period end, Sherritt and its Cuban partners finalized an extension to the Energas Payment Agreement (the Moa Swap) to fund the operating and maintenance costs of Energas, as well as cover future payments that would be owed to Sherritt. Sherritt expects to continue to receive approximately US$4.2 million ($5.6 million) per month under a payment agreement between Sherritt, Moa Joint Venture and Energas. The Moa Joint Venture converts foreign currency to Cuban pesos through Energas to support the Moa Joint Venture's local Cuban operating activities. The foreign currency is then paid to Sherritt primarily to facilitate foreign currency payments for the Energas operations and to fund dividend repatriations to Sherritt.

EXTENSION OF ENERGAS' POWER GENERATION CONTRACT

Subsequent to period end, Cuba's Executive Council of Ministers approved the twenty-year extension of Energas' power generation contract with the Cuban government to March 2043. The extension of this economically beneficial contract supports Sherritt's on-going investments in Cuba, helps facilitate the Cobalt and Moa Swaps, and supports Cuba's long-term energy security.

Financial results

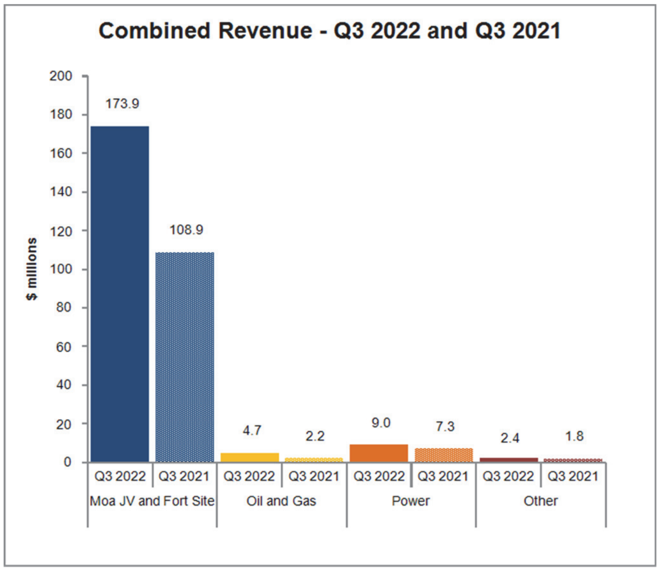
$ millions, except as otherwise noted		For the three months ended 2022 September 30		2021 September 30	Change		For the nine months ended 2022 September 30		2021 September 30	Change
FINANCIAL HIGHLIGHTS										
Revenue	**$**	**30.2**	$	20.7	46%	**$**	**130.2**	$	73.6	77%
Combined revenue[1]		**190.1**		120.2	58%		**613.8**		414.2	48%
Earnings (loss) from operations and joint venture		**21.3**		(10.8)	297%		**118.8**		(12.0)	nm[2]
Net earnings (loss) from continuing operations		**(26.9)**		(15.5)	(74%)		**71.0**		(27.8)	355%
Loss from discontinued operations, net of tax		**0.6**		(0.7)	186%		**(0.5)**		(4.7)	89%
Net earnings (loss) for the period		**(26.3)**		(16.2)	(62%)		**70.5**		(32.5)	317%
Adjusted net earnings (loss) from continuing operations[1]		**13.9**		(13.4)	204%		**95.0**		(28.7)	431%
Adjusted EBITDA[1]		**37.4**		17.6	113%		**197.9**		65.8	201%
Net earnings (loss) from continuing operations ($ per share) (basic and diluted)	**$**	**(0.07)**	$	(0.04)	(75%)	**$**	**0.18**	$	(0.07)	357%
Net earnings (loss) ($ per share) (basic and diluted)		**(0.07)**		(0.04)	(75%)		**0.18**		(0.08)	325%
CASH										
Cash and cash equivalents (prior period, December 31, 2021)	**$**	**137.6**	$	145.6	(5%)	**$**	**137.6**	$	145.6	(5%)
Cash provided (used) by continuing operations for operating activities		**18.8**		16.2	16%		**50.0**		14.7	240%
Combined free cash flow[1]		**0.1**		19.3	(99%)		**21.9**		40.9	(46%)
Distributions received from Moa Joint Venture		**-**		12.7	(100%)		**43.4**		35.9	21%
OPERATIONAL DATA										
COMBINED SPENDING ON CAPITAL[1]		**21.2**	$	13.3	59%	**$**	**51.6**	$	26.4	95%
PRODUCTION VOLUMES										
Finished nickel (50% basis, tonnes)		**4,443**		2,908	53%		**12,022**		11,326	6%
Finished cobalt (50% basis, tonnes)		**419**		334	25%		**1,261**		1,287	(2%)
Fertilizer (tonnes)		**62,841**		46,730	34%		**187,893**		180,038	4%
Electricity (gigawatt hours) (33⅓% basis)		**139**		110	26%		**409**		320	28%
AVERAGE EXCHANGE RATE (CAD/US$)		**1.306**		1.260	4%		**1.283**		1.251	3%
AVERAGE-REALIZED PRICES (CAD)[1]										
Nickel ($ per pound)	**$**	**12.94**	$	10.76	20%	**$**	**14.69**	$	9.99	47%
Cobalt ($ per pound)		**28.21**		27.03	4%		**37.59**		23.69	59%
Fertilizer ($ per tonne)		**531.10**		432.63	23%		**823.91**		391.73	110%
Electricity ($ per megawatt hour)		**57.02**		54.57	4%		**55.67**		53.93	3%
UNIT OPERATING COSTS[1]										
Nickel (NDCC) (US$ per pound)	**$**	**6.76**	$	4.53	49%	**$**	**4.39**	$	4.30	2%
Electricity ($ per megawatt hour)		**20.04**		23.14	(13%)		**18.60**		23.19	(20%)

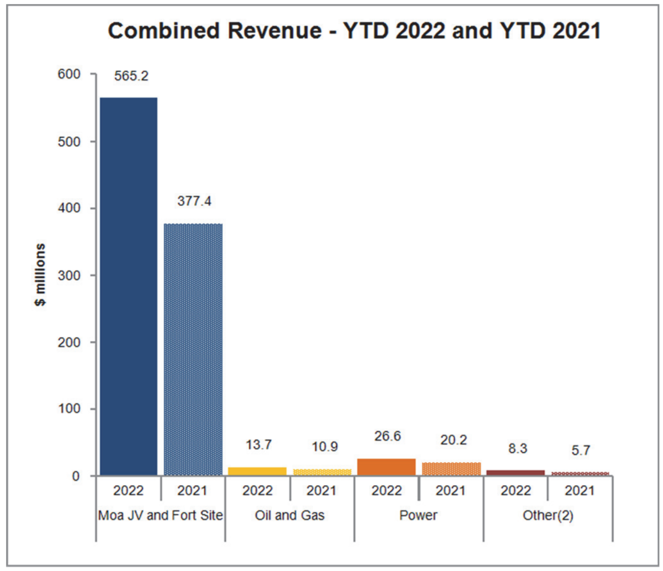
(1) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.
(2) Not meaningful (nm).

Revenue for the three and six months ended September 30, 2022 of $30.2 million and $130.2 million, respectively, which excludes revenue from the Moa Joint Venture as it is accounted for under the equity method, was higher compared to the same periods in the prior year primarily due to higher fertilizer, power generation and oil and gas service revenue, partially offset by lower oil and gas product revenue. Oil and gas product revenue decreased during the three and nine months ended September 30, 2022 compared to the prior year periods as a result of the expiration of the Puerto Escondido/Yumuri production-sharing contract during the first quarter of 2021.

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

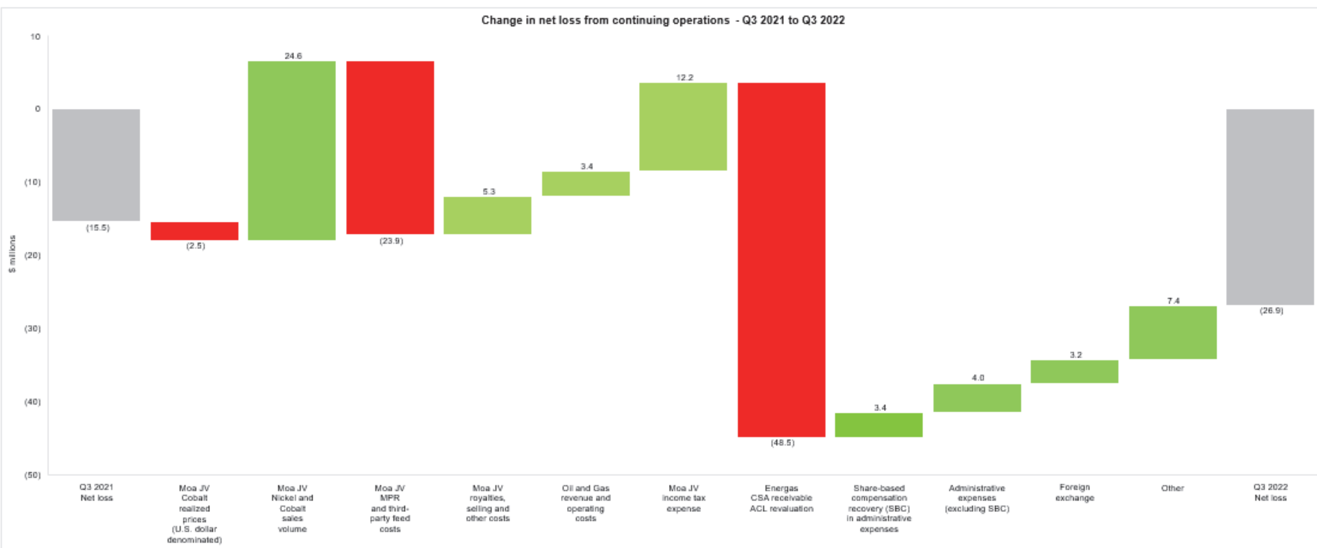
Combined revenue[(1)] is composed of the following:

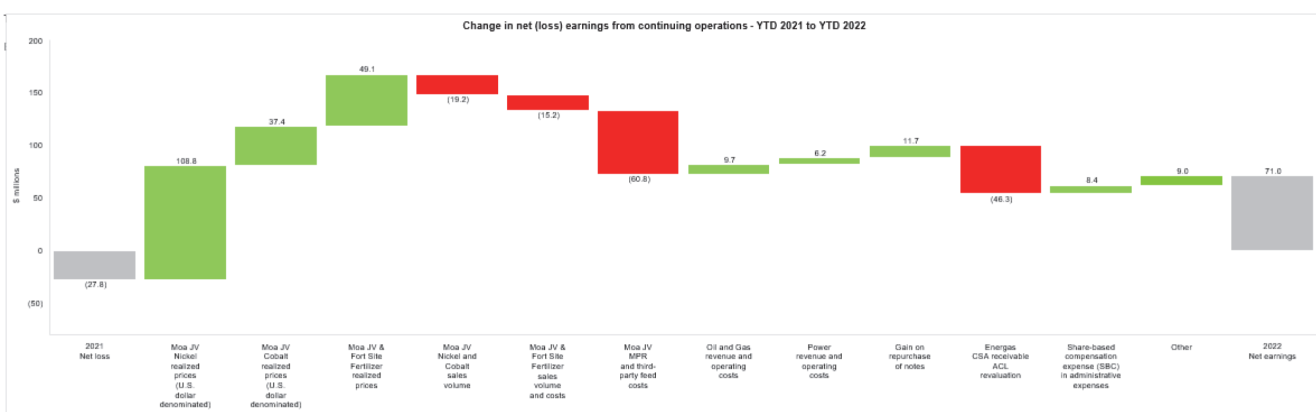




(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.

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





At the Moa Joint Venture and Fort Site, revenue for the three months ended September 30, 2022 was 60% higher than the same period in the prior year primarily due to higher average-realized nickel, cobalt and fertilizer prices, coupled with higher nickel and fertilizer sales volumes, partially offset by lower cobalt sales volume. Revenue for the nine months ended September 30, 2022 was 50% higher than the same period in the prior year primarily due to higher average-realized nickel, cobalt and fertilizer prices, partially offset by lower cobalt and fertilizer sales volumes.

At the Moa Joint Venture and Fort Site, cost of sales for the three months ended September 30, 2022 was 71% higher, respectively, than the same periods in the prior year primarily due to higher nickel sales volumes, and higher sulphur, fuel oil and diesel prices. Cost of sales for the nine months ended September 30, 2022 was 31% higher than the same period in the prior year primarily due to higher sulphur and fuel oil prices and higher planned maintenance costs at Moa, coupled with higher royalties and other contributions as a result of higher nickel and cobalt prices.

For the three months ended September 30, 2022, administrative expenses decreased by $7.4 million compared to the same period in the prior year primarily due to an increase in the share-based compensation recovery of $3.4 million as a result of changes in the market value of the Corporation's share price and a decrease in severance and other contractual benefits of $3.4 million. Administrative expenses for the nine months ended September 30, 2022 decreased by $17.8 million compared to the same period in the prior year primarily due to a $8.4 million decrease in share-based compensation expense primarily due to changes in the market value of the Corporation's share price and accelerated expensing as a result of the departures of two senior executives and the May 2021 reduction of 10% of the Corporate office salaried workforce in the prior year period, with no comparable expenses in the current year, coupled with a $5.9 million decrease in severance and contractual benefits and $2.5 million decrease in employee costs.

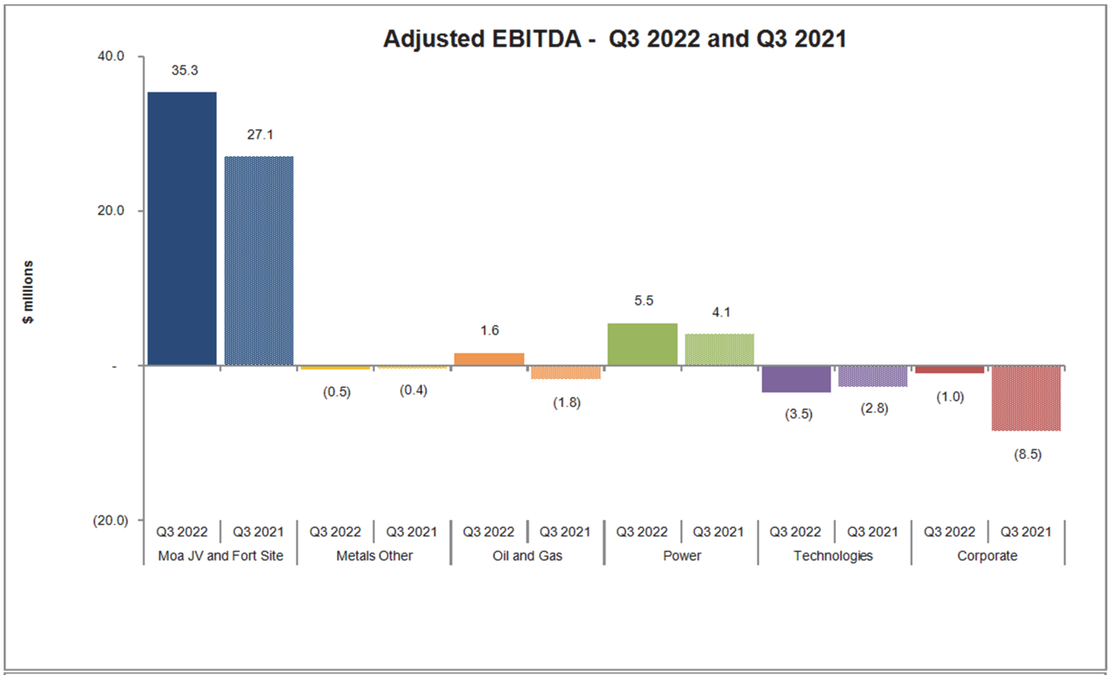
During the three and nine months ended September 30, 2022, the Corporation recognized non-cash losses on the revaluation of allowances for expected credit losses on the Energas CSA of $48.5 million and $49.0 million, compared to a losses of nil and $2.7 million in the prior year periods, related to the signing of the Cobalt Swap subsequent to period end and in part as a result of the suspension of interest on the Energas CSA over the five-year period of the agreement.

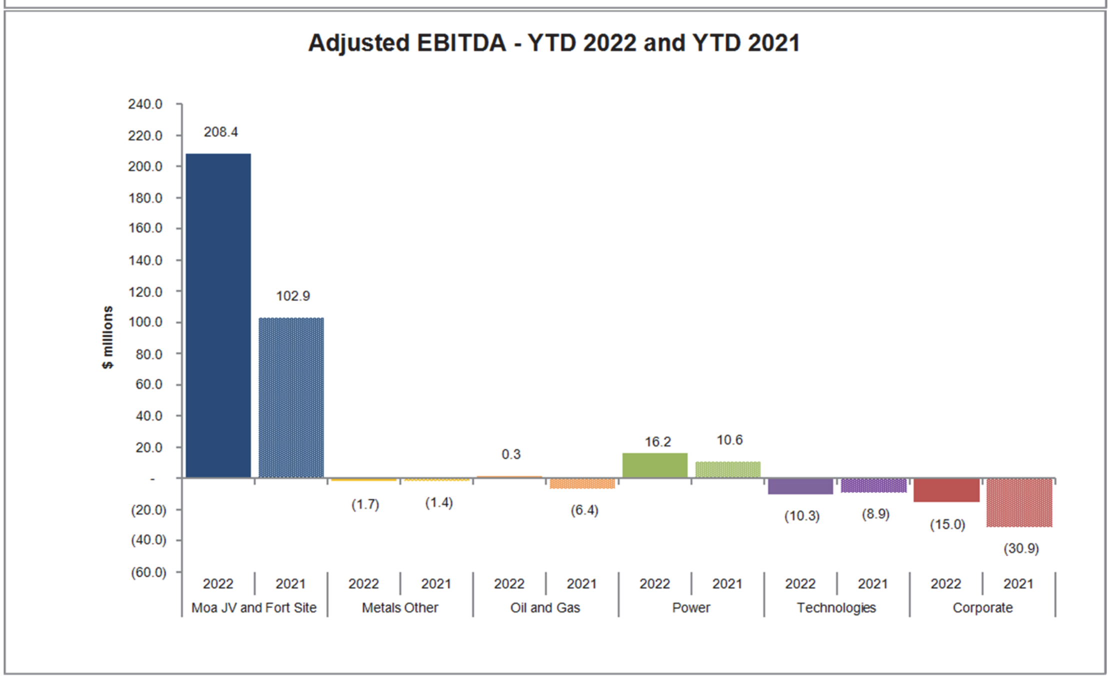
During the nine months ended September 30, 2022, the Corporation recognized a gain on repurchase of notes of $13.8 million as a result of the repurchase of $59.2 million of principal of the 8.50% second lien secured notes due 2026 and 10.75% unsecured PIK option notes due 2029, compared to a gain on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

At the Moa Joint Venture, income tax expense for the three months ended September 30, 2022 decreased by $12.2 million (50% basis) compared to the same period in the prior year primarily due to a decrease in taxable earnings of the operating companies in the Moa Joint Venture.

ADJUSTED EBITDA

Total Adjusted EBITDA[1] for the three and nine months ended September 30, 2022 was $37.4 million and $197.9 million, respectively, compared to $17.6 million and $65.8 million, respectively, in the same periods in the prior year, representing increases of 111% and 200% over the prior year periods. Adjusted EBITDA by segment is as follows:





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

Outlook

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

Production volumes, unit operating costs and spending on capital	Guidance for 2022 - Total	Year-to-date actuals - Total	Updated 2022 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	32,000 - 34,000	24,044	No change
Cobalt, finished	3,400 - 3,700	2,522	No change
Electricity (GWh, 33⅓% basis)	450 - 500	409	525 - 550
Unit operating costs[(1)]			
Moa Joint Venture - NDCC (US$ per pound)	$4.00 - $4.50	$4.39	$4.50 - $5.00
Electricity (unit operating cost, $ per MWh)	$26.50 - $28.00	$18.60	$22.00 - $23.00
Spending on capital[(1)]($ millions)			
Sustaining			
Moa Joint Venture (50% basis), Fort Site (100% basis)[(2)(3)]	$60.0	$44.4	No change
Power (33⅓% basis)	$5.0	$3.5	No change
Growth			
Moa Joint Venture (50% basis)	$19.0	$3.0	$10.0
Spending on capital[(3)(4)]	$84.0	$50.9	$75.0

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

(2) Spending is 50% of expenditures for the Moa Joint Venture and 100% expenditures for Fort Site fertilizer and utilities.

(3) 2022 guidance was updated July 27, 2022.

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

Moa JV and Fort Site

- Guidance for nickel and cobalt production remains unchanged; however, based on the expected nickel to cobalt ratio in the ore, cobalt production is estimated to be at the lower end of the 3,400-3,700 tonne range.
- As a result of softening cobalt and fertilizer prices and logistical issues related to delivery of cobalt sales, NDCC[(1)] guidance has been increased to US$4.50-US$5.00/lb.
- Guidance for sustaining spending on capital remains unchanged; however, the Corporation revised its guidance for growth spending on capital at Moa JV to $10.0 million from $19.0 million as a result of the deferral of on the spending on the next phase of the Moa expansion into 2023.

Power

- Based on production for the nine months ended Q3 2022, the production guidance range was increased to 525-550 GWh due to increased availability of gas supply.
- The guidance range was decreased to $22.00-$23.00/MWh because of increased power production and delays in delivery of some parts and supplies into Q1 2023 which are required for maintenance activities that were scheduled for Q4 2022.

Significant factors influencing operations

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

Nickel

Nickel prices remained relatively constant during the third quarter, with prices ending at US$10.11/lb, down from US$10.48/lb at the end of Q2. The average reference price during Q3 was US$10.01/lb, compared to US$13.13/lb for Q2. Reduced volatility on the London Metal Exchange (LME), continuing COVID-19 restrictions in China, high energy prices and supply concerns in Europe, along with inflationary pressures, and global economic recession concerns have all played a role in tempering the nickel price. The nickel price fluctuated in a relatively narrow range during much of the quarter – reaching a high of US$11.28/lb in September and a low of US$8.66/lb in July for one trading session when all metals dipped. However, in general, the price remained in the US$9.50/lb and US$10.50/lb range for most of the quarter.

Total inventory levels on the LME and Shanghai Futures Exchange (SHFE) continued to decline in Q3 with the total LME and SHFE inventory falling from 66,780 tonnes at the end of Q2 to 54,444 tonnes at the end of Q3.

Near-term market fundamentals are complex, and in some cases juxtaposed, given the uncertainty in the markets as related to declining inventory levels, the slower than expected economic recovery in China, the potential for increasing sanctions on Russian nickel and the possibility of self-sanctioning behaviours, the stronger U.S. dollar against most other currencies, projected nickel supply surpluses, primarily in Class II and particularly NPI, continued global logistics issues, inflationary pressures, and global economic recession concerns.

The long-term outlook for nickel remains positive on account of the strong demand expected from the stainless steel sector, the current largest market for nickel, and the rapidly growing EV battery market. Significant medium-term deficits are projected on continued growth in stainless steel and the exponential growth projected in the EV battery market as countries and automobile manufacturers implement climate change and net-zero strategies. The deficit is expected to be most impactful in the supply of Class I nickel for the EV market, which Sherritt produces.

In September 2022, Wood Mackenzie estimated nickel demand to increase by 43% from 2021 to 2026 and 163% to 2040. Growth to 2040 represents a compound annual growth rate (CAGR) of 4%, with EV battery and storage during the same period increasing at a 11% CAGR offsetting slower growth in stainless steel demand.

Cobalt

Cobalt prices continued their steady decline which started in mid-Q2 to mid-Q3 before increasing thereafter to settle near US$26.00/lb(1) through September after reaching a low of US$24.13/lb in August. The average price for cobalt in Q3 was US$26.57/lb compared to US$37.87/lb in Q2. Cobalt price started the quarter at US$32/lb and closed at $25.90/lb.

Cobalt prices continue to show near-term weakness for much the same reasons as nickel and due to increased supply from the Democratic Republic of Congo (DRC). Ongoing logistics issues relating to the transportation of cobalt hydroxide from the DRC, the world's largest supply market, recovered somewhat in Q3 and a contraction of the consumer electronics industry compared with 2021 has led to reduced lithium cobalt oxide demand, both contributing to weaker prices.

The expected proliferation of EV's provides a positive longer-term outlook for demand, which is expected to increase despite the EV industry's efforts to minimize cobalt content to reduce battery cost and supply risk. According to CRU in September 2022, global cobalt demand is expected to increase at a 13% CAGR to 2027 (from 173 thousand tonnes in 2021 to 369 thousand tonnes in 2027), with EV battery consumption driving much of this increase, at a forecasted 22% CAGR. The cobalt market is much more levered to the EV growth sector providing strong medium-term demand for cobalt and supporting Sherritt's growth strategy as a reliable top ten cobalt producer over the past decade.

Review of operations

MOA JOINT VENTURE AND FORT SITE

$ millions (Sherritt's share), except as otherwise noted	For the three months ended 2022 September 30	2021 September 30	Change	For the nine months ended 2022 September 30	2021 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue(1)	**$ 173.9**	$ 108.9	60%	**$ 565.2**	$ 377.4	50%
Cost of sales(1)	**148.3**	92.1	61%	**390.0**	308.7	26%
Earnings from operations	**23.1**	14.6	58%	**169.2**	62.1	172%
Adjusted EBITDA(2)	**35.3**	27.1	30%	**208.4**	102.9	103%
CASH FLOW						
Cash provided by continuing operations for operating activities	**$ 25.5**	$ 36.5	(30%)	**$ 91.4**	$ 81.6	12%
Free cash flow(2)	**8.1**	23.2	(65%)	**51.1**	55.9	(9%)
PRODUCTION VOLUME (tonnes)						
Mixed Sulphides	**4,216**	4,666	(10%)	**12,248**	12,617	(3%)
Finished Nickel	**4,443**	2,908	53%	**12,022**	11,326	6%
Finished Cobalt	**419**	334	25%	**1,261**	1,287	(2%)
Fertilizer	**62,841**	46,730	34%	**187,893**	180,038	4%
NICKEL RECOVERY(3) (%)	**87%**	87%	-	**88%**	85%	4%
SALES VOLUME (tonnes)						
Finished Nickel	**4,487**	2,989	50%	**11,393**	11,434	-
Finished Cobalt	**347**	372	(7%)	**993**	1,301	(24%)
Fertilizer	**27,373**	25,201	9%	**108,763**	117,034	(7%)
AVERAGE REFERENCE PRICE (US$ per pound)						
Nickel(4)	**$ 10.01**	$ 8.67	15%	**$ 11.66**	$ 8.18	43%
Cobalt(5)	**26.26**	24.55	7%	**33.35**	22.46	48%
AVERAGE-REALIZED PRICE(2)						
Nickel ($ per pound)	**$ 12.94**	$ 10.76	20%	**$ 14.69**	$ 9.99	47%
Cobalt ($ per pound)	**28.21**	27.03	4%	**37.59**	23.69	59%
Fertilizer ($ per tonne)	**531.10**	432.63	23%	**823.91**	391.73	110%
UNIT OPERATING COST(2) (US$ per pound)						
Nickel - net direct cash cost(3)	**$ 6.76**	$ 4.53	49%	**$ 4.39**	$ 4.30	2%
SPENDING ON CAPITAL(2)						
Sustaining	**$ 16.2**	$ 13.2	23%	**$ 44.4**	$ 25.6	73%
Growth	**1.9**	-	-	**3.0**	-	-
	$ 18.1	$ 13.2	37%	**$ 47.4**	$ 25.6	85%

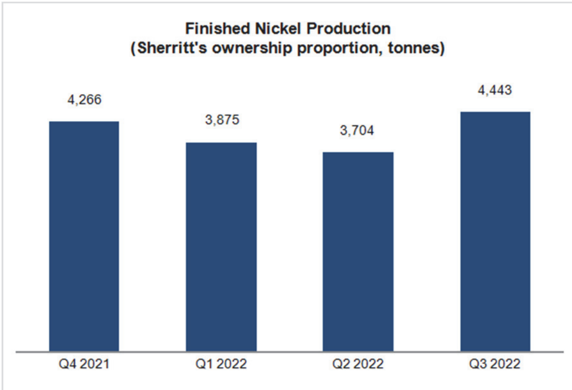
(1) Revenue and cost of sales of Moa Joint Venture and Fort Site is composed of revenue/cost of sales, respectively, recognized by the Moa Joint Venture at Sherritt's 50% share, which is equity-accounted and included in share of earnings (loss) of Moa Joint Venture, net of tax, and revenue/cost of sales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

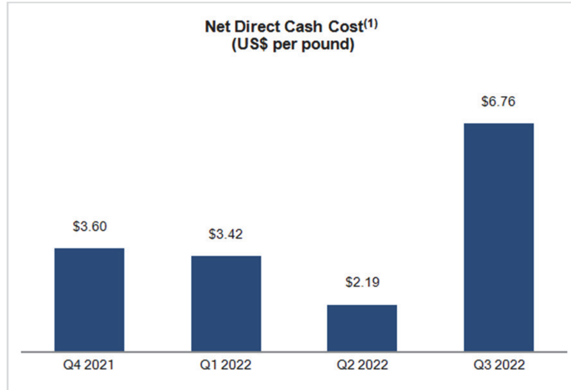
(2) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.

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

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

(5) Average standard-grade cobalt published price per Argus for three and nine months ended September 30, 2022 and Fastmarkets MB for the three and nine months ended September 30, 2021.





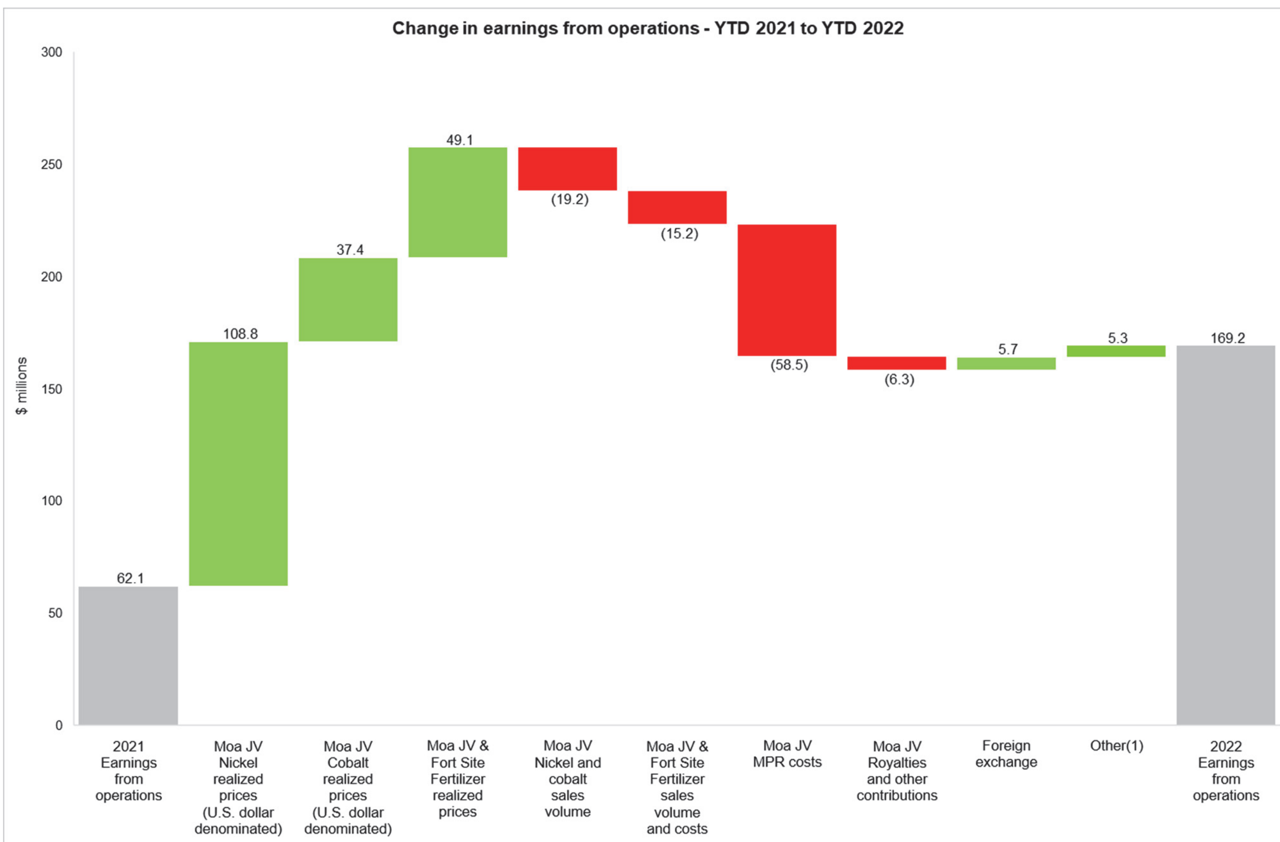
Revenue, cost of sales and NDCC[2] are composed of the following:

	For the three months ended			For the nine months ended		
	2022	2021		**2022**	2021	
$ millions, except as otherwise noted	**September 30**	September 30	Change	**September 30**	September 30	Change
REVENUE						
Nickel	**$ 128.0**	$ 70.9	81%	**$ 369.0**	$ 251.7	47%
Cobalt	**21.5**	22.2	(3%)	**82.2**	67.9	21%
Fertilizers	**14.5**	10.9	33%	**89.6**	45.8	96%
Other	**9.9**	4.9	102%	**24.4**	12.0	103%
	$ 173.9	$ 108.9	60%	**$ 565.2**	$ 377.4	50%
COST OF SALES[1]						
Mining, processing and refining (MPR) costs	**$ 103.0**	$ 50.9	102%	**$ 231.3**	$ 175.0	32%
Third-party feed costs	**6.3**	4.0	58%	**17.5**	15.1	16%
Fertilizers	**12.3**	9.5	29%	**50.4**	40.5	24%
Selling costs	**4.7**	4.0	18%	**14.2**	12.7	12%
Other	**9.8**	11.4	(14%)	**37.4**	24.8	51%
	$ 136.1	$ 79.8	71%	**$ 350.8**	$ 268.1	31%
NET DIRECT CASH COST[2] (US$ per pound of nickel)						
Mining, processing and refining costs	**$ 7.93**	$ 6.43	23%	**$ 7.38**	$ 5.73	29%
Third-party feed costs	**0.47**	0.48	(2%)	**0.54**	0.48	13%
Cobalt by-product credits	**(1.66)**	(2.67)	38%	**(2.56)**	(2.15)	(19%)
Other[3]	**0.02**	0.29	(93%)	**(0.97)**	0.24	(504%)
	$ 6.76	$ 4.53	49%	**$ 4.39**	$ 4.30	2%

(1) Excludes depletion, depreciation and amortization.
(2) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.
(3) Includes the Moa Joint Venture and Fort Site refinery fertilizer by-product profit or loss and marketing costs, discounts, and other by-product credits.

Financial results

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



(1) Other is primarily composed of sulphuric acid revenue and costs, third-party feed costs, selling costs, administrative costs and depletion, depreciation and amortization.

Average-realized prices[1] for nickel were 20% and 47% higher for the three and nine months ended September 30, 2022, respectively, compared to the same periods in the prior year, while average-realized prices for cobalt were 4% and 59% higher compared to the same periods in the prior year, respectively. Refer to the Significant factors influencing operations section of this MD&A for further discussion on nickel and cobalt pricing during the three months ended September 30, 2022. Average-realized prices are impacted by the timing of deliveries, timing of settlement against contract terms and fluctuations in the value of the Canadian currency against the U.S. dollar. Average-realized prices for the three and nine months ended September 30, 2022 were positively impacted by a stronger U.S. dollar relative to the Canadian dollar compared to the same periods in the prior year.

Mining, processing and refining (MPR) unit costs were 23% higher for the three months ended September 30, 2022 compared to the same period in the prior year primarily as a result of 131% increase in global sulphur prices, 45% increase in fuel oil prices and 156% increase in diesel prices. MPR unit costs were 29% higher for the nine months ended September 30, 2022 compared to the same period in the prior year primarily as a result of 151% increase in sulphur prices, 51% increase in fuel oil prices and higher planned maintenance costs at Moa.

NDCC[1] for the three months ended September 30, 2022 was US$6.76 per pound, representing an increase of 49% compared to the same period in the prior year. NDCC[1] was higher primarily due to increase in global input commodity prices as previously explained, coupled with lower cobalt by-product credits as a result of lower cobalt sales relative to higher nickel sales volume as a result of delayed cobalt sales, partly offset by higher net fertilizer by-product credits.

NDCC[1] for the nine months ended September 30, 2022 was US$4.39 per pound, comparable to the same period in the prior year. Despite increases in global input commodity prices, NDCC continues to benefit from high cobalt and fertilizer by-product credits. As a result of softening cobalt and fertilizer prices and logistical issues related to delivery of cobalt sales, NDCC guidance has been increased to US$4.50-US$5.00/lb.

Fertilizers revenue for the three and nine months ended September 30, 2022 increased by 33% and 96%, respectively, compared to the same periods in the prior year primarily due to the significant increases in average-realized fertilizer prices[1] of 23% and 110%, respectively. Fertilizer sales volumes for the three months ended September 30, 2022 was higher compared to the same period in the prior year as a result of strong early demand for fall season sales. Fertilizers sales volumes for the nine months ended September 30, 2022 was lower compared to the same period in the prior year as a result of lower demand for spring season sales caused by wet weather conditions in Western Canada, including flooding in Manitoba.

Fertilizers cost of sales for the three and nine months ended September 30, 2022 increased by 29% and 24%, respectively, compared to the same periods in the prior year primarily due to higher energy and sulphur prices.

Royalties and other contributions for the three months ended September 30, 2022 decreased by $1.1 million compared to the same period in the prior year primarily due to lower mixed sulphides production. Royalties and other contributions for the nine months ended September 30, 2022 increased by $6.3 million compared to the same period in the prior year primarily due to increases in nickel and cobalt prices.

Further information on the financial results of the Moa Joint Venture for the nine months ended September 30, 2022, including a variance analysis to the comparable period in the prior year, is included in the Investment in Moa Joint Venture section on page 68.

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

Operational results

Mixed sulphides production was 10% and 3% lower for the three and nine months ended September 30, 2022, respectively, compared to the same periods in the prior year primarily due to mining limitations caused by a combination of higher precipitation, lower diesel supply and lower equipment availabilities. Hurricane Ian did not directly impact Moa, but the resulting Cuban national power grid outage resulted in the mine and plant to temporarily operate at reduced capacity; however, this impact was not material.

Finished nickel and cobalt production for the three months ended September 30, 2022 was 53% and 25% higher, respectively, than the same periods in the prior year primarily due to the timing of the annual maintenance shutdown at the refinery, which in the prior year was deferred from the second quarter to the third quarter of 2021 to mitigate the risk of COVID-19 on employee and contractor health and safety and which occurred during the second quarter of 2022. Production in the prior year was also impacted by unplanned maintenance and transportation delays in shipping mixed sulphides from Moa to the refinery. Unplanned maintenance in the prior year include equipment and service failures in advance of the shutdown and repairs to the cobalt reduction autoclave nozzle subsequent to the shutdown.

Finished nickel production for the nine months ended September 30, 2022 was 6% higher than the same period in the prior year primarily due to the unplanned maintenance and transportation delays during the three months ended September 30, 2021 mentioned above. Finished cobalt production for the nine months ended September 30, 2022 was 2% lower than the same period in the prior year primarily due to a higher nickel to cobalt ratio in the mixed sulphides produced at Moa.

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

Finished nickel sales for the three months ended September 30, 2022 exceeded production volumes while finished nickel sales for the nine months ended September 30, 2022 were lower than production primarily due to logistics-related challenges in transporting finished product to customers experienced late in the second quarter and throughout the third quarter. The temporary order deferrals generally reconciled throughout the third quarter. The order deferrals were largely related to a more cautious restocking approach taken by consumers after resumption of economic activity in China following an easing of zero-COVID policies. The positive consumer sentiment of increasing economic activity in China was tempered by continued recessionary and global inflation fears as well as the reduction of steel manufacturing in Europe due to significantly increased energy costs and energy supply uncertainty. Affected sales orders were partially offset by higher netback sales to other markets and sales to new customers. Finished cobalt sales volumes for both three months and nine months ended September 30, 2022 continued lower than production volumes in Q3 2022, with a contraction in the consumer electronics sector compared with 2021 contributing to reduced lithium cobalt oxide demand.

The Corporation anticipates inventory levels for nickel will reduce to more typical levels by the end of 2022; however, given current market conditions, cobalt inventory levels are expected to reduce to more typical levels in the first quarter of 2023.

Fertilizers production for the three and nine months ended September 30, 2022 were 34% and 4%, respectively, higher compared to the same periods in the prior year primarily due to higher metals production, timing of maintenance activities and production capacity improvements.

The nickel recovery rate for the three months ended September 30, 2022 was comparable to the prior year period. The nickel recovery rate for the nine months ended September 30, 2022 was higher compared to the same period in the prior year primarily due to continued optimization of acid concentration in the leach plant.

Financial position

During the three and nine months ended September 30, 2022, the Moa Joint Venture paid distributions of nil and $86.8 million, respectively, to its shareholders, of which nil and $43.4 million, respectively, was paid to the Corporation directly, representing its 50% share. Sherritt did not receive any distributions from the Moa Joint Venture during the third quarter as a result of lower than expected sales late in the second quarter and early in the third quarter and shipping delays.

Distributions received during the nine months ended September 30, 2022 have exceeded the total $35.9 million of distributions received in all of 2021. Subsequent to period end, the Moa Joint Venture paid a distribution of $41.2 million to its shareholders, of which $20.6 million was paid to the Corporation directly, representing its 50% share. Given prevailing nickel and cobalt prices, planned spending on capital, including growth capital, working capital needs, and other expected liquidity requirements, the Corporation continues to anticipate higher distributions in the second half of 2022 compared to the first half of the year.

Sustaining spending on capital(1) for the three and nine months ended September 30, 2022 was focused on the replacement of mine and plant equipment and was higher compared to the same periods in the prior year primarily due to higher planned spending as a result of spending deferred from 2021 to 2022 due to the impacts of COVID-19 and disruptions to logistics, supplies and contractor availability. Guidance for sustaining spending on capital at the Moa Joint Venture and Fort Site remains unchanged at $60.0 million (Sherritt's share) and the Corporation anticipates sustaining spending on capital in 2022 to be significantly higher compared to 2021.

Further information on the financial position of the Moa Joint Venture as at September 30, 2022, including a variance analysis to the prior year end, is included in the Investment in Moa Joint Venture section on page 68.

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

Expansion project update

With the signing of the Cobalt Swap, Sherritt's Board of Directors approved US$50.0 million (100% basis) as the next phase of the Moa JV expansion plan. The scope of Sherritt's expansion investment was narrowed to the most critical components and reflect the evolving market for nickel and cobalt. With a market focus on EV batteries, Sherritt sees an opportunity to focus its strategy on increasing production of intermediary products that will enable it to fully utilize existing capacity at the refinery and also consider direct sales of intermediate product into the EV battery supply chain.

In addition to the US$27.0 million (100% basis) previously approved by Sherritt and the Moa JV Boards for the Slurry Preparation Plant (SPP), the next phase of Moa expansion will include the completion of the Leach Plant Sixth Train and Fifth Sulphide Precipitation Train and construction of additional acid storage capacity at Moa. The new phase is expected to increase MSP intermediate production by 4,800 tonnes of contained nickel and cobalt. This phase is expected to have a positive impact of reducing NDCC by approximately US$0.20/lb.

With the previously approved SPP project, the estimated total cost of the two phases of the expansion is approximately US$77.0 million (100% basis). With the completion of the SPP, which is expected in early 2024, and the second expansion phase at the end of 2024, the total increase in MSP is estimated at 20% of current production or 6,500 tonnes of contained nickel and cobalt, resulting in a total capital intensity of approximately US$13,200 per annual tonne of contained nickel for the full expansion. Of the total increased production, Sherritt estimates that two thirds will be processed into finished nickel and cobalt fully utilizing the current refinery capacity to process the Moa feed, and the remaining could be sold as MSP.

Sherritt believes there is an active intermediate market, and given developing market conditions, expects to be able to have the option to sell the MSP into the market.

Progress for the expansion projects in Q3 2022 included:

Slurry Preparation Plant

The SPP project remains on budget and schedule for completion in early 2024 and is expected to deliver a number of benefits including reduced ore haulage, lower carbon intensity from mining and increased annual MSP production of 1,700 tonnes:

- Ongoing construction of the SPP at Moa is progressing on schedule with civil construction 80% complete, and 96% of the contracts for supply of materials and services awarded. In addition, the structural steel pre-fabrication is ongoing and erection will commence in November along with field assembly of major equipment; and
- Up until Q3 2022, US$10.7 million (100% basis) in growth spending on capital has been committed and is prioritized on long lead materials and equipment, construction supplies and civil and mechanical construction.

Moa Processing

The Moa Expansion consists of the completion of the Leach Plant Sixth Train and Fifth Sulphide Precipitation Train and construction of additional acid storage capacity:

- Detailed engineering review of the Leach Plant Sixth Train has been completed to confirm the engineering work done with the initial expansion;
- The first stage of the Feasibility Study for the Leach Plant has been approved by Cuban authorities allowing for the ordering of long lead items. The final stage of the Feasibility Study, encompassing the full project scope, is near completion and is required for final Cuban authority approval of the project; and
- Bids are being solicited for the long lead items for the Leach Plant Sixth Train thus ordering can commence as part of the preliminary approval.

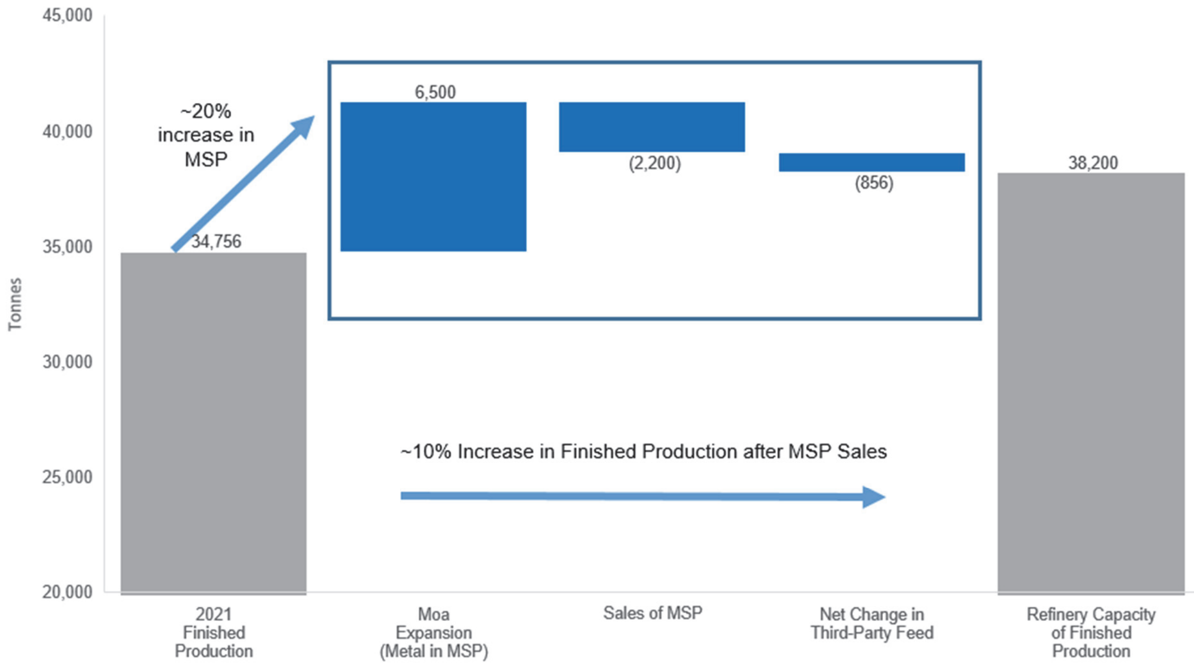
Basic engineering will commence in Q1 2023 on the Fifth Sulphide Precipitation Train and additional acid storage capacity.

Refinery

With the focus being on investing in those components which provide opportunity to increase intermediary products, utilize current refinery capacity, and potentially sell MSP directly into the market to serve the EV market, the refinery expansion has been put on hold. Sherritt retains the option to expand the refinery at a later date.

Current combined refinery production capacity is approximately 38,200 tonnes of finished nickel and cobalt. Upon completion of the expansion project in 2024, approximately two thirds of the increased MSP production will be processed into finished product. Any excess MSP over the refinery capacity will be available for sale as an intermediary product. To accommodate the additional refining of MSP production from Moa, some lower margin third-party feed production will be reduced.

The diagram provides a pro forma example of the expected impact of the expansion:



FOR ILLUSTRATION PURPOSES ONLY

Growth spending on capital[1] capital is expected to be self-funded by the Moa Joint Venture primarily using operating cash flows. Total growth spending on capital of $10.0 million (50% basis) (US$15.0 million (100% basis)) is expected in 2022, primarily related to the SPP, ordering of long lead items, and engineering work related to the Moa expansion. The reduction in current year guidance and spending is mainly due to the deferral of spending on the next phase of the Moa expansion which will occur 2023.

Life of Mine/Updated 43-101 Technical Report

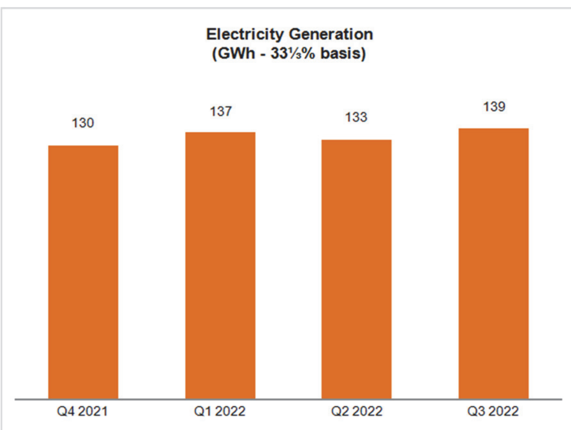
The work to complete the Economic Cut-Off Grade (ECOG) and Life of Mine (LOM) development continues at the Moa mine:

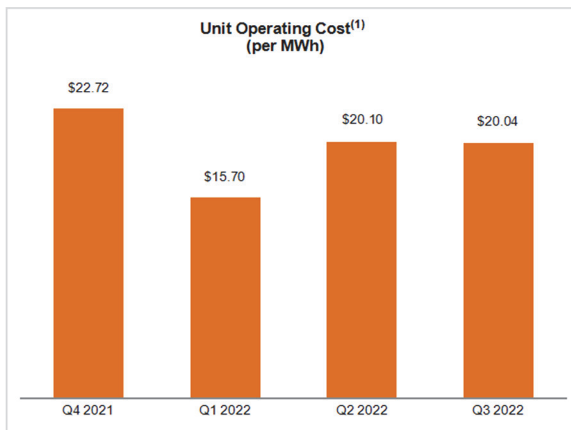
- In Q3, resource model classifications and pit optimization activities were completed. The final development of the LOM is in progress with expectation of mine plan sequencing and reserves estimates to be completed during Q4.
- ECOG and LOM analysis using the latest methodologies are expected to extend the current LOM to beyond 2040.
- Continued engagement with the Oficina Nacional de Recursos Minerales (ONRM), Cuba's Natural Resources Agency, and alignment on the mine execution plan using the new methodologies is expected in Q4.
- Development of the NI 43-101 and peer review will occur during Q4 and early Q1 2023. The final draft of the 43-101 is expected to be released by end of Q1 2023.

POWER

$ millions (Sherritt's share, 33⅓% basis), except as otherwise noted	For the three months ended 2022 September 30	2021 September 30	Change	For the nine months ended 2022 September 30	2021 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 9.0**	$ 7.3	23%	**$ 26.6**	$ 20.2	32%
Cost of sales	**6.8**	6.5	5%	**19.3**	19.1	1%
Earnings (loss) from operations	**1.4**	0.2	600%	**4.2**	(1.1)	482%
Adjusted EBITDA(1)	**5.5**	4.1	34%	**16.2**	10.6	53%
CASH FLOW						
Cash provided by continuing operations for operating activities	**$ 9.1**	$ 3.0	203%	**$ 23.9**	$ 17.3	38%
Free cash flow(1)	**6.0**	3.0	100%	**20.3**	17.3	17%
PRODUCTION AND SALES VOLUME						
Electricity (GWh(2))	**139**	110	26%	**409**	320	28%
AVERAGE-REALIZED PRICE(1)						
Electricity (per MWh(2))	**$ 57.02**	$ 54.57	4%	**$ 55.67**	$ 53.93	3%
UNIT OPERATING COST(1)						
Electricity (per MWh(2))	**20.04**	23.14	(13%)	**18.60**	23.19	(20%)
SPENDING ON CAPITAL(1)						
Sustaining	**$ 3.0**	$ -	-	**$ 3.5**	$ -	-
	$ 3.0	$ -	-	**$ 3.5**	$ -	-

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





Power revenue is composed of the following:

$ millions (33⅓% basis)	For the three months ended 2022 September 30	2021 September 30	Change	For the nine months ended 2022 September 30	2021 September 30	Change
Electricity sales	**$ 7.9**	$ 6.1	30%	**$ 22.7**	$ 17.3	31%
By-products and other	**1.1**	1.2	(8%)	**3.9**	2.9	34%
	$ 9.0	$ 7.3	23%	**$ 26.6**	$ 20.2	32%

Electricity production and sales volume were higher for the three and nine months ended September 30, 2022 compared to the same periods in the prior year. This was primarily due to lower availability on account of deferred maintenance from 2020 completed in 2021, which reduced production and sales volumes in the prior year periods.

Based on production for the nine months ended September 30, 2022 the production guidance range for 2022 was increased to 525-550 GWh. As well, for 2023, Sherritt is in discussions with its Cuban partners to develop additional gas supply for the Boca facility.

Unit operating costs[1] were lower for the three and nine months ended September 30, 2022 compared to the same periods in the prior year primarily as a result of higher electricity production and sales volumes. The guidance range was decreased to $22.00-$23.00/MWh because of increased power production and delays in delivery of some parts and supplies into the first quarter of 2023, which are required for maintenance activities that were scheduled for the fourth quarter of 2022.

During the three and nine months ended September 30, 2022, the Corporation received US$12.5 million ($16.2 million) and US$24.7 million ($31.8 million), all of which was used to support Energas maintenance and operations.

Capital spending for the three and nine months ended September 30, 2022 was $3.0 million and $3.5 million respectively and primarily related to maintenance at the Varadero facility, including a major inspection on the steam turbine which will bring the unit back online by the end of the year after being shut in since late 2020. Spending on capital to date is in line with guidance for the year, which is forecast at $5.0 million and is primarily for maintenance activities.

Subsequent events

The Corporation signed the Cobalt Swap with its Cuban partners to settle its total outstanding Cuban receivables over five years, beginning January 1, 2023, which includes the Energas conditional sales agreement receivable of approximately $332.4 million. Under the Cobalt Swap, the Moa Joint Venture, at the discretion of its Board of Directors, will prioritize payment of dividends in the form of finished cobalt to each partner, up to an annual maximum volume of cobalt, with any additional dividends in a given year to be distributed in cash. All of the Cuban partner's share of these cobalt dividends, and potentially additional cash dividends, will be redirected to Sherritt as payment to settle the receivables until an annual dollar limit, including the collection of any prior year shortfalls, has been reached. Refer to the Highlights section of this MD&A for further details.

In addition, Sherritt and its Cuban partners finalized an extension to the Moa Swap to fund the operating and maintenance costs of Energas, as well as cover future payments that would be owed to Sherritt. Sherritt expects to continue to receive approximately US$4.2 million ($5.6 million) per month under a payment agreement between Sherritt, Moa JV and Energas. The Moa JV converts foreign currency to Cuban pesos through Energas to support Moa JV's local Cuban operating activities. The foreign currency is then paid to Sherritt primarily to facilitate foreign currency payments for the Energas operations and to fund dividend repatriations to Sherritt.

Lastly, Cuba's Executive Council of Ministers approved the twenty-year extension of the economically beneficial Energas' power generation contract with the Cuban government to March 2043, which was set to expire in March 2023. The extension of this economically beneficial power generation contract supports Sherritt's on-going investments in Cuba, helps facilitate the cobalt and Moa swaps, and supports Cuba's long-term energy security.

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

TECHNOLOGIES

	For the three months ended			For the nine months ended		
	2022	2021		**2022**	2021	
$ millions	**September 30**	September 30	Change	**September 30**	September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 0.2**	$ 0.2	-	**$ 1.3**	$ 0.4	225%
Cost of sales	**(3.7)**	(3.0)	23%	**(11.7)**	(9.4)	24%
Loss from operations	**$ (3.5)**	$ (2.8)	25%	**$ (10.4)**	$ (9.0)	16%

Overview

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

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

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

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

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

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

During the three and nine months ended September 30, 2022, Sherritt Technologies continued discussions with potential interested parties within the copper industry and advanced proposals for potential batch testing and piloting programs for specific copper project opportunities. Additionally, Sherritt Technologies is advancing opportunities to utilize these technologies within the precious metals concentrate markets.

Both of these processes are at a Technology Readiness Level of 4 with the prior completion of successful batch testing and a pilot plant campaign.

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

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

During the three and nine months ended September 30, 2022, engagement with external industry experts continued and discussions with potential interested parties took place. Sherritt Technologies continued to advance it assessment of the technology on bio-oils and refinery vacuum residues. Utilizing the DSH reactor platform for bio-oils would overcome many of the challenges associated with commonly utilized fixed bed designs and batch testing during the quarter demonstrated the potential to produce a renewable diesel product. Sherritt Technologies also demonstrated the ability for significant conversion of refinery vacuum residues into higher value products and continued its front-end engineering work on different scale facilities to satisfy the technical assessment requirements of potential partners. The construction of a cost-effective, laboratory-scale catalyst-life testing system is planned for the fourth quarter of 2022, with testing to commence in early 2023. Sherritt Technologies will be looking to secure external interest and support before executing on a full piloting program for the new catalyst system on bio-oils and refinery residues.

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

Next-generation laterite processing technology

Sherritt Technologies also continued to advance its work on development of a next-generation laterite processing technology with an aim to make nickel laterite processing more economically viable and, more sustainable, as well as developing project opportunities for the generation of battery-grade nickel and cobalt products from lateritic ores. Following completion of the initial unit operation pilot testing in the second quarter of 2022 which demonstrated the ability for selective leaching of nickel and cobalt from both saprolite and limonite ores, in the third quarter, the piloting on the other unit operations were completed and results demonstrated high metal extraction rates into a final mixed hydroxide product. Additional batch test work and initial engineering work is planned for the fourth quarter of 2022 to refine understanding around key components and assess the commercial viability of the process. Sherritt Technologies will be looking to secure external interest and support to fully develop this technology, and discussions with potential interested parties has commenced.

CORPORATE

	For the three months ended			For the nine months ended		
	2022	2021		**2022**	2021	
$ millions	**September 30**	September 30	Change	**September 30**	September 30	Change
EXPENSES						
Administrative expenses	**$ 1.3**	$ 9.1	(86%)	**$ 16.4**	$ 32.2	(49%)

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

Administrative expenses at Corporate for the three months ended September 30, 2022 decreased by $7.8 million compared to the same period in the prior year primarily due to a decrease of $3.9 million in share-based compensation expense, coupled with a decrease in employee costs of $4.2 million. Administrative expenses at Corporate for the nine months ended September 30, 2022 decreased by $15.8 million compared to the same period in the prior year primarily due to a decrease in share-based compensation expense of $8.8 million, coupled with a decrease in employee costs of $7.9 million.

The decrease in share-based compensation expense for the three months ended September 30, 2022 is primarily due to a decrease of $0.06 in the Corporation's share price since June 30, 2022, which resulted in a $3.1 million share-based compensation recovery, while in the prior year accelerated share-based compensation expense of $0.5 million was recognized related to the departures of senior executives. The decrease in share-based compensation expense for the nine months ended September 30, 2022 is primarily due to a decrease of $0.01 in the Corporation's share price since December 31, 2021 compared to an increase of $0.04 in the comparative period, coupled with accelerated share-based compensation expense of $4.6 million related to departure of senior executives and the Corporate work reduction in May 2021 in the prior year comparative period. Share-based compensation expense in the current year periods also included the impact of a higher number of vested share-based units as a result of the Corporate workforce reduction in May 2021 and senior executive departures in 2021 and 2022.

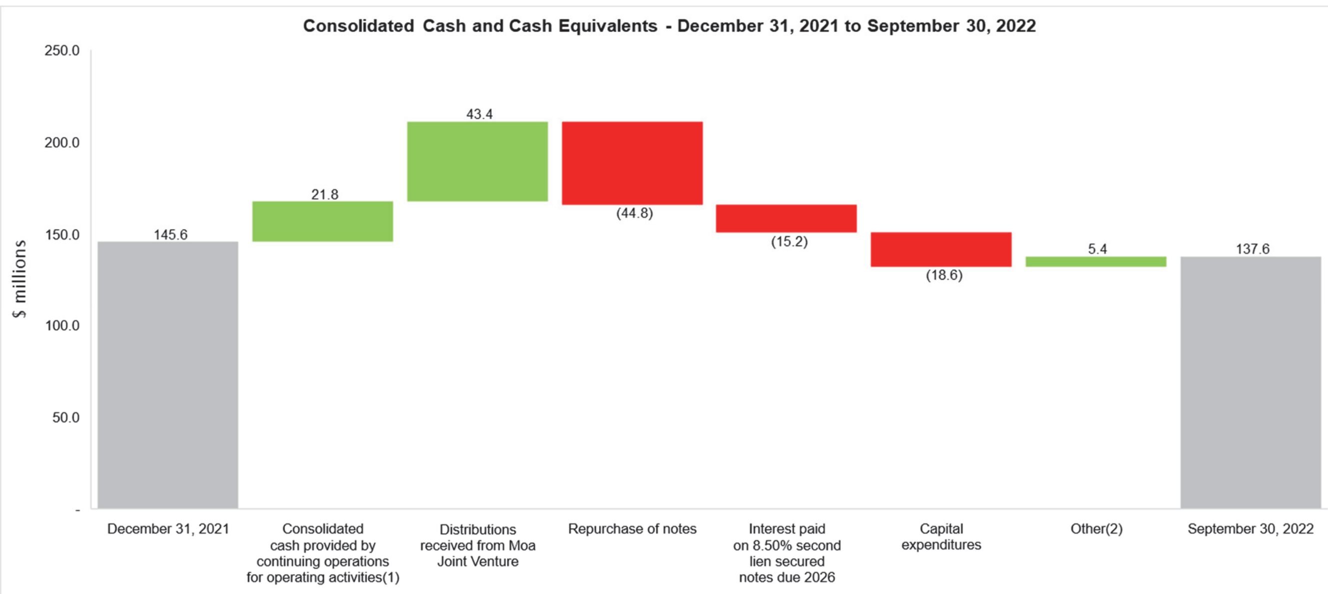
Liquidity

As at September 30, 2022, total available liquidity was $229.1 million, which is composed of cash and cash equivalents of $137.6 million and $91.5 million of available credit facilities and excludes restricted cash of $1.3 million. Refer to the Capital resources section for further details on the 8.50% second lien secured notes due 2026, the 10.75% unsecured PIK options notes due 2029 and the syndicated revolving-term credit facility, including repurchases of the notes in the nine months ended September 30, 2022.

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

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

Cash and cash equivalents as at September 30, 2022 decreased by $8.0 million from December 31, 2021. The components of this change are shown below:



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

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

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

$ millions, as at September 30, 2022	Cash	Cash equivalents	Total
Canada	$ 36.9	$ -	$ 36.9
Cuba	100.5	-	100.5
Other	0.2	-	0.2
	$ 137.6	$ -	$ 137.6
The Corporation's share of cash and cash equivalents in the Moa Joint Venture, not included in the above balances:			$ 12.6

SOURCES AND USES OF CASH

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

	For the three months ended			For the nine months ended		
	2022	2021		**2022**	2021	
$ millions	**September 30**	September 30	Change	**September 30**	September 30	Change
Cash provided (used) by operating activities						
Cash provided (used) by operating activities:						
Fort Site	**$ 23.5**	$ 7.2	226%	**$ 31.4**	$ (7.2)	536%
Metals Other	**3.8**	(2.3)	265%	**(1.4)**	8.2	(117%)
Oil and Gas	**3.4**	2.1	62%	**(2.2)**	1.9	(216%)
Power	**9.1**	2.8	225%	**23.9**	17.3	38%
Technologies	**(3.6)**	(2.9)	(24%)	**(10.6)**	(8.8)	(20%)
Corporate[1]	**(17.6)**	(3.6)	(389%)	**(19.5)**	(16.8)	(16%)
Distributions received from Moa Joint Venture	**-**	12.7	(100%)	**43.4**	35.9	21%
Interest paid on 8.50% second lien secured notes due 2026	**-**	-	-	**(15.2)**	(15.8)	4%
Other cash provided by operating activities	**0.2**	0.2	-	**0.2**	-	-
Cash provided by continuing operations	**18.8**	16.2	16%	**50.0**	14.7	240%
Cash used by discontinued operations	**(0.4)**	(4.9)	92%	**(1.3)**	(5.5)	76%
Cash provided by operating activities	**$ 18.4**	$ 11.3	63%	**$ 48.7**	$ 9.2	429%
Cash used by investing activities	**$ (10.2)**	$ (3.4)	(200%)	**$ (16.7)**	$ (7.2)	(132%)
Cash used by financing activities	**(1.5)**	(0.5)	(200%)	**(47.5)**	(5.9)	(705%)
Effect of exchange rate changes on cash and cash	**6.3**	2.2	186%	**7.5**	(0.1)	nm
Increase (decrease) in cash and cash equivalents	**$ 13.0**	$ 9.6	35%	**$ (8.0)**	$ (4.0)	(100%)
Cash and cash equivalents:						
Beginning of the period	**$ 124.6**	$ 153.8	(19%)	**$ 145.6**	$ 167.4	(13%)
End of the period[3]	**$ 137.6**	$ 163.4	(16%)	**$ 137.6**	$ 163.4	(16%)

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

(2) Not meaningful (nm).

(3) As at September 30, 2022, $95.8 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2021 - $78.9 million).

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

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

- Higher cash provided by operating activities at Fort Site primarily due to significantly higher average-realized prices[1] for fertilizer of 23% and 110% during the three and nine months ended September 30, 2022, respectively, compared to the prior year periods, coupled with higher fertilizer pre-buys for fall season sales. Higher cash provided by operating activities for the nine months ended September 30, 2022 was partially offset by lower fertilizer spring season sales volume primarily as a result of lower demand caused by wet weather conditions in Western Canada, including flooding in Manitoba;
- Higher cash provided by operating activities at Metals Other for the three months ended September 30, 2022 primarily due to timing of working capital receipts. Cash provided by operating activities at Metals Other was lower for the nine months ended September 30, 2022 primarily due to a prepayment received for nickel sales of $20.3 million in the prior year with no comparable prepayment received in the current year;
- Higher cash provided by operating activities at Oil and Gas for the three months ended September 30, 2022 primarily due to higher receipts on oil and gas service revenue compared to the prior year period. Lower cash provided by operating activities for the nine months ended September 30, 2022 primarily due to timing of working capital payments;
- Higher cash provided by operating activities at Power for the three months ended September 30, 2022 primarily due to higher electricity production and higher energy payments received in the current year period. Cash provided by operating activities is higher for the nine months ended September 30, 2022 primarily due to higher electricity production in the current year period;
- Higher cash used by operating activities at Corporate for the three and nine months ended September 30, 2022 primarily due to timing of working capital payments; and

- Lower distributions received from Moa Joint Venture for the three months ended September 30, 2022 due to lower nickel sales volume late in the second quarter and early in the third quarter primarily due to logistics-related challenges in transporting finished product to customers and temporary order deferrals. Higher distributions received from Moa Joint Venture for the nine months ended September 30, 2022 primarily due to higher average-realized prices[1] of nickel and cobalt.

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

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

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

$ millions	For the three months ended **September 30, 2022**	For the nine months ended **September 30, 2022**
Adjusted EBITDA[1]	**$ 37.4**	**$ 197.9**
Add (deduct):		
Moa Joint Venture Adjusted EBITDA[1]	**(31.5)**	**(176.4)**
Distributions from the Moa Joint Venture	**-**	**43.4**
Interest paid	**(0.6)**	**(16.9)**
Net change in non-cash working capital	**16.4**	**(2.0)**
Share-based compensation (recovery) expense	**(2.6)**	**6.8**
Share-based compensation payments	**-**	**(5.7)**
Other[2]	**(0.3)**	**2.9**
Cash provided by continuing operations for operating activities per financial statements	**18.8**	**50.0**
Deduct:		
Cash used by discontinued operations	**(0.4)**	**(1.3)**
Repurchase of notes	**-**	**(44.8)**
Property, plant, equipment and intangible asset expenditures	**(10.4)**	**(18.6)**
Net proceeds from sale of property, plant and equipment	**-**	**1.3**
Fees paid on repurchase of notes	**(0.9)**	**(1.2)**
Effect of exchange rate changes on cash and cash equivalents	**6.3**	**7.5**
Other[2]	**(0.4)**	**(0.9)**
Change in cash and cash equivalents	**$ 13.0**	**$ (8.0)**

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

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

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

CONSOLIDATED FINANCIAL POSITION

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

$ millions, except as noted, as at		**2022 September 30**		2021 December 31	Change
Working capital(1)	**$**	**159.0**	$	168.1	(5%)
Current ratio(2)		**1.52:1**		1.76:1	(16%)
Cash and cash equivalents	**$**	**137.6**	$	145.6	(5%)
Total assets		**1,514.5**		1,398.0	8%
Loans and borrowings		**398.6**		444.5	(10%)
Total liabilities		**806.4**		813.0	(1%)
Shareholders' equity		**708.1**		585.0	21%

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

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

Capital resources

CAPITAL RISK MANAGEMENT

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

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS(1)

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

Canadian $ millions, as at September 30, 2022		Total		Falling due within 1 year		Falling due between 1-2 years		Falling due between 2-3 years		Falling due between 3-4 years		Falling due between 4-5 years		Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$	236.8	$	236.8	$	-	$	-	$	-	$	-	$	-
Income taxes payable		0.6		0.6		-		-		-		-		-
8.50% second lien secured notes due 2026 (includes principal, interest and premium)		455.2		26.3		26.3		26.3		26.3		350.0		-
10.75% unsecured PIK option notes due 2029 (includes principal and interest)		152.1		-		-		-		-		-		152.1
Syndicated revolving-term credit facility		9.0		0.6		8.4		-		-		-		-
Provisions		155.2		6.2		1.6		0.5		0.6		0.7		145.6
Lease liabilities		16.7		2.8		2.6		2.4		1.6		1.3		6.0
Capital commitments		9.2		9.2		-		-		-		-		-
Total	$	1,034.8	$	282.5	$	38.9	$	29.2	$	28.5	$	352.0	$	303.7

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

8.50% SECOND LIEN SECURED NOTES DUE 2026

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

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

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

Subsequent to period end, the Corporation paid interest of $13.2 million on the 8.50% second lien secured notes due 2026 and was not required to make any mandatory redemptions as the minimum liquidity provisions of the indenture agreement were not met. For the two-quarter period ended June 30, 2022, 50% of excess cash flow, as defined in the indenture agreement, was $5.5 million. However, the Corporation did not meet the minimum liquidity condition as defined in the indenture agreement at the interest payment date in October 2022.

10.75% UNSECURED PIK OPTION NOTES DUE 2029

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

During the nine months ended September 30, 2022, in accordance with the terms of the indenture, the Corporation elected not to pay cash interest due in January and July of $8.1 million on the 10.75% unsecured PIK option notes due 2029 and added the payment-in-kind interest to the principal amount owed to noteholders.

As at September 30, 2022, the outstanding principal amount of the 10.75% unsecured PIK option notes due 2029 is $72.4 million.

SYNDICATED REVOLVING-TERM CREDIT FACILITY

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

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

MOA JOINT VENTURE COMMITMENTS

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

- Environmental rehabilitation commitments of $95.5 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of $36.5 million;
- Income taxes payable of $0.7 million;
- Lease liabilities of $0.5 million;
- Loans and borrowings of $15.0 million; and
- Property, plant and equipment commitments of $20.2 million. $3.9 million (50% basis) in spending on growth capital is expected in 2022, all of which has been committed, for the ordering of long-lead materials and equipment, and civil and mechanical construction.

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

COMMON SHARES

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

Managing risk

RUSSIAN INVASION OF UKRAINE

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

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

COVID-19 AND CUBA RISK

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

FOREIGN OPERATIONS AND COMMUNICATION

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

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

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

RISKS RELATED TO SHERRITT'S CORPORATE STRUCTURE

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

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

DIFFICULTY IN ENFORCEMENT OF JUDGMENTS

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

OTHER RISKS

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

Basis of presentation and critical accounting judgments

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

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

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

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

Summary of quarterly results

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

$ millions, except per share amounts, for the three months ended	**2022 Sep 30**	2022 Jun 30	2022 Mar 31	2021 Dec 31	2021 Sep 30	2021 Jun 30	2021 Mar 31	2020 Dec 31
Revenue	**$ 30.2**	$ 65.9	$ 34.1	$ 36.6	$ 20.7	$ 31.0	$ 21.9	$ 28.2
Share of earnings of Moa Joint Venture, net of tax	**22.0**	47.4	47.9	33.2	7.5	17.7	28.1	11.4
Net (loss) earnings from continuing operations	**(26.9)**	81.5	16.4	14.4	(15.5)	(10.4)	(1.9)	(49.3)
Earnings (loss) from discontinued operations, net of tax(1)	**0.6**	(0.4)	(0.7)	(0.3)	(0.7)	(0.3)	(3.7)	(0.3)
Net (loss) earnings for the period	**$ (26.3)**	$ 81.1	$ 15.7	$ 14.1	$ (16.2)	$ (10.7)	$ (5.6)	$ (49.6)
Net (loss) earnings per share, basic ($ per share)								
Net (loss) earnings from continuing operations	**$ (0.07)**	$ 0.21	$ 0.04	$ 0.04	$ (0.04)	$ (0.03)	$ 0.00	$ (0.12)
Net (loss) earnings	**(0.07)**	0.20	0.04	0.04	(0.04)	(0.03)	(0.01)	(0.12)

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

In general, net earnings or losses of the Corporation are primarily affected by production and sales volumes, commodity prices, maintenance and operating costs, and exchange rates. The average Canadian dollar cost to purchase one U.S. dollar for the above quarters ranged from $1.2282 (Q2 2021) to $1.3056 (Q3 2022) and period-end rates ranged between $1.2394 (Q2 2021) to $1.3707 (Q3 2022).

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

- Q3 2022: $48.5 million revaluation loss on allowances for expected credit losses on Energas conditional sales agreement receivable, $4.6 million of unrealized foreign exchange gains in continuing operations and $2.6 million of share-based compensation recovery within cost of sales and administrative expenses;
- Q2 2022: $13.8 million gain on repurchase of notes, $17.2 million of share-based compensation recovery within cost of sales and administrative expenses and $3.8 million of unrealized foreign exchange gains in continuing operations;
- Q1 2022: $26.6 million of share-based compensation expense within cost of sales and administrative expenses and $1.1 million of unrealized foreign exchange gains in continuing operations;
- Q4 2021: $1.4 million of unrealized foreign exchange gains in continuing operations and $0.6 million of share-based compensation expense related to the planned retirement of a senior executive;
- Q3 2021: $1.2 million gain on disposal of assets and $3.1 million of other contractual benefits expense related to the departures of two senior executives;
- Q2 2021: $8.6 million of unrealized foreign exchange gains in continuing operations, a $0.8 million gain on repurchase of notes, $3.7 million of unrealized losses on commodity put options, in addition to a $4.9 million share-based compensation expense and $2.4 million severance and other contractual benefits expense, both of which related to the Corporate workforce reduction and departures of two senior executives;
- Q1 2021: $2.6 million of unrealized foreign exchange gains in continuing operations and a $1.3 million gain on repurchase of notes; and
- Q4 2020: $4.3 million of unrealized foreign exchange losses in continuing operations and a $9.4 million impairment of Power assets.

Off-balance sheet arrangements

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

Transactions with related parties

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

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

Supplementary information

INVESTMENT IN MOA JOINT VENTURE

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

Statements of financial position

Canadian $ millions, 100% basis, as at		**2022 September 30**		2021 December 31	Variance	
Assets						
Cash and cash equivalents	**$**	**25.3**	$	48.9	(23.6)	Decrease is primarily due to distributions paid to shareholders, capital additions, income taxes paid and changes in working capital, which were partially offset by cash generated from operations.
Income taxes receivable		**4.5**		-	4.5	
Other current assets		**23.4**		14.0	9.4	Increase is primarily due to timing of payments to suppliers and prepaid insurance.
Trade accounts receivable, net		**203.6**		153.4	50.2	Increase is primarily due to higher nickel and cobalt sales volumes and average-realized prices, and an increase in the U.S. dollar relative to the Canadian dollar.
Inventories		**444.8**		303.7	141.1	Increase is primarily due to an increase in input commodity prices and higher nickel and cobalt inventory volumes, coupled with an increase in the U.S. dollar relative to the Canadian dollar.
Other non-current assets		**18.6**		12.4	6.2	
Property, plant and equipment		**1,108.7**		1,067.6	41.1	Increase is primarily driven by an increase in the U.S. dollar relative to the Canadian dollar and capital additions, partially offset by depletion, depreciation and amortization.
Total assets		**1,828.9**		1,600.0	228.9	
Liabilities						
Trade accounts payable and accrued liabilities		**72.9**		64.1	8.8	Increase is primarily due to the timing of payments to suppliers and higher input commodity costs.
Income taxes payable		**1.3**		13.2	(11.9)	Decrease is primarily due to lower taxable earnings in the third quarter of 2022 than in the fourth quarter of 2021 at one of the operating companies.
Other current financial liabilities		**0.3**		0.2	0.1	
Loans and borrowings		**27.8**		21.3	6.5	
Environmental rehabilitation provisions		**86.9**		105.5	(18.6)	Decrease is primarily related to changes in estimates as a result of increases in discount rates.
Other non-current financial liabilities		**4.8**		4.9	(0.1)	
Deferred income taxes		**23.0**		22.4	0.6	
Total liabilities		**217.0**		231.6	(14.6)	
Net assets of Moa Joint Venture	**$**	**1,611.9**	$	1,368.4	243.5	
Proportion of Sherritt's ownership interest		**50%**		50%		
Total		**806.0**		684.2		
Intercompany capitalized interest elimination		**(44.7)**		(41.8)		
Investment in Moa Joint Venture	**$**	**761.3**	$	642.4		

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

Statements of comprehensive income

Canadian $ millions, 100% basis	For the nine months ended 2022 September 30	2021 September 30	Variance	
Revenue	$ 967.2	$ 681.1	286.1	Increase is primarily due to increases in nickel, cobalt and fertilizers revenue of $234.5 million, $28.7 million $20.3 million, respectively, and primarily as a result of increases in the average-realized prices(1) of nickel, cobalt and fertilizers, partially offset by lower sales volume of cobalt and fertilizers.
Cost of sales	(670.0)	(527.4)	(142.6)	Increase is primarily due to a 151% increase in sulphur prices and a 51% increase in fuel oil prices, coupled with an increase of $15.5 million in royalties primarily due to an increase in nickel and cobalt prices, partially offset by lower sales volumes of cobalt.
Administrative expenses	(8.0)	(7.5)	(0.5)	
Earnings from operations	**289.2**	146.2	143.0	
Financing income	0.5	0.2	0.3	
Financing expense	(19.7)	(4.2)	(15.5)	Increase is primarily due to the impact of changes in foreign exchange rates on Euro and Canadian-dollar denominated receivables.
Net finance (expense) income	**(19.2)**	(4.0)	(15.2)	
Earnings before income tax	**270.0**	142.2	127.8	
Income tax expense	(41.4)	(41.3)	(0.1)	
Net earnings and comprehensive income of Moa Joint Venture	**$ 228.6**	$ 100.9	127.7	
Proportion of Sherritt's ownership interest	**50%**	50%	-	
Total	**114.3**	50.5	63.8	
Intercompany elimination	**3.0**	2.8	0.2	
Share of earnings of Moa Joint Venture, net of tax	**$ 117.3**	$ 53.3	64.0	

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

SENSITIVITY ANALYSIS

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

Factor		Increase	Approximate change in quarterly net earnings (loss) (CAD$ millions) Increase/ (decrease)	Approximate change in quarterly basic earnings (loss) per share (EPS) Increase/ (decrease)
Prices				
Nickel - LME price per pound[1]	US$	1.00	$ 10	$ 0.03
Cobalt - Fastmarkets MB price per pound[1]	US$	5.00	4	0.01
Fertilizers - price per tonne[1]	$	50.00	1	-
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	2	0.01
Operating costs[1]				
Natural gas - cost per gigajoule (Moa Joint Venture and Fort Site)	$	1.00	(1)	-
Fuel oil - cost per tonne (Moa Joint Venture and Fort Site)	US$	50.00	(1)	-
Sulphur - cost per tonne (Moa Joint Venture and Fort Site)	US$	25.00	(1)	-

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

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

Combined revenue

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

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

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

	For the three months ended			For the nine months ended		
	2022	2021		**2022**	2021	
$ millions	**September 30**	September 30	Change	**September 30**	September 30	Change
Revenue by reportable segment						
Moa Joint Venture and Fort Site[(1)]	**$ 173.9**	$ 108.9	60%	**$ 565.2**	$ 377.4	50%
Metals Other	**2.1**	1.3	62%	**6.4**	4.7	36%
Oil and Gas	**4.7**	2.2	114%	**13.7**	10.9	26%
Power	**9.0**	7.3	23%	**26.6**	20.2	32%
Technologies	**0.2**	0.2	-	**1.3**	0.4	225%
Corporate	**0.2**	0.3	(33%)	**0.6**	0.6	-
Combined revenue	**$ 190.1**	$ 120.2	58%	**$ 613.8**	$ 414.2	48%
Adjustment for Moa Joint Venture	**(159.9)**	(99.5)		**(483.6)**	(340.6)	
Financial statement revenue	**$ 30.2**	$ 20.7	46%	**$ 130.2**	$ 73.6	77%

(1) Revenue of Moa Joint Venture and Fort Site for the three months ended September 30, 2022 is composed of revenue recognized by the Moa Joint Venture of $159.9 million (50% basis), which is equity-accounted and included in share of earnings of Moa Joint Venture, net of tax, and revenue recognized by Fort Site of $14.0 million, which is included in consolidated revenue (for the three months ended September 30, 2021 - $99.5 million and $9.4 million, respectively). Revenue of Moa Joint Venture and Fort Site for the nine months ended September 30, 2022 is composed of revenue recognized by the Moa Joint Venture of $483.6 million (50% basis), which is equity-accounted and included in share of earnings of Moa Joint Venture, net of tax, and revenue recognized by Fort Site of $81.6 million, which is included in consolidated revenue (for the three months ended September 30, 2021 - $340.6 million and $36.8 million, respectively).

Adjusted EBITDA

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

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

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

$ millions, for the three months ended September 30	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total **2022**
Earnings (loss) from operations and joint venture per financial statements	**$ 23.1**	**$ (0.6)**	**$ 1.5**	**$ 1.4**	**$ (3.5)**	**$ (1.1)**	**$ 0.5**	**$ 21.3**
Add (deduct):								
Depletion, depreciation and amortization	**2.0**	**0.1**	**0.1**	**4.1**	**-**	**0.1**	**-**	**6.4**
Adjustments for share of earnings of Moa Joint Venture:								
Depletion, depreciation and amortization	**10.2**	**-**	**-**	**-**	**-**	**-**	**-**	**10.2**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**-**	**1.8**	**1.8**
Income tax recovery	**-**	**-**	**-**	**-**	**-**	**-**	**(2.3)**	**(2.3)**
Adjusted EBITDA	**$ 35.3**	**$ (0.5)**	**$ 1.6**	**$ 5.5**	**$ (3.5)**	**$ (1.0)**	**$ -**	**$ 37.4**

$ millions, for the three months ended September 30	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total 2021
Earnings (loss) from operations and joint venture per financial statements	$ 14.6	$ (0.5)	$ (2.0)	$ 0.2	$ (2.8)	$ (8.8)	$ (11.5)	$ (10.8)
Add (deduct):								
Depletion, depreciation and amortization	2.6	0.1	1.3	3.9	-	0.3	-	8.2
Gain on disposal of property, plant and equipment	-	-	(1.2)	-	-		-	(1.2)
Adjustments for share of earnings of Moa Joint Venture:								
Depletion, depreciation and amortization	9.9	-	-	-	-	-	-	9.9
Net finance expense	-	-	-	-	-	-	1.6	1.6
Income tax expense	-	-	-	-	-	-	9.9	9.9
Adjusted EBITDA	$ 27.1	$ (0.4)	$ (1.9)	$ 4.1	$ (2.8)	$ (8.5)	$ -	$ 17.6

$ millions, for the nine months ended September 30	Moa JV and Fort Site[2]	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total 2022
Earnings (loss) from operations and joint venture per financial statements	**$ 169.2**	**$ (1.8)**	**$ 0.8**	**$ 4.2**	**$ (10.4)**	**$ (15.8)**	**$ (27.4)**	**$ 118.8**
Add (deduct):								
Depletion, depreciation and amortization	**7.4**	**0.1**	**0.8**	**12.0**	**0.1**	**0.8**	**-**	**21.2**
Gain on disposal of property, plant and equipment	**-**	**-**	**(1.3)**	**-**	**-**	**-**	**-**	**(1.3)**
Adjustments for share of earnings of Moa Joint Venture:								
Depletion, depreciation and amortization	**31.8**	**-**	**-**	**-**	**-**	**-**	**-**	**31.8**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**-**	**6.7**	**6.7**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**20.7**	**20.7**
Adjusted EBITDA	**$ 208.4**	**$ (1.7)**	**$ 0.3**	**$ 16.2**	**$ (10.3)**	**$ (15.0)**	**$ -**	**$ 197.9**

$ millions, for the nine months ended September 30	Moa JV and Fort Site[2]	Metals Other	Oil and Gas	Power	Techno-logies	Corporate	Adjustment for Moa Joint Venture	Total 2021
Earnings (loss) from operations and joint venture per financial statements	$ 62.1	$ (1.6)	$ (10.9)	$ (1.1)	$ (9.0)	$ (31.6)	$ (19.9)	$ (12.0)
Add (deduct):								
Depletion, depreciation and amortization	8.3	0.2	5.6	11.7	0.1	0.7	-	26.6
Gain on disposal of property, plant and equipment	-	-	(1.2)	-	-	-	-	(1.2)
Adjustments for share of earnings of Moa Joint Venture:								
Depletion, depreciation and amortization	32.5	-	-	-	-	-	-	32.5
Net finance income	-	-	-	-	-	-	(0.7)	(0.7)
Income tax expense	-	-	-	-	-	-	20.6	20.6
Adjusted EBITDA	$ 102.9	$ (1.4)	$ (6.5)	$ 10.6	$ (8.9)	$ (30.9)	$ -	$ 65.8

(1) Adjusted EBITDA of Moa Joint Venture and Fort Site for the three months ended September 30, 2022 is composed of Adjusted EBITDA at Moa Joint Venture of $31.5 million (50% basis) and Adjusted EBITDA at Fort Site of $3.8 million (for the three months ended September 30, 2021 - $28.7 million and $(1.6) million, respectively).

(2) Adjusted EBITDA of Moa Joint Venture and Fort Site for the nine months ended September 30, 2022 is composed of Adjusted EBITDA at Moa Joint Venture of $176.4 million (50% basis) and Adjusted EBITDA at Fort Site of $32.0 million (for the nine months ended September 30, 2021 - $105.5 million and $(2.6) million, respectively).

Average-realized price

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

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

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

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

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

$ millions, except average-realized price and sales volume, for the three months ended September 30	Moa Joint Venture and Fort Site						**2022**
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 128.0**	**$ 21.5**	**$ 15.0**	**$ 9.0**	**$ 16.6**	**$ (159.9)**	**$ 30.2**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(1.1)**			
Revenue for purposes of average-realized price calculation	**128.0**	**21.5**	**15.0**	**7.9**			
Sales volume for the period	**9.9**	**0.8**	**27.4**	**139**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[2][3][4]	**$ 12.94**	**$ 28.21**	**$ 531.10**	**$ 57.02**			

$ millions, except average-realized price and sales volume, for the three months ended September 30	Moa Joint Venture and Fort Site						2021
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 70.9	$ 22.2	$ 10.9	$ 7.3	$ 8.9	$ (99.5)	$ 20.7
Adjustments to revenue:							
By-product revenue	-	-	-	(1.2)			
Revenue for purposes of average-realized price calculation	70.9	22.2	10.9	6.1			
Sales volume for the period	6.6	0.8	25.2	110			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[2][3][4]	$ 10.76	$ 27.03	$ 432.63	$ 54.57			

$ millions, except average-realized price and sales volume, for the nine months ended September 30	Moa Joint Venture and Fort Site						**2022**
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 369.0**	**$ 82.2**	**$ 89.6**	**$ 26.6**	**$ 46.4**	**$ (483.6)**	**$ 130.2**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(3.9)**			
Revenue for purposes of average-realized price calculation	**369.0**	**82.2**	**89.6**	**22.7**			
Sales volume for the period	**25.1**	**2.2**	**108.8**	**409**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[2][3][4]	**$ 14.69**	**$ 37.59**	**$ 823.91**	**$ 55.67**			

$ millions, except average-realized price and sales volume, for the nine months ended September 30							2021
	Moa Joint Venture and Fort Site						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 251.7	$ 67.9	$ 45.8	$ 20.2	$ 28.6	$ (340.6)	$ 73.6
Adjustments to revenue:							
By-product revenue	-	-	-	(2.9)			
Revenue for purposes of average-realized price calculation	251.7	67.9	45.8	17.3			
Sales volume for the period	25.2	2.9	117.0	320			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	$ 9.99	$ 23.69	$ 391.73	$ 53.93			

(1) Other revenue includes revenue from the Metals Other, Oil and Gas, Technologies and Corporate reportable segments.

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

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

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

Unit operating cost/NDCC

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

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

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

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

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

$ millions, except unit cost and sales volume, for the three months ended September 30					**2022**
	Moa JV and Fort Site	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 148.3**	**$ 6.8**	**$ 9.1**	**$ (137.2)**	**$ 27.0**
Less:					
Depletion, depreciation and amortization in cost of sales	**(12.2)**	**(4.1)**			
	136.1	**2.7**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(45.9)**	**-**			
Impact of opening/closing inventory and other[2]	**(3.1)**	**-**			
Cost of sales for purposes of unit cost calculation	**87.1**	**2.7**			
Sales volume for the period	**9.9**	**139**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	**$ 8.81**	**$ 20.04**			
Unit operating cost (US$ per pound) (NDCC)[5]	**$ 6.76**				

$ millions, except unit cost and sales volume, for the three months ended September 30					2021
	Moa JV and Fort Site	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 92.1	$ 6.5	$ 8.4	$ (79.3)	$ 27.7
Less:					
Depletion, depreciation and amortization in cost of sales	(12.5)	(3.9)			
	79.6	2.6			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(38.0)	-			
Impact of opening/closing inventory and other[2]	(3.7)	-			
Cost of sales for purposes of unit cost calculation	37.9	2.6			
Sales volume for the period	6.6	110			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	$ 5.75	$ 23.14			
Unit operating cost (US$ per pound) (NDCC)[5]	$ 4.53				

$ millions, except unit cost and sales volume, for the nine months ended September 30	Moa JV and Fort Site	Power	Other(1)	Adjustment for Moa Joint Venture	Total 2022
Cost of sales per financial statements	**$ 390.0**	**$ 19.3**	**$ 31.6**	**$ (334.9)**	**$ 106.0**
Less:					
Depletion, depreciation and amortization in cost of sales	**(39.2)**	**(12.0)**			
	350.8	**7.3**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(196.2)**	**-**			
Impact of opening/closing inventory and other(2)	**(13.4)**	**-**			
Cost of sales for purposes of unit cost calculation	**141.2**	**7.3**			
Sales volume for the period	**25.1**	**409**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	**$ 5.62**	**$ 18.60**			
Unit operating cost (US$ per pound) (NDCC)(5)	**$ 4.39**				

$ millions, except unit cost and sales volume, for the nine months ended September 30	Moa JV and Fort Site	Power	Other(1)	Adjustment for Moa Joint Venture	Total 2021
Cost of sales per financial statements	$ 308.7	$ 19.1	$ 34.3	$ (263.7)	$ 98.4
Less:					
Depletion, depreciation and amortization in cost of sales	(40.8)	(11.7)			
	267.9	7.4			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(125.7)	-			
Impact of opening/closing inventory and other(2)	(6.8)	-			
Impairment on assets	-	-			
Cost of sales for purposes of unit cost calculation	135.4	7.4			
Sales volume for the period	25.2	320			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	$ 5.37	$ 23.19			
Unit operating cost (US$ per pound) (NDCC)(5)	$ 4.30				

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

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

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

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

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

			2022		2021
For the three months ended September 30		$ millions	$/share	$ millions	$/share
Net (loss) earnings from continuing operations	$	**(26.9)**	**$ (0.07)**	$ (15.5)	$ (0.04)
Adjusting items:					
Sherritt - Unrealized foreign exchange (gain) loss - continuing operations		**(4.6)**	**(0.01)**	7.9	0.02
Corporate - Severance and other contractual benefits expense		**-**	**-**	3.1	0.01
Corporate - Unrealized losses on commodity put options		**-**	**-**	(1.3)	-
Corporate - Realized loss on commodity put options		**-**	**-**	1.7	0.01
Moa Joint Venture - Inventory obsolescence		**0.1**	**-**	1.3	-
Fort Site - Inventory obsolescence		**-**	**-**	1.0	-
Oil and Gas - Gain on disposal of property, plant and equipment		**-**	**-**	(1.2)	-
Oil and Gas - Realized foreign exchange gain due to Cuban currency unification		**-**	**-**	(10.0)	(0.03)
Oil and Gas and Power - trade accounts receivable, net ACL revaluation		**(1.1)**	**-**	(1.4)	-
Power - Energas conditional sales agreement ACL revaluation(1)		**48.5**	**0.12**	-	-
Other(2)		**-**	**-**	0.7	-
Total adjustments, before tax	**$**	**42.9**	**$ 0.11**	$ 1.8	$ 0.01
Tax adjustments		**(2.1)**	**(0.01)**	0.3	-
Adjusted net earnings (loss) from continuing operations	**$**	**13.9**	**$ 0.03**	$ (13.4)	$ (0.03)

(1) Primarily related to a non-cash loss on revaluation of the ACL on the Energas CSA receivable as a result of the Cobalt Swap signed by the Corporation subsequent to period end and, in part, due to the suspension of interest over the five-year period of the agreement.

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

For the nine months ended September 30		2022 $ millions	2022 $/share	2021 $ millions	2021 $/share
Net earnings (loss) from continuing operations	$	**71.0**	**$ 0.18**	$ (27.8)	$ (0.07)
Adjusting items:					
Sherritt - Unrealized foreign exchange gain - continuing operations		**(9.5)**	**(0.02)**	(3.3)	(0.01)
Corporate - Gain on repurchase of notes		**(13.8)**	**(0.03)**	(2.1)	(0.01)
Corporate - Transaction finance charges on repurchase of notes		**1.2**	**-**	-	-
Corporate - Severance and other contractual benefits expense		**-**	**-**	5.5	0.02
Corporate - Unrealized losses on commodity put options		**(0.9)**	**-**	3.0	0.01
Corporate - Realized losses on commodity put options		**0.9**	**-**	2.5	0.01
Moa Joint Venture - Inventory obsolescence		**0.5**	**-**	1.3	-
Fort Site - Inventory obsolescence		**-**	**-**	1.2	-
Oil and Gas - Gain on disposal of property, plant and equipment		**(1.3)**	**-**	(1.2)	-
Oil and Gas - Realized foreign exchange gain due to Cuban currency unification		**-**	**-**	(10.0)	(0.03)
Oil and Gas and Power - trade accounts receivable, net ACL revaluation		**0.4**	**-**	0.1	-
Power - Energas conditional sales agreement ACL revaluation(1)		**49.0**	**0.12**	2.7	0.01
Other(2)		**-**	**-**	(0.4)	-
Total adjustments, before tax	**$**	**26.5**	**$ 0.07**	$ (0.7)	$ -
Tax adjustments		**(2.5)**	**(0.01)**	(0.2)	-
Adjusted net earnings (loss) from continuing operations	**$**	**95.0**	**$ 0.24**	$ (28.7)	$ (0.07)

(1) Primarily related to a non-cash loss on revaluation of the ACL on the Energas CSA receivable as a result of the Cobalt Swap signed by the Corporation subsequent to period end and, in part, due to the suspension of interest over the five-year period of the agreement.

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

Combined spending on capital

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

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

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

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

$ millions, for the three months ended September 30						**2022**
	Moa JV and Fort Site	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures(2)	**$ 17.4**	**$ 3.0**	**$ 0.1**	**$ 20.5**	**$ (10.1)**	**$ 10.4**
Intangible asset expenditures(2)	**-**	**-**	**-**	**-**	**-**	**-**
	17.4	**3.0**	**0.1**	**20.5**	**$ (10.1)**	**$ 10.4**
Adjustments:						
Accrual adjustment	**0.7**	**-**	**-**	**0.7**		
Spending on capital	**$ 18.1**	**$ 3.0**	**$ 0.1**	**$ 21.2**		

$ millions, for the three months ended September 30						2021
	Moa JV and Fort Site	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures(2)	$ 13.3	$ -	$ 0.1	$ 13.4	$ (9.9)	$ 3.5
Intangible asset expenditures(2)	-	-	0.1	0.1	-	0.1
	13.3	-	0.2	13.5	$ (9.9)	$ 3.6
Adjustments:						
Accrual adjustment	(0.1)	-	(0.1)	(0.2)		
Spending on capital	$ 13.2	$ -	$ 0.1	$ 13.3		

$ millions, for the nine months ended September 30						2022
	Moa JV and Fort Site	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures(2)	**$ 40.3**	**$ 3.5**	**$ 0.1**	**$ 43.9**	**$ (25.9)**	**$ 18.0**
Intangible asset expenditures(2)	**-**	**-**	**0.6**	**0.6**	**-**	**0.6**
	40.3	**3.5**	**0.7**	**44.5**	**$ (25.9)**	**$ 18.6**
Adjustments:						
Accrual adjustment	**7.1**	**-**	**-**	**7.1**		
Spending on capital	**$ 47.4**	**$ 3.5**	**$ 0.7**	**$ 51.6**		

$ millions, for the nine months ended September 30						2021
	Moa JV and Fort Site	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	$ 25.7	$ -	$ 0.4	$ 26.1	$ (18.9)	$ 7.2
Intangible asset expenditures[2]	-	-	0.6	0.6	-	0.6
	25.7	-	1.0	26.7	$ (18.9)	$ 7.8
Adjustments:						
Accrual adjustment	(0.1)	-	(0.2)	(0.3)		
Spending on capital	$ 25.6	$ -	$ 0.8	$ 26.4		

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

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

Combined free cash flow

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

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

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

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

$ millions, for the three months ended September 30	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2022									
Cash provided (used) by continuing operations for operating activities[2]	**$ 25.5**	**$ 3.8**	**$ 3.4**	**$ 9.1**	**$ (3.6)**	**$ (17.6)**	**$ 20.6**	**$ (1.8)**	**$ 18.8**
Less:									
Property, plant and equipment expenditures	**(17.4)**	**-**	**(0.1)**	**(3.0)**	**-**	**-**	**(20.5)**	**10.1**	**(10.4)**
Intangible expenditures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Free cash flow	**$ 8.1**	**$ 3.8**	**$ 3.3**	**$ 6.1**	**$ (3.6)**	**$ (17.6)**	**$ 0.1**	**$ 8.3**	**$ 8.4**

$ millions, for the three months ended September 30	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
2021									
Cash provided (used) by continuing operations for operating activities[2]	$ 36.5	$ (2.3)	$ 2.1	$ 3.0	$ (2.9)	$ (3.6)	$ 32.8	$ (16.6)	$ 16.2
Less:									
Property, plant and equipment expenditures	(13.3)	-	-	-	-	(0.1)	(13.4)	9.9	(3.5)
Intangible expenditures	-	-	(0.1)	-	-	-	(0.1)	-	(0.1)
Free cash flow	$ 23.2	$ (2.3)	$ 2.0	$ 3.0	$ (2.9)	$ (3.7)	$ 19.3	$ (6.7)	$ 12.6

$ millions, for the nine months ended September 30									**2022**
	Moa JV and Fort Site[3]	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities[4]	**$ 91.4**	**$ (1.4)**	**$ (2.2)**	**$ 23.9**	**$ (10.6)**	**$ (34.7)**	**$ 66.4**	**$ (16.4)**	**$ 50.0**
Less:									
Property, plant and equipment expenditures	**(40.3)**	**-**	**(0.1)**	**(3.5)**	**-**	**-**	**(43.9)**	**25.9**	**(18.0)**
Intangible expenditures	**-**	**-**	**(0.6)**	**-**	**-**	**-**	**(0.6)**	**-**	**(0.6)**
Free cash flow	**$ 51.1**	**$ (1.4)**	**$ (2.9)**	**$ 20.4**	**$ (10.6)**	**$ (34.7)**	**$ 21.9**	**$ 9.5**	**$ 31.4**

$ millions, for the nine months ended September 30									2021
	Moa JV and Fort Site[3]	Metals Other	Oil and Gas	Power	Technol-ogies	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities[4]	$ 81.6	$ 8.2	$ 1.9	$ 17.3	$ (8.8)	$ (32.6)	$ 67.6	$ (52.9)	$ 14.7
Less:									
Property, plant and equipment expenditures	(25.7)	-	(0.2)	-	-	(0.2)	(26.1)	18.9	(7.2)
Intangible expenditures	-	-	(0.6)	-	-	-	(0.6)	-	(0.6)
Free cash flow	$ 55.9	$ 8.2	$ 1.1	$ 17.3	$ (8.8)	$ (32.8)	$ 40.9	$ (34.0)	$ 6.9

(1) Property, plant and equipment expenditures and intangible expenditures for the Moa Joint Venture and Fort Site was $10.1 million and $7.3 million, respectively, for the three months ended September 30, 2022 (September 30, 2021 - $9.9 million and $3.4 million, respectively).

(2) Cash provided (used) by continuing operations for operating activities for the Moa Joint Venture and Fort Site was $2.0 million and $23.5 million, respectively, for the three months ended September 30, 2022 (September 30, 2021 - $29.3 million and $7.2 million, respectively).

(3) Property, plant and equipment expenditures and intangible expenditures for the Moa Joint Venture and Fort Site was $25.9 million and $14.4 million, respectively, for the nine months ended September 30, 2022 (September 30, 2021 - $18.9 million and $6.8 million, respectively).

(4) Cash provided (used) by continuing operations for operating activities for the Moa Joint Venture and Fort Site was $60.0 million and $31.4 million, respectively, for the nine months ended September 30, 2022 (September 30, 2021 - $88.8 million and $(7.2) million, respectively).

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

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

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as "believe", "expect", "anticipate", "intend", "plan", "forecast", "likely", "may", "will", "could", "should", "suspect", "outlook", "potential", "projected", "continue" or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture, growing and increasing nickel and cobalt production, extending the Moa life of mine, conversion of mineral resources to reserves, commercializing Technologies projects, growing shareholder value, updating technical reports and optimizing mine planning and performance; statements set out in the "Outlook" section of this MD&A and certain expectations regarding production volumes and increases, inventory levels, operating costs and capital spending and intensity; sales volumes; revenue, costs and earnings; supply, demand and pricing outlook in the nickel, cobalt and fertilizer markets; the availability of additional gas supplies to be used for power generation; the impact of COVID-19; Sherritt's strategy, plans, targets and goals in respect of environmental and social governance issues, including climate change and greenhouse gas emissions reduction targets; anticipated payments and intention to settle outstanding receivables under the Cobalt Swap, including liability amounts at the implementation date, the anticipated end of historical repayment uncertainty, the anticipated repayment of all outstanding receivables through dividends, including in the form of finished cobalt or cash; and the timing, and amount of cobalt dividend distributions; distributions from the Corporation's Moa Joint Venture in general; future receipts under the Moa Swap agreement; the impact of the U.S. sanctions on Cuba; anticipated economic conditions in Cuba; sufficiency of working capital and capital project funding; strengthening the Corporation's capital structure and reducing annual interest expenses; and amounts of certain other commitments.

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

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

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

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2022 and 2021

Condensed consolidated statements of comprehensive income (loss)

Unaudited, Canadian $ millions, except per share amounts	Note	For the three months ended 2022 September 30	2021 September 30	For the nine months ended 2022 September 30	2021 September 30
Revenue	5	**$ 30.2**	$ 20.7	**$ 130.2**	$ 73.6
Cost of sales	6	**(27.0)**	(27.7)	**(106.0)**	(98.4)
Administrative expenses	6	**(3.9)**	(11.3)	**(22.7)**	(40.5)
Share of earnings of Moa Joint Venture, net of tax	7	**22.0**	7.5	**117.3**	53.3
Earnings (loss) from operations and joint venture		**21.3**	(10.8)	**118.8**	(12.0)
Interest income on financial assets measured at amortized cost	8	**3.9**	3.7	**11.6**	11.2
Revaluation of allowances for expected credit losses	8	**(47.4)**	1.4	**(49.4)**	(2.8)
Other financing items	8	**(0.4)**	(0.3)	**13.0**	(2.8)
Financing expense	8	**(5.9)**	(9.5)	**(24.0)**	(20.7)
Net finance expense		**(49.8)**	(4.7)	**(48.8)**	(15.1)
(Loss) earnings before income tax		**(28.5)**	(15.5)	**70.0**	(27.1)
Income tax recoveries (expense)		**1.6**	-	**1.0**	(0.7)
Net (loss) earnings from continuing operations		**(26.9)**	(15.5)	**71.0**	(27.8)
Earnings (loss) from discontinued operations, net of tax		**0.6**	(0.7)	**(0.5)**	(4.7)
Net (loss) earnings for the period		**$ (26.3)**	$ (16.2)	**$ 70.5**	$ (32.5)
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations, net of tax		**44.3**	16.3	**54.3**	(1.0)
Items that will not be subsequently reclassified to profit or loss:					
Actuarial losses on pension plans, net of tax		**(0.1)**	(0.1)	**(1.7)**	(0.1)
Other comprehensive income (loss)		**44.2**	16.2	**52.6**	(1.1)
Total comprehensive income (loss)		**$ 17.9**	$ -	**$ 123.1**	$ (33.6)
Net (loss) earnings from continuing operations per common share:					
Basic and diluted	9	**$ (0.07)**	$ (0.04)	**$ 0.18**	$ (0.07)
Net (loss) earnings per common share:					
Basic and diluted	9	**$ (0.07)**	$ (0.04)	**$ 0.18**	$ (0.08)

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

Condensed consolidated statements of financial position

Unaudited, Canadian $ millions, as at	Note	2022 September 30	2021 December 31
ASSETS			
Current assets			
Cash and cash equivalents	10	**$ 137.6**	$ 145.6
Restricted cash		**1.3**	1.3
Advances, loans receivable and other financial assets	11	**35.2**	18.1
Trade accounts receivable, net	10	**241.5**	190.7
Inventories	12	**43.6**	30.3
Prepaid expenses		**6.1**	4.0
		465.3	390.0
Non-current assets			
Investment in Moa Joint Venture	7	**761.3**	642.4
Advances, loans receivable and other financial assets	11	**133.6**	190.2
Property, plant and equipment		**138.6**	150.9
Intangible assets		**15.7**	24.3
Other non-financial assets		**-**	0.2
		1,049.2	1,008.0
Total assets		**$ 1,514.5**	$ 1,398.0
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Loans and borrowings	13	**$ 8.1**	$ -
Trade accounts payable and accrued liabilities		**236.8**	196.0
Other financial liabilities	13, 15	**21.3**	7.4
Deferred revenue		**33.3**	14.4
Provisions	14	**6.2**	3.2
Income taxes payable		**0.6**	0.9
		306.3	221.9
Non-current liabilities			
Loans and borrowings	13	**390.5**	444.5
Other financial liabilities	13, 15	**17.0**	33.5
Other non-financial liabilities		**12.2**	6.7
Provisions	14	**80.1**	104.8
Deferred income taxes		**0.3**	1.6
		500.1	591.1
Total liabilities		**806.4**	813.0
Shareholders' equity			
Capital stock	18	**2,894.9**	2,894.9
Deficit		**(2,828.0)**	(2,898.5)
Reserves		**233.4**	233.4
Accumulated other comprehensive income		**407.8**	355.2
		708.1	585.0
Total liabilities and shareholders' equity		**$ 1,514.5**	$ 1,398.0

Commitments for expenditures (note 16)

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

Condensed consolidated statements of cash flow

Unaudited, Canadian $ millions	Note	For the three months ended 2022 September 30	2021 September 30	For the nine months ended 2022 September 30	2021 September 30
Operating activities					
Net (loss) earnings from continuing operations		**$ (26.9)**	$ (15.5)	**$ 71.0**	$ (27.8)
Add (deduct):					
Depletion, depreciation and amortization	5, 6	**6.4**	8.2	**21.2**	26.6
Share-based compensation (recovery) expense	6, 15	**(2.6)**	0.8	**6.8**	15.0
Share of earnings of Moa Joint Venture, net of tax	7	**(22.0)**	(7.5)	**(117.3)**	(53.3)
Net finance expense	8	**49.8**	4.7	**48.8**	15.1
Income tax (recoveries) expense		**(1.6)**	-	**(1.0)**	0.7
Net change in non-cash working capital	17	**16.4**	13.5	**(2.0)**	17.8
Interest received		**0.5**	0.4	**2.1**	4.4
Interest paid		**(0.6)**	(0.6)	**(16.9)**	(17.2)
Income tax paid		**(0.2)**	(0.7)	**(0.6)**	(1.7)
Distributions received from Moa Joint Venture	7	**-**	12.7	**43.4**	35.9
Share-based compensation payments		**-**	-	**(5.7)**	(1.7)
Other operating items		**(0.4)**	0.2	**0.2**	0.9
Cash provided by continuing operations		**18.8**	16.2	**50.0**	14.7
Cash used by discontinued operations		**(0.4)**	(4.9)	**(1.3)**	(5.5)
Cash provided by operating activities		**18.4**	11.3	**48.7**	9.2
Investing activities					
Property, plant and equipment expenditures	5	**(10.4)**	(3.5)	**(18.0)**	(7.2)
Intangible asset expenditures	5	**-**	(0.1)	**(0.6)**	(0.6)
Receipts of advances, loans receivable and other financial assets		**0.2**	0.2	**0.6**	0.6
Net proceeds from sale of property, plant and equipment		**-**	-	**1.3**	-
Cash used by continuing operations		**(10.2)**	(3.4)	**(16.7)**	(7.2)
Cash used by investing activities		**(10.2)**	(3.4)	**(16.7)**	(7.2)
Financing activities					
Repurchase of notes	13	**-**	-	**(44.8)**	(4.6)
Repayment of other financial liabilities		**(0.6)**	(0.5)	**(1.5)**	(1.1)
Fees paid on repurchase of notes		**(0.9)**	-	**(1.2)**	(0.2)
Cash used by continuing operations		**(1.5)**	(0.5)	**(47.5)**	(5.9)
Cash used by financing activities		**(1.5)**	(0.5)	**(47.5)**	(5.9)
Effect of exchange rate changes on cash and cash equivalents		**6.3**	2.2	**7.5**	(0.1)
Increase (decrease) in cash and cash equivalents		**13.0**	9.6	**(8.0)**	(4.0)
Cash and cash equivalents at beginning of the period		**124.6**	153.8	**145.6**	167.4
Cash and cash equivalents at end of the period	10	**$ 137.6**	$ 163.4	**$ 137.6**	$ 163.4

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

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian $ millions

	Capital stock	Deficit	Reserves	Accumulated other comprehensive income (loss)	Total
Balance as at December 31, 2020	**$ 2,894.9**	**$ (2,880.1)**	**$ 233.3**	**$ 358.7**	**$ 606.8**
Total comprehensive loss:					
Net loss for the period	-	(32.5)	-	-	(32.5)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(1.0)	(1.0)
Actuarial losses on pension plans, net of tax	-	-	-	(0.1)	(0.1)
	-	(32.5)	-	(1.1)	(33.6)
Stock option plan expense	-	-	0.1	-	0.1
Balance as at September 30, 2021	**$ 2,894.9**	**$ (2,912.6)**	**$ 233.4**	**$ 357.6**	**$ 573.3**
Total comprehensive income:					
Net earnings for the period	-	14.1	-	-	14.1
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(3.3)	(3.3)
Actuarial gains on pension plans, net of tax	-	-	-	0.9	0.9
	-	14.1	-	(2.4)	11.7
Balance as at December 31, 2021	**$ 2,894.9**	**$ (2,898.5)**	**$ 233.4**	**$ 355.2**	**$ 585.0**
Total comprehensive income:					
Net earnings for the period	-	70.5	-	-	70.5
Foreign currency translation differences on foreign operations, net of tax	-	-	-	54.3	54.3
Actuarial losses on pension plans, net of tax	-	-	-	(1.7)	(1.7)
	-	70.5	-	52.6	123.1
Balance as at September 30, 2022	**$ 2,894.9**	**$ (2,828.0)**	**$ 233.4**	**$ 407.8**	**$ 708.1**

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

Notes to the condensed consolidated financial statements

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

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

The Corporation is domiciled in Ontario, Canada and its registered office is 22 Adelaide Street West, Toronto, Ontario, M5H 4E3. These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors of Sherritt on November 2, 2022.

2. BASIS OF PRESENTATION

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

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

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

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

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

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

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

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

Accounting pronouncements issued but not yet effective

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

5. SEGMENTED INFORMATION

Canadian $ millions, for the three months ended September 30	Moa JV and Fort Site[(1)]	Metals Other	Oil and Gas	Power	Tech-nologies	Corporate	Adjustments for Moa Joint Venture	2022 Total
Revenue[(2)]	$ 173.9	$ 2.1	$ 4.7	$ 9.0	$ 0.2	$ 0.2	$ (159.9)	$ 30.2
Cost of sales	(148.3)	(2.7)	(2.7)	(6.8)	(3.7)	-	137.2	(27.0)
Administrative expenses	(2.5)	-	(0.5)	(0.8)	-	(1.3)	1.2	(3.9)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	-	-	22.0	22.0
Earnings (loss) from operations and joint venture	23.1	(0.6)	1.5	1.4	(3.5)	(1.1)	0.5	21.3
Interest income on financial assets measured at amortized cost								3.9
Revaluation of allowances for expected credit losses								(47.4)
Other financing items								(0.4)
Financing expense								(5.9)
Net finance expense								(49.8)
Loss before income tax								(28.5)
Income tax recovery								1.6
Net loss from continuing operations								(26.9)
Earnings from discontinued operations, net of tax								0.6
Net loss for the period								$ (26.3)
Supplementary information								
Depletion, depreciation and amortization	$ 12.2	$ 0.1	$ 0.1	$ 4.1	$ -	$ 0.1	$ (10.2)	$ 6.4
Property, plant and equipment expenditures	17.4	-	0.1	3.0	-	-	(10.1)	10.4
Intangible asset expenditures	-	-	-	-	-	-	-	-
Canadian $ millions, as at September 30								2022
Non-current assets[(3)]	$ 631.6	$ 0.5	$ 9.1	$ 15.7	$ 0.8	$ 6.2	$ (509.6)	$ 154.3
Total assets	1,063.8	159.4	56.2	302.7	1.2	39.4	(108.2)	1,514.5

Canadian $ millions, for the three months ended September 30	Moa JV and Fort Site[(1)]	Metals Other	Oil and Gas	Power	Tech-nologies	Corporate	Adjustments for Moa Joint Venture	2021 Total
Revenue[(2)]	$ 108.9	$ 1.3	$ 2.2	$ 7.3	$ 0.2	$ 0.3	$ (99.5)	$ 20.7
Cost of sales	(92.1)	(1.8)	(3.6)	(6.5)	(3.0)	-	79.3	(27.7)
Administrative expenses	(2.2)	-	(0.6)	(0.6)	-	(9.1)	1.2	(11.3)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	-	-	7.5	7.5
Earnings (loss) from operations and joint venture	14.6	(0.5)	(2.0)	0.2	(2.8)	(8.8)	(11.5)	(10.8)
Interest income on financial assets measured at amortized cost								3.7
Revaluation of allowances for expected credit losses								1.4
Other financing items								(0.3)
Financing expense								(9.5)
Net finance expense								(4.7)
Loss before income tax								(15.5)
Income tax expense								-
Net loss from continuing operations								(15.5)
Loss from discontinued operations, net of tax								(0.7)
Net loss for the period								$ (16.2)
Supplementary information								
Depletion, depreciation and amortization	$ 12.5	$ 0.1	$ 1.3	$ 3.9	$ -	$ 0.3	$ (9.9)	$ 8.2
Property, plant and equipment expenditures	13.3	-	-	-	-	0.1	(9.9)	3.5
Intangible asset expenditures	-	-	0.1	-	-	-	-	0.1
Canadian $ millions, as at December 31								2021
Non-current assets[(3)]	$ 626.9	$ 0.5	$ 12.5	$ 19.2	$ 0.9	$ 7.1	$ (491.9)	$ 175.2
Total assets	943.3	125.4	53.1	322.5	1.1	68.2	(115.6)	1,398.0

Canadian $ millions, for the nine months ended September 30								2022
	Moa JV and Fort Site[1]	**Metals Other**	**Oil and Gas**	**Power**	**Tech-nologies**	**Corporate**	**Adjustments for Moa Joint Venture**	**Total**
Revenue[2]	**$ 565.2**	**$ 6.4**	**$ 13.7**	**$ 26.6**	**$ 1.3**	**$ 0.6**	**$ (483.6)**	**$ 130.2**
Cost of sales	**(390.0)**	**(8.3)**	**(11.6)**	**(19.3)**	**(11.7)**	**-**	**334.9**	**(106.0)**
Administrative expenses	**(6.0)**	**0.1**	**(1.3)**	**(3.1)**	**-**	**(16.4)**	**4.0**	**(22.7)**
Share of earnings of Moa Joint Venture, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**117.3**	**117.3**
Earnings (loss) from operations and joint venture	**169.2**	**(1.8)**	**0.8**	**4.2**	**(10.4)**	**(15.8)**	**(27.4)**	**118.8**
Interest income on financial assets measured at amortized cost								**11.6**
Revaluation of allowances for expected credit losses								**(49.4)**
Other financing items								**13.0**
Financing expense								**(24.0)**
Net finance expense								**(48.8)**
Earnings before income tax								**70.0**
Income tax recovery								**1.0**
Net earnings from continuing operations								**71.0**
Loss from discontinued operations, net of tax								**(0.5)**
Net earnings for the period								**$ 70.5**

Supplementary information								
Depletion, depreciation and amortization	**$ 39.2**	**$ 0.1**	**$ 0.8**	**$ 12.0**	**$ 0.1**	**$ 0.8**	**$ (31.8)**	**$ 21.2**
Property, plant and equipment expenditures	**40.3**	**-**	**0.1**	**3.5**	**-**	**-**	**(25.9)**	**18.0**
Intangible asset expenditures	**-**	**-**	**0.6**	**-**	**-**	**-**	**-**	**0.6**

Canadian $ millions, as at September 30								**2022**
Non-current assets[3]	**$ 631.6**	**$ 0.5**	**$ 9.1**	**$ 15.7**	**$ 0.8**	**$ 6.2**	**$ (509.6)**	**$ 154.3**
Total assets	**1,063.8**	**159.4**	**56.2**	**302.7**	**1.2**	**39.4**	**(108.2)**	**1,514.5**

Canadian $ millions, for the nine months ended September 30								2021
	Moa JV and Fort Site[1]	Metals Other	Oil and Gas	Power	Tech-nologies	Corporate	Adjustments for Moa Joint Venture	Total
Revenue[2]	$ 377.4	$ 4.7	$ 10.9	$ 20.2	$ 0.4	$ 0.6	$ (340.6)	$ 73.6
Cost of sales	(308.7)	(6.4)	(18.5)	(19.1)	(9.4)	-	263.7	(98.4)
Administrative expenses	(6.6)	0.1	(3.3)	(2.2)	-	(32.2)	3.7	(40.5)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	-	-	53.3	53.3
Earnings (loss) from operations and joint venture	62.1	(1.6)	(10.9)	(1.1)	(9.0)	(31.6)	(19.9)	(12.0)
Interest income on financial assets measured at amortized cost								11.2
Revaluation of allowances for expected credit losses								(2.8)
Other financing items								(2.8)
Financing expense								(20.7)
Net finance expense								(15.1)
Loss before income tax								(27.1)
Income tax expense								(0.7)
Net loss from continuing operations								(27.8)
Loss from discontinued operations, net of tax								(4.7)
Net loss for the period								$ (32.5)

Supplementary information								
Depletion, depreciation and amortization	$ 40.8	$ 0.2	$ 5.6	$ 11.7	$ 0.1	$ 0.7	$ (32.5)	$ 26.6
Property, plant and equipment expenditures	25.7	-	0.2	-	-	0.2	(18.9)	7.2
Intangible asset expenditures	-	-	0.6	-	-	-	-	0.6

Canadian $ millions, as at December 31								2021
Non-current assets[3]	$ 626.9	$ 0.5	$ 12.5	$ 19.2	$ 0.9	$ 7.1	$ (491.9)	$ 175.2
Total assets	943.3	125.4	53.1	322.5	1.1	68.2	(115.6)	1,398.0

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

(2) Revenue in the Metals Other segment includes $0.8 million and $2.1 million of intersegment revenue, net of elimination, with the Moa JV and Fort Site segment related to marketing of nickel and cobalt for the three and nine months ended September 30, 2022, respectively ($0.6 million and $2.1 million for the three and nine months ended September 30, 2021, respectively).

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

Disaggregation of revenue by product and service type

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

Canadian $ millions	For the three months ended 2022 September 30 Total revenue	2021 September 30 Total revenue	For the nine months ended 2022 September 30 Total revenue	2021 September 30 Total revenue
Fertilizer(1)	**$ 15.0**	$ 9.8	**$ 84.2**	$ 38.2
Oil and gas product revenue	**-**	0.4	**-**	8.3
Oil and gas service revenue	**4.7**	1.8	**13.7**	1.8
Power generation(2)	**8.0**	6.0	**22.8**	17.3
Other	**2.5**	2.7	**9.5**	8.0
	$ 30.2	$ 20.7	**$ 130.2**	$ 73.6

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

(2) Included in power generation revenue for the three and nine months ended September 30, 2022 is $6.7 million and $18.2 million, respectively, of revenue from service concession arrangements ($4.8 million and $13.8 million for the three and nine months ended September 30, 2021, respectively).

6. EXPENSES

Cost of sales includes the following:

Canadian $ millions	For the three months ended 2022 September 30	2021 September 30	For the nine months ended 2022 September 30	2021 September 30
Employee costs	**$ 14.7**	$ 14.8	**$ 47.9**	$ 43.1
Severance	**1.5**	0.1	**1.9**	0.7
Depletion, depreciation and amortization of property, plant and equipment and intangible assets	**6.0**	7.8	**19.9**	25.4
Raw materials and consumables	**27.1**	14.1	**76.6**	44.6
Repairs and maintenance	**11.0**	14.0	**30.5**	35.9
Shipping and treatment costs	**0.4**	0.3	**1.4**	1.4
Share-based compensation expense	**-**	-	**1.7**	1.5
Changes in inventories and other	**(33.7)**	(23.4)	**(73.9)**	(54.2)
	$ 27.0	$ 27.7	**$ 106.0**	$ 98.4

Administrative expenses include the following:

Canadian $ millions	For the three months ended 2022 September 30	2021 September 30	For the nine months ended 2022 September 30	2021 September 30
Employee costs	**$ 4.8**	$ 5.2	**$ 13.9**	$ 16.4
Severance and other contractual benefits	**-**	3.4	**0.1**	6.0
Depreciation	**0.4**	0.4	**1.3**	1.2
Share-based compensation (recovery) expense	**(2.6)**	0.8	**5.1**	13.5
Consulting services and audit fees	**1.1**	0.9	**2.6**	2.2
Other	**0.2**	0.6	**(0.3)**	1.2
	$ 3.9	$ 11.3	**$ 22.7**	$ 40.5

7. JOINT ARRANGEMENTS

Investment in Moa Joint Venture

During the three and nine months ended September 30, 2022, the Moa Joint Venture paid distributions of nil and $86.8 million, respectively, of which nil and $43.4 million, respectively, were paid to the Corporation representing its 50% ownership interest ($25.4 million and $71.7 million, and $12.7 million and $35.9 million, respectively, for the three and nine months ended September 30, 2021). Subsequent to period end, the Moa Joint Venture paid a distribution of $41.2 million, of which $20.6 million was paid to the Corporation.

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

Statements of financial position

Canadian $ millions, 100% basis, as at	2022 September 30	2021 December 31
Assets		
Cash and cash equivalents	**$ 25.3**	$ 48.9
Income taxes receivable	**4.5**	-
Other current assets	**23.4**	14.0
Trade accounts receivable, net	**203.6**	153.4
Inventories	**444.8**	303.7
Other non-current assets	**18.6**	12.4
Property, plant and equipment	**1,108.7**	1,067.6
Total assets	**1,828.9**	1,600.0
Liabilities		
Trade accounts payable and accrued liabilities	**72.9**	64.1
Income taxes payable	**1.3**	13.2
Other current financial liabilities	**0.3**	0.2
Loans and borrowings	**27.8**	21.3
Environmental rehabilitation provisions	**86.9**	105.5
Other non-current financial liabilities	**4.8**	4.9
Deferred income taxes	**23.0**	22.4
Total liabilities	**217.0**	231.6
Net assets of Moa Joint Venture	**$ 1,611.9**	$ 1,368.4
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**806.0**	684.2
Intercompany capitalized interest elimination	**(44.7)**	(41.8)
Investment in Moa Joint Venture	**$ 761.3**	$ 642.4

Statements of comprehensive income

	For the three months ended		For the nine months ended	
Canadian $ millions, 100% basis	2022 September 30	2021 September 30	2022 September 30	2021 September 30
Revenue	**$ 319.7**	$ 198.8	**$ 967.2**	$ 681.1
Cost of sales(1)	**(274.6)**	(158.5)	**(670.0)**	(527.4)
Administrative expenses	**(2.5)**	(2.6)	**(8.0)**	(7.5)
Earnings from operations	**42.6**	37.7	**289.2**	146.2
Financing income	**0.3**	0.1	**0.5**	0.2
Financing expense	**(5.5)**	(4.9)	**(19.7)**	(4.2)
Net finance expense	**(5.2)**	(4.8)	**(19.2)**	(4.0)
Earnings before income tax	**37.4**	32.9	**270.0**	142.2
Income tax recovery (expense)(2)	**4.5**	(19.8)	**(41.4)**	(41.3)
Net earnings and comprehensive income of Moa Joint Venture	**$ 41.9**	$ 13.1	**$ 228.6**	$ 100.9
Proportion of Sherritt's ownership interest	**50%**	50%	**50%**	50%
Total	**21.0**	6.6	**114.3**	50.5
Intercompany elimination	**1.0**	0.9	**3.0**	2.8
Share of earnings of Moa Joint Venture, net of tax	**$ 22.0**	$ 7.5	**$ 117.3**	$ 53.3

(1) Included in cost of sales for the three and nine months ended September 30, 2022 is depreciation and amortization of $20.4 million and $63.5 million, respectively ($19.7 million and $65.0 million for the three and nine months ended September 30, 2021, respectively).

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

Joint operation

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

Canadian $ millions, 33⅓% basis, as at		**2022 September 30**		2021 December 31
Current assets[1]	**$**	**119.3**	$	97.8
Non-current assets		**11.2**		16.8
Current liabilities		**13.2**		6.3
Non-current liabilities		**94.6**		98.1
Net assets	**$**	**22.7**	$	10.2

(1) Included in current assets is $95.8 million of cash and cash equivalents (December 31, 2021 - $78.9 million).

	For the three months ended				For the nine months ended			
Canadian $ millions, 33⅓% basis		**2022 September 30**		2021 September 30		**2022 September 30**		2021 September 30
Revenue	**$**	**9.0**	$	7.3	**$**	**26.6**	$	20.2
Expenses		**(1.6)**		(5.6)		**(14.7)**		(23.5)
Net earnings (loss)	**$**	**7.4**	$	1.7	**$**	**11.9**	$	(3.3)

8. NET FINANCE EXPENSE

		For the three months ended				For the nine months ended			
Canadian $ millions	Note		**2022 September 30**		2021 September 30		**2022 September 30**		2021 September 30
Interest income on trade accounts receivable, net			**0.2**		0.1		**0.5**		0.3
Interest income on advances and loans receivable			**3.7**		3.6		**11.1**		10.9
Interest income on financial assets measured at amortized cost			**3.9**		3.7		**11.6**		11.2
Revaluation of allowances for expected credit losses:									
Trade accounts receivable, net			**1.1**		1.4		**(0.4)**		(0.1)
Energas conditional sales agreement receivable			**(48.5)**		-		**(49.0)**		(2.7)
Revaluation of allowances for expected credit losses			**(47.4)**		1.4		**(49.4)**		(2.8)
Revaluation of cobalt-linked warrants			**-**		-		**-**		0.2
Unrealized gain (loss) on commodity put options			**-**		1.3		**0.9**		(3.0)
Realized losses on commodity put options			**-**		(1.7)		**(0.9)**		(2.5)
Gain on repurchase of notes	13		**-**		-		**13.8**		2.1
Other interest income and unrealized (losses) gains on financial instruments			**(0.4)**		0.1		**(0.8)**		0.4
Other financing items			**(0.4)**		(0.3)		**13.0**		(2.8)
Interest expense and accretion on loans and borrowings			**(9.8)**		(10.7)		**(30.7)**		(31.5)
Unrealized foreign exchange gain (loss)			**4.6**		(7.9)		**9.5**		3.3
Realized foreign exchange (loss) gain			**(0.3)**		9.6		**(0.3)**		9.5
Other interest expense and finance charges			**(0.3)**		(0.5)		**(2.3)**		(1.8)
Accretion expense on environmental rehabilitation provisions	14		**(0.1)**		-		**(0.2)**		(0.2)
Financing expense			**(5.9)**		(9.5)		**(24.0)**		(20.7)
Net finance expense		**$**	**(49.8)**	$	(4.7)	**$**	**(48.8)**	$	(15.1)

Revaluation of allowances for expected credit losses on Energas conditional sales agreement (CSA) receivable and trade accounts receivable from Union Cuba-Petroleo (CUPET)

Subsequent to period end, the Corporation signed an agreement (the "Cobalt Swap") with its Cuban partners to settle its total outstanding Cuban receivables over five years, including the Energas CSA (note 11) and trade accounts receivable from CUPET (note 10), beginning January 1, 2023. Refer to note 21 for further details on the Cobalt Swap, which impacted the Corporation's allowances for expected credit losses on the Energas CSA and trade accounts receivable from CUPET as at September 30, 2022.

During the three months ended September 30, 2022, the Corporation recognized a revaluation loss on allowances for expected credit losses on the Energas CSA receivable of $48.5 million. The allowance for expected credit losses as at September 30, 2022 (note 10), which uses probability-weighted forward-looking scenarios, includes a scenario wherein the receivable is repaid under the Cobalt Swap, which was assigned a high probability given the Corporation's expectation that the Cobalt Swap would be signed subsequent to period end and was a significant change in estimate during the period. The expected credit loss in this scenario is measured based on the fair value of the receivable from General Nickel Company (GNC) expected to be recognized during the three months ended December 31, 2022, as the Corporation expects the existing Energas CSA receivable to be substantially modified and derecognized, with a receivable from GNC expected to recognized at fair value. The use of the fair value of the receivable from GNC within the expected credit loss model of the Energas CSA was a significant change in estimate during the period.

Within this high-probability scenario, the fair value on initial recognition of the receivable from GNC attributable to the existing Energas CSA receivable is expected to be lower than the gross carrying value of the Energas CSA receivable, in part as a result of the suspension of interest over the five-year period of the agreement, which reduces cash flows in this scenario and resulted in an expected credit loss. The fair value of the receivable from GNC was determined using a Monte Carlo simulation, which includes the following significant inputs: forecasted cobalt prices, forecasted pricing modifiers, historical cobalt price volatility, forecasted foreign exchange rates and discount rate.

During the three months ended September 30, 2022, the Corporation also recognized a revaluation gain on allowances for expected credit losses on the trade accounts receivable from CUPET of $1.9 million, reflecting the expectation of earlier repayment under the Cobalt Swap, which is included in the revaluation of allowances for expected credits losses on trade accounts receivable, net in the table above.

9. EARNINGS (LOSS) PER SHARE

	For the three months ended		For the nine months ended	
	2022	2021	**2022**	2021
Canadian $ millions, except share amounts in millions and per share amounts in dollars	**September 30**	September 30	**September 30**	September 30
Net (loss) earnings from continuing operations	**$ (26.9)**	$ (15.5)	**$ 71.0**	$ (27.8)
Earnings (loss) from discontinued operations, net of tax	**0.6**	(0.7)	**(0.5)**	(4.7)
Net (loss) earnings for the period - basic and diluted	**$ (26.3)**	$ (16.2)	**$ 70.5**	$ (32.5)
Weighted-average number of common shares - basic and diluted(1)	**397.3**	397.3	**397.3**	397.3
Net (loss) earnings from continuing operations per common share:				
Basic and diluted	**$ (0.07)**	$ (0.04)	**$ 0.18**	$ (0.07)
Earnings (loss) from discontinued operations, net of tax, per common share:				
Basic and diluted	**$ 0.00**	$ 0.00	**$ 0.00**	$ (0.01)
Net (loss) earnings per common share:				
Basic and diluted	**$ (0.07)**	$ (0.04)	**$ 0.18**	$ (0.08)

(1) The determination of the weighted-average number of common shares - diluted excludes 2.7 million shares related to stock options that were anti-dilutive for the three and nine months ended September 30, 2022 (8.6 million for the three and nine months ended September 30, 2021).

10. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents consist of:

Canadian $ millions, as at		2022 September 30		2021 December 31
Cash equivalents	$	0.1	$	16.1
Cash held in banks		137.5		129.5
	$	137.6	$	145.6

Cash and cash equivalents of the Corporation and its wholly-owned subsidiaries held in Canada was $36.9 million as at September 30, 2022 (December 31, 2021 - $64.2 million).

The Corporation's cash balances are deposited with major financial institutions rated A or higher by Standard and Poor's except for institutions located in Cuba that are not rated. The total cash held in Cuban bank deposit accounts was $100.4 million as at September 30, 2022 (December 31, 2021 - $80.6 million).

As at September 30, 2022, $95.8 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2021 - $78.9 million). These funds are for use locally by the joint operation and will be transferred to the Corporation upon foreign exchange approval.

Fair value measurement

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

Canadian $ millions, as at	Note			2022 September 30				2021 December 31
		Hierarchy level		Carrying value		Fair value		Carrying value		Fair value
Liabilities:										
8.50% second lien secured notes due 2026[1]	13	1	$	317.5	$	201.3	$	354.5	$	196.3
10.75% unsecured PIK option notes due 2029[1]	13	1		72.4		31.5		82.6		28.9

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

Trade accounts receivable, net

Canadian $ millions, as at		2022 September 30		2021 December 31
Trade accounts receivable	$	217.6	$	174.0
Allowance for expected credit losses		(22.9)		(21.8)
Accounts receivable from Moa Joint Venture		19.1		18.2
Other		27.7		20.3
	$	241.5	$	190.7

Aging of trade accounts receivable, net

Canadian $ millions, as at		2022 September 30		2021 December 31
Not past due	$	200.9	$	152.1
Past due no more than 30 days		4.1		4.7
Past due for more than 30 days but no more than 60 days		3.9		8.5
Past due for more than 60 days		32.6		25.4
	$	241.5	$	190.7

Allowance for expected credit losses

Financial assets measured at amortized cost are presented net of their allowances for expected credit losses within the condensed consolidated statements of financial position.

Canadian $ millions	As at 2021 December 31	For the nine months ended September 30, 2022 Revaluation(1)	Foreign exchange and other non-cash items	As at 2022 September 30
Lifetime expected credit losses				
Trade accounts receivable, net	$ (21.8)	**$ (0.4)**	**$ (0.7)**	**$ (22.9)**
Energas conditional sales agreement(2)	(8.0)	**(49.0)**	**-**	**(57.0)**

(1) Revaluation of allowances for expected credit losses are recognized within net finance expense (note 8).

(2) Included in the $49.0 million revaluation loss presented above is a $48.5 million loss on revaluation of the allowance for expected credit losses on the Energas conditional sales agreement recognized during the three months ended September 30, 2022 as a result of the Cobalt Swap signed by the Corporation subsequent to period end with its Cuban partners to settle its total outstanding Cuban receivables over five years, as disclosed in note 8.

11. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	2022 September 30	2021 December 31
Advances and loans receivable		
Energas conditional sales agreement	**$ 165.7**	$ 204.7
Other financial assets		
Finance lease receivables	**3.1**	3.6
	168.8	208.3
Current portion of advances, loans receivable and other financial assets(1)	**(35.2)**	(18.1)
Non-current portion of advances, loans receivable and other financial assets	**$ 133.6**	$ 190.2

(1) Included in the current portion of advances, loans receivable and other financial assets is the Energas conditional sales agreement of $34.3 million (December 31, 2021 - $17.3 million).

Energas conditional sales agreement

As at September 30, 2022, the carrying amount of the Energas conditional sales agreement includes an allowance for expected credit losses of $57.0 million (December 31, 2021 - $8.0 million) as a result of the Cobalt Swap signed by the Corporation subsequent to period end with its Cuban partners to settle its total outstanding Cuban receivables over five years, as disclosed in note 10 and note 8. The current portion of the Energas conditional sales agreement increased as at September 30, 2022 as a result of an increase in expected repayments within the next twelve months as a result of the Cobalt Swap.

12. INVENTORIES

Canadian $ millions, as at	2022 September 30	2021 December 31
Raw materials	**$ 0.1**	$ 0.1
Materials in process	**0.3**	0.4
Finished products	**19.6**	8.6
	20.0	9.1
Spare parts and operating materials	**23.6**	21.2
	$ 43.6	$ 30.3

13. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

				For the nine months ended September 30, 2022		
				Cash flows	Non-cash changes	
Canadian $ millions	Note		As at 2021 December 31	Repurchase of notes	Other	As at 2022 September 30
8.50% second lien secured notes due 2026	10	$	354.5	**$ (34.8)**	**$ (2.2)**	**$ 317.5**
10.75% unsecured PIK option notes due 2029	10		82.6	**(10.0)**	**(0.2)**	**72.4**
Syndicated revolving-term credit facility			7.4	**-**	**1.3**	**8.7**
		$	444.5	**$ (44.8)**	**$ (1.1)**	**$ 398.6**
Current portion of loans and borrowings			-			**(8.1)**
Non-current portion of loans and borrowings		$	444.5			**$ 390.5**

8.50% second lien secured notes due 2026

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

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

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

The indenture governing the Second Lien Notes (the “Second Lien Notes Indenture”) requires mandatory redemptions from excess cash (subject to the minimum liquidity condition noted below and the other terms and conditions set forth in the Second Lien Notes Indenture) annually on the interest payment dates in April and October. The mandatory excess cash flow redemption provision is in effect beginning with the two-quarter period ending June 30, 2022 and mandatory redemptions are based on excess cash flow (a measure calculated based on cash provided by (used in) operating activities excluding Energas, less sustaining property, plant and equipment expenditures excluding Energas, plus all cash distributed by Energas to the Corporation held in Canada), which mandatory redemption shall be required to be made only to the extent the Corporation has minimum liquidity (a measure calculated based on cash held in Canada by wholly-owned guarantors of the Second Lien Notes, less outstanding principal of the syndicated revolving-term credit facility, plus any cash used to repurchase unsecured PIK option notes or Second Lien Notes in the relevant two-quarter period) as at the interest payment dates of $75.0 million calculated in accordance with the Second Lien Notes Indenture before and after such redemption.

Subsequent to period end, the Corporation paid interest of $13.2 million on the 8.50% second lien secured notes due 2026 and was not required to make any mandatory redemptions as the minimum liquidity provisions of the indenture agreement was not met. For the two-quarter period ended June 30, 2022, 50% of excess cash flow, as defined in the indenture agreement, was $5.5 million. However, the Corporation did not meet the minimum liquidity condition as defined in the indenture agreement at the interest payment date in October 2022.

10.75% unsecured PIK option notes due 2029

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

During the nine months ended September 30, 2022, in accordance with the terms of the indenture, the Corporation elected not to pay cash interest due in January and July of $8.1 million on the 10.75% unsecured PIK option notes due 2029 and added the payment-in-kind interest to the principal amount owed to noteholders.

As at September 30, 2022, the outstanding principal amount of the 10.75% unsecured PIK option notes due 2029 is $72.4 million.

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

Syndicated revolving-term credit facility

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

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

Other financial liabilities

Canadian $ millions, as at	Note	**2022 September 30**	2021 December 31
Lease liabilities		**$ 13.0**	$ 14.2
Share-based compensation liability	15	**24.0**	22.8
Other financial liabilities		**1.3**	3.9
		38.3	40.9
Current portion of other financial liabilities		**(21.3)**	(7.4)
Non-current portion of other financial liabilities		**$ 17.0**	$ 33.5

14. PROVISIONS

Canadian $ millions, as at	Note	**2022 September 30**	2021 December 31
Environmental rehabilitation provisions		**$ 82.7**	$ 103.8
Other provisions		**3.6**	4.2
		86.3	108.0
Current portion of provisions		**(6.2)**	(3.2)
Non-current portion of provisions		**$ 80.1**	$ 104.8

Environmental rehabilitation provisions

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian $ millions	Note	**For the nine months ended 2022 September 30**	For the year ended 2021 December 31
Balance, beginning of the period		**$ 103.8**	$ 109.9
Change in estimates		**(17.3)**	0.1
Gain on settlement of environmental rehabilitation provisions		**(0.1)**	(1.2)
Utilized during the period		**(0.4)**	(1.1)
Accretion	8	**0.2**	0.3
Effect of movement in exchange rates		**(3.5)**	(4.2)
Balance, end of the period		**$ 82.7**	$ 103.8

Change in estimates includes the impact of changes in discount rates, which ranged from 3.06% to 12.4% as at September 30, 2022 and were applied to expected future cash flows to determine the carrying value of the environmental rehabilitation provisions (as at December 31, 2021 – discount rates from 1.08% to 5.45%).

Other provisions

The following is a reconciliation of other provisions:

Canadian $ millions	Note	For the nine months ended 2022 September 30	For the year ended 2021 December 31
Balance, beginning of the period		**$ 4.2**	$ 2.2
Change in estimates		**0.4**	4.1
Utilized during the period		**(1.0)**	(2.1)
Balance, end of the period		**$ 3.6**	$ 4.2

15. SHARE-BASED COMPENSATION PLANS

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

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

Cash payments for share-based units are made in the first quarter of each year and are dependent upon the market value of the Corporation's shares on the settlement date, and in the case of PSUs, cash payments are also dependent upon the achievement of the market and non-market performance conditions described above. The market value of the Corporation’s shares as at September 30, 2022 and December 31, 2021 was $0.37 and $0.38, respectively.

A summary of the Corporation’s RSU and PSU outstanding and vested as at September 30, 2022 is shown below. The Corporation’s share-based compensation liabilities are measured based on the vested units at the end of each reporting period.

As at September 30		**2022**
Grant year	**RSU**	**PSU**
2020	**20,061,555**	**20,061,555**
2021	**6,187,151**	**6,187,151**
2022	**5,175,725**	**5,175,725**
Outstanding, end of the period	**31,424,431**	**31,424,431**
Vested, end of the period	**24,721,577**	**24,721,577**

A total of 5,349,402 Deferred Share Units (DSU) are outstanding and vested as at September 30, 2022, granted between 2012 and 2022.

During the three and nine months ended September 30, 2022, the Corporation recognized a share-based compensation recovery of $2.6 million and expense of $6.8 million, respectively, during which time the market value of the Corporation’s shares decreased by $0.06 and $0.01, respectively. During the three and nine months ended September 30, 2021, the Corporation recognized share-based compensation expenses of $0.8 million and $15.0 million, respectively, which included accelerated share-based compensation expenses of $0.5 million and $4.6 million, respectively, related to the departures of two senior executives and during which time the market value of the Corporation’s shares decreased by $0.06 and increased by $0.04, respectively.

Share-based compensation liability

Canadian $ millions, as at	Note	2022 September 30	2021 December 31
Share-based compensation liability	13	**$ 24.0**	$ 22.8
Current portion of share-based compensation liability		**(19.4)**	(5.6)
Non-current portion of share-based compensation liability		**$ 4.6**	$ 17.2

Share-based compensation (recovery) expense

		For the three months ended		For the nine months ended	
Canadian $ millions	Note	2022 September 30	2021 September 30	2022 September 30	2021 September 30
Share-based compensation (recovery) expense	6	**$ (2.6)**	$ 0.8	**$ 6.8**	$ 15.0

Share-based compensation risk

The Corporation is exposed to financial risk related to share-based compensation costs. Potential fluctuations in the price of Sherritt's common shares would have an impact on share-based compensation expense. Based on balances as at September 30, 2022, a $0.10 decrease in the price of the Corporation's common shares could increase the Corporation's net earnings (loss) by approximately $5.8 million for cash-settled share-based units. A $0.10 increase in the price of the Corporation's common shares could decrease the Corporation's net earnings (loss) by approximately $4.8 million for cash-settled share-based units.

16. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at September 30	2022
Property, plant and equipment commitments	**$ 9.2**
Moa Joint Venture:	
Property, plant and equipment commitments[1]	**20.2**

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

17. SUPPLEMENTAL CASH FLOW INFORMATION

Working capital is defined as the Corporation's current assets less current liabilities and was $159.0 million as at September 30, 2022 ($168.1 million - December 31, 2021).

Net change in non-cash working capital

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

	For the three months ended		For the nine months ended	
Canadian $ millions	2022 September 30	2021 September 30	2022 September 30	2021 September 30
Trade accounts receivable, net, and unbilled revenue	**$ (15.5)**	$ 42.1	**$ (35.7)**	$ 10.0
Inventories	**(6.7)**	(9.5)	**(11.7)**	(9.8)
Prepaid expenses	**(0.5)**	(2.0)	**(1.9)**	(2.9)
Trade accounts payable and accrued liabilities	**10.1**	(26.6)	**24.6**	2.0
Deferred revenue	**29.0**	9.5	**22.7**	18.5
	$ 16.4	$ 13.5	**$ (2.0)**	$ 17.8

18. SHAREHOLDERS' EQUITY

Capital stock

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

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

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

19. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Russian invasion of Ukraine

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

COVID-19 and Cuba risk

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

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

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

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

The timing and amount of receipts of Cuban energy payments were negatively impacted during the nine months ended September 30, 2022, as they are dependent upon Cuba's economy, which has been impacted by restrictions on tourism as a result of COVID-19, as well as U.S. sanctions limiting Cuba's access to foreign currency and Cuban currency unification. The uncertainty on the timing and amount of receipts of Cuban energy payments impacts judgments made by the Corporation, including those relating to determining the collection and carrying values of Cuban trade accounts receivable for the Oil and Gas and Power segments (note 10), and the Energas conditional sales agreement (note 11), in addition to the recoverable values of the Corporation's non-current non-financial assets in Cuba. The carrying values of trade accounts receivable for the Oil and Gas and Power segments and the Energas conditional sales agreement within the Corporation's condensed consolidated statements of financial position reflect the Corporation's exposure to credit risk. The net carrying value represents the Corporation's best estimate of amounts collectible as at the reporting date. With respect to trade accounts receivable from CUPET in the Oil and Gas segment and the Energas conditional sales agreement in the Power segment, refer to note 8 for further details on the allowances for expected credit losses recognized as at September 30, 2022 as a result of the Cobalt Swap signed subsequent to period end, which is expected to reduce the Corporation's reliance on Cuba's access to foreign currency.

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

Credit risk

Allowance for expected credit losses

The Corporation uses a three-stage approach to measure an ACL, using an ECL approach as required under IFRS 9 for financial assets measured at amortized cost.

The following table presents the Corporation's financial assets measured at amortized cost, the stage that they are in for ACL measurement and the balance of the ACL as at September 30, 2022. The gross carrying value of the financial asset best represents the maximum exposure to credit risk at the reporting date:

Canadian $ millions	Note	ECL stage(1)	Gross carrying value	ACL	Net carrying value
Trade accounts receivable, net(2)	10	n/a	$ 264.4	$ (22.9)	$ 241.5
Energas conditional sales agreement(3)	11	2	222.7	(57.0)	165.7

(1) The Corporation's financial assets that are in stage 2 have experienced significant increases in credit risk since initial recognition. The Corporation's assessment that a significant increase in credit risk since initial recognition has occurred is based on a combination of factors that are expected to adversely impact the borrower's ability to meet its debt obligations, which include but are not limited to changes in: the business of the borrower, market and economic conditions, financial and regulatory environment, loan documentation and past due information.

(2) For trade accounts receivable, net, the Corporation has applied the simplified approach in IFRS 9 to measure the ACL at lifetime ECL. The Corporation determines the ACL based on the past due status of the debtors, adjusted as appropriate to reflect current and estimated future economic conditions.

(3) For the Energas conditional sales agreement, contractual payments on this financial asset are more than 90 days past due, but the financial instrument is not in default. Given the signing of the Cobalt Swap subsequent to period end (notes 8 and 21), the Corporation expects full repayment and this financial asset is in stage 2 with an ACL of $57.0 million. The gross carrying value of the Energas conditional sales agreement as at December 31, 2021 was $212.7 million. Refer to note 8 for further details on the ACL.

Liquidity risk

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

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

The Corporation's liquidity requirements are met through a variety of sources, including cash and cash equivalents, cash generated from operations and distributions from the Moa Joint Venture (including pursuant to the Cobalt Swap), existing credit facilities, leases, derivatives and debt and equity capital markets.

Capital risk management

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

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

Financial obligation maturity analysis

The Corporation's significant contractual commitments, obligations, and interest and principal repayments in respect of its financial liabilities, income taxes payable and provisions are presented in the following table. For amounts payable that are not fixed, including mandatory redemptions of the 8.50% second lien notes due 2026 (note 13), the amount disclosed is determined by reference to the conditions existing as at September 30, 2022.

Canadian $ millions, as at September 30, 2022	Total	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$ 236.8	$ 236.8	$ -	$ -	$ -	$ -	$ -
Income taxes payable	0.6	0.6	-	-	-	-	-
8.50% second lien secured notes due 2026 (includes principal, interest and premium)	455.2	26.3	26.3	26.3	26.3	350.0	-
10.75% unsecured PIK option notes due 2029 (includes principal and interest)	152.1	-	-	-	-	-	152.1
Syndicated revolving-term credit facility	9.0	0.6	8.4	-	-	-	-
Provisions	155.2	6.2	1.6	0.5	0.6	0.7	145.6
Lease liabilities	16.7	2.8	2.6	2.4	1.6	1.3	6.0
Total	**$ 1,025.6**	**$ 273.3**	**$ 38.9**	**$ 29.2**	**$ 28.5**	**$ 352.0**	**$ 303.7**

20. RELATED PARTY TRANSACTIONS

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

21. SUBSEQUENT EVENTS

Cobalt Swap

On October 13, 2022, the Corporation signed the Cobalt Swap with its Cuban partners to settle its total outstanding Cuban receivables over five years, beginning January 1, 2023. Under the agreement, the Moa Joint Venture, at the discretion of its Board of Directors, will prioritize payment of dividends in the form of finished cobalt to each partner (Sherritt and GNC), up to an annual maximum volume of cobalt, with any additional dividends in a given year to be distributed in cash. All of GNC's share of these cobalt dividends, and potentially additional cash dividends, will be redirected to Sherritt as payment to settle the receivables until an annual dollar limit, including the collection of any prior year shortfalls, has been reached.

Under the terms of the Cobalt Swap, GNC has agreed to assume certain liabilities of amounts owed to Sherritt by Energas S.A. (Energas) and CUPET in order to fully repay outstanding amounts over a five-year period. On January 1, 2023, the outstanding receivable amounts owing to Sherritt from Energas and CUPET, estimated to total $361.9 million, will be assumed by GNC. Accordingly, the Corporation expects to recognize a receivable from GNC in its consolidated statement of financial position as at December 31, 2022. The estimated amount above includes the Energas CSA receivable of $332.4 million, including accrued interest, and trade accounts receivable from CUPET of $29.5 million (collectively, Energas/CUPET liabilities).

As a result of the exchange, Sherritt will no longer have the responsibility for collection on the amounts solely from Energas and CUPET. Energas and CUPET will remain liable for payment of the Energas/CUPET liabilities, as applicable, only to the extent not satisfied by GNC. On distribution of any redirected amounts from GNC in cobalt or cash to Sherritt, GNC will receive an equivalent payment from Energas or CUPET denominated in Cuban pesos. As a result, during the three months ended December 31, 2022, the Corporation expects Energas to recognize a liability to GNC at fair value on initial recognition. As a result of the Corporation's one-third interest in Energas, a joint operation, and recognition of its share of liabilities, the Corporation expects to recognize one-third of Energas' liability to GNC in its consolidated statement of financial position as of December 31, 2022.

No interest will accrue on the Corporation's receivable from GNC over the five-year period. In the event that the total outstanding receivables are not fully repaid by December 31, 2027, interest will accrue retroactively at 8.0% from January 1, 2023 on the unpaid principal amount, and the unpaid principal and interest amounts will become due and payable by GNC to Sherritt.

Under the Cobalt Swap, over the five years beginning January 1, 2023, the Moa Joint Venture, at the discretion of its Board of Directors, expects to dividend a maximum of 2,082 tonnes of finished cobalt annually to the joint venture partners. Accordingly, Sherritt expects to receive a maximum of 1,041 tonnes of finished cobalt dividends per year in respect of its 50% share of the Moa Joint Venture. GNC will redirect its 50% share of the total Moa Joint Venture dividends, up to 1,041 tonnes of finished cobalt per year, to Sherritt as repayment towards the outstanding receivables, provided that the total cobalt volume redirected has a value of at least US$57.0 million, subject to the following:

- if the total annual finished cobalt dividend redirected by GNC has a value of less than US$57.0 million, GNC's share of any cash distributions from the Moa Joint Venture in such year will be redirected to Sherritt until the value of physical cobalt and cash distributions in the aggregate totals US$57.0 million;
- if the maximum cobalt volume distributed (1,041 tonnes) is not met in a given year, the volume deficit will be added to the threshold in the following year; and
- any shortfall in the annual minimum payment will also be added to the following year, such that the full repayment is expected to be made within five years.

Upon receipt of the finished cobalt dividends, the title to both Sherritt and its partner's redirected share of the finished cobalt will be transferred immediately to Sherritt and the physical product will be moved to a Sherritt warehouse in Fort Saskatchewan, from which Sherritt will sell the finished cobalt in the open market.

Extension of the Energas Payment Agreement (Moa Swap)

On October 13, 2022, an extension to the Moa Swap was executed to fund the operating and maintenance costs of Energas, as well as to cover future payments that would be owed to Sherritt. Sherritt expects to continue to receive approximately US$4.2 million ($5.6 million) per month under a payment agreement between Sherritt, the Moa Joint Venture and Energas, whereby the Moa Joint Venture converts foreign currency to Cuban pesos through Energas to support the Moa Joint Venture's local Cuban operating activities. These funds are then paid to Sherritt primarily to facilitate foreign currency payments for the Energas operations.

Extension of Energas' power generation contract

On October 12, 2022, Cuba's Executive Council of Ministers approved the twenty-year extension of Energas' power generation contract with the Cuban government to March 2043, which was set to expire in March 2023. As a result, the Corporation expects a change in estimate during the three months ended December 31, 2022 related to the extension of the estimated useful lives of property, plant and equipment and intangible assets in the Power reportable segment.

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