sherritt

Q3

2019 THIRD QUARTER REPORT

Sherritt International Corporation

For the three and nine months ended September 30, 2019

For immediate release

Sherritt Reports Financial Results for Q3 2019

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Toronto – October 30, 2019 – 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-month periods ended September 30, 2019. All amounts are in Canadian currency unless otherwise noted.

CEO COMMENTARY

"Strengthening nickel and cobalt prices in Q3 provided a welcomed counterbalance to the impact of increased U.S. sanctions against Cuba, and contributed to a number of positive developments in the quarter," said David Pathe, President and CEO of Sherritt International. "In particular, another strong operational quarter at the Moa Joint Venture helped support the receipt of $11.6 million in dividend distributions and our continued efforts to preserve liquidity in the quarter delivered a 6% year to date decline in administrative expenses from 2018 and the securing of temporary relief from the minimum cash balance covenant from our credit facility syndicate."

SUMMARY OF KEY Q3 DEVELOPMENTS

- Sherritt's share of finished nickel and cobalt production at the Moa Venture (Moa JV) in Q3 2019 were 4,139 tonnes and 436 tonnes.
- Excluding $77.3 million of cash and cash equivalents held by Energas, Sherritt ended Q3 2019 with cash and cash equivalents of $92.0 million. Sherritt's consolidated cash position of $169.3 million at the end of Q3 was down from $176.8 million at the end of Q2 2019. The change in Sherritt's liquidity was due to a combination of factors, including interest paid on outstanding debentures and the lower receipt of Cuban energy payments.
- Excluding the impact of stock-based compensation and depreciation, administrative expenses declined by 6% to $28.6 million on a year-to-date basis from $30.3 million for the nine-month period of 2018.
- Received $11.6 million in dividend distributions from the Moa JV, indicative of strengthening nickel and cobalt prices in the quarter.
- Terms of Sherritt's syndicated revolving-term credit facility were amended to lower the minimum cash balance requirement to $60 million, less undrawn credit, through the end of 2019. The minimum cash balance requirement will increase to $70 million, less undrawn credit, on December 31, 2019 and remain in effect to the credit facility's maturity on April 30, 2020.
- Received US$18.8 million in Cuban energy payments during the quarter, including US$9.8 million received in accordance with the overdue receivable agreement ratified in June and US$7.5 million accepted in Cuba to support local Cuban costs relating to Sherritt's Oil and Gas operations.
- Q3 2019 Adjusted EBITDA(1) was $21.1 million, the highest quarterly total since Q3 2018 when $37.7 million was generated. The year-over-year decline was driven by the 61% decrease in realized cobalt prices.
- Consistent with its strategy to focus oil and gas operations in Cuba, Sherritt sold its working interest in a natural gas field in Pakistan.

DEVELOPMENTS SUBSEQUENT TO THE QUARTER END

- Drilling on Block 10 resumed on October 19 following the import of drilling mud tanks due to the lack of availability in Cuba. Sherritt anticipates drilling to a total depth of approximately 5,700 meters. The well will then be completed and tested. As of October 29, drilling to a depth of 5,525 meters had been completed.

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

Q3 2019 FINANCIAL HIGHLIGHTS(1)

$ millions, except per share amount	For the three months ended 2019 September 30	2018 September 30	Change	For the nine months ended 2019 September 30	2018 September 30	Change
Revenue	**27.8**	29.9	(7%)	**$ 106.2**	$ 115.8	(8%)
Combined revenue(2)	**133.9**	159.2	(16%)	**402.8**	458.1	(12%)
Net earnings (loss) for the period	**(30.0)**	(13.3)	(126%)	**(182.2)**	(11.1)	nm(3)
Adjusted EBITDA(2)	**21.1**	37.7	(44%)	**29.4**	113.8	(74%)
Cash provided (used) by continuing operations	**1.5**	14.1	(89%)	**(18.2)**	(5.2)	(250%)
Combined adjusted operating cash flow(2)	**15.4**	15.7	(2%)	**(2.7)**	39.7	(107%)
Combined free cash flow(2)	**(12.3)**	(2.5)	(392%)	**(52.3)**	(5.8)	(802%)
Average exchange rate (CAD/US$)	**1.320**	1.307	-	**1.329**	1.288	-
Net earnings (loss) from continuing operations per share	**(0.08)**	(0.03)	(167%)	**(0.46)**	(0.03)	nm

(1) The financial results for the Ambatovy JV are only discussed as part of share of earnings in associate based on financial statement amounts. Prior period non-GAAP measures have been revised to exclude the Ambatovy JV performance.
(2) For additional information see the Non-GAAP measures section.
(3) Not meaningful (nm).

$ millions, as at	2019 September 30	2018 December 31	Change
Cash, cash equivalents and short term investments	**$ 169.3**	$ 207.0	(18%)
Loans and borrowings	**709.6**	705.7	1%

Cash, cash equivalents and short-term investments at September 30, 2019 were $169.3 million, down from $176.8 million at June 30, 2019. The decline was due to a number of factors, including $7.6 million in interest payments on outstanding debentures, $5.7 million in cash capital expenditures primarily related to drilling on Block 10, and a negative change in working capital. The decline was partly offset, however, by the receipt of $11.6 million in dividend distributions from the Moa JV and Cuban energy receipts totaling US$18.8 million.

Cuban energy payments relate to US$9.8 million received in accordance with the Energas overdue receivable agreement announced in June 2019, US$7.5 million accepted in Cuba to support local Cuban costs relating to Sherritt's Oil and Gas operations and US$1.5 million received from CUPET for Oil and Gas receivables. Amounts received from CUPET in Q3 were lower than Q2 2019 due to advance payments received in the second quarter. No regular liquidity payments outside of the overdue receivable agreement were received by Sherritt during Q3 2019. Total overdue scheduled receivables at September 30, 2019 were US$154.8 million, down from US$157.2 million at June 30, 2019.

The receipt of energy payments and the collection against overdue receivables were negatively affected in Q3 by increasing U.S. sanctions against Cuba that reduced its access to foreign currency and economic stability. These sanctions included limits placed on U.S. travel to Cuba, a ban on U.S. cruise ships entering Cuba, bans on specific types of banking transactions, and limits on the sending of family remittances from the U.S. to Cuba to US$1,000 per quarter. Energy payments received in Q3 2019 were consistent with the terms of the overdue receivables agreement that Sherritt ratified with its Cuban partners in June 2019 for the repayment of US$150.0 million owed to Sherritt. Under the terms of the Agreement, Sherritt is to receive payments averaging US$2.5 million per month effective May 2019. The monthly payments are made by way of a currency exchange involving the Moa JV and Energas with foreign currency that would be used by the Moa JV to pay for specified costs in Cuba instead being provided to Sherritt in exchange for local currency held by Energas. In Q3 2019, Sherritt received US$9.8 million in overdue payments under the agreement (this amount is included in the total payments from Energas already cited). No Energas receivable payments were received in Canada outside of the overdue receivable agreement. As at September 30, 2019, $77.3 million of Sherritt's cash and cash equivalents was held by Energas in Cuba, up from $75.7 million at the end of Q2 2019.

The Agreement recognizes and acknowledges 100% of the amounts owed to Sherritt. In addition, the Agreement provides that Sherritt will receive 100% of available distributions from the Moa JV once each partner has received a minimum amount of distributions. The minimum dividend threshold for 2019 is US$68 million (100% basis). The minimum dividend threshold for 2020 is currently under discussion and is expected to be finalized in Q4 2019.

Adjusted net earnings (loss)[1]

For the three months ended September 30	2019 $ millions	$/share	2018 $ millions	$/share
Net earnings (loss) from continuing operations	**(30.0)**	**(0.08)**	(13.3)	(0.03)
Adjusting items:				
Unrealized foreign exchange (gain) loss	**(7.7)**	**(0.02)**	6.1	0.02
Revaluation of expected credit losses under IFRS 9	**2.4**	**0.01**	-	-
Other	**3.3**	**0.01**	(3.0)	(0.02)
Adjusted net loss from continuing operations	**(32.0)**	**(0.08)**	(10.2)	(0.03)

For the nine months ended September 30	2019 $ millions	$/share	2018 $ millions	$/share
Net earnings (loss) from continuing operations	**(182.2)**	**(0.46)**	(11.1)	(0.03)
Adjusting items:				
Unrealized foreign exchange (gain) loss	**6.1**	**0.03**	(12.6)	(0.03)
Revaluation of expected credit losses under IFRS 9	**57.0**	**0.14**	-	-
Other	**(9.1)**	**(0.03)**	(10.0)	(0.03)
Adjusted net loss from continuing operations	**(128.2)**	**(0.32)**	(33.7)	(0.09)

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

Net loss from continuing operations for Q3 2019 was $30.0 million, or $0.08 per share, compared to a net loss of $13.3 million, or $0.03 per share, for the same period last year.

The Q3 2019 net loss includes a $2.4 million non-cash loss on revaluation of the estimated credit loss (“ECL”) allowance under IFRS 9 recognized on Sherritt’s receivable from the Ambatovy JV. Sherritt reviews and updates its assumptions related to the timing and amount of expected receipts and conversions of the receivables to equity each quarter. Based on a review of Ambatovy operations in Q3 2019, the change in expected equity conversions resulted in an increase in the ECL allowance. In Q2 2019, Sherritt recognized a $53.6 million increase in the ECL allowance.

Adjusted net loss from continuing operations was $32.0 million, or $0.08 per share, for the three months ended September 30, 2019 compared to an adjusted net loss from continuing operations of $10.2 million, or $0.03 per share, for Q3 2018. Significant adjustments to earnings or losses in each of the reporting periods include unrealized foreign exchange gains and, for 2019, adjustments for the ECL allowance discussed above.

METALS MARKET

Nickel

Nickel prices on the London Metals Exchange (LME) strengthened dramatically in Q3 2019, closing up 42% to US$7.97/lb on September 30 from US$5.60/lb at the start of the quarter. Higher prices were initially driven by speculation that Indonesia would implement a nickel ore export ban on January 1, 2020, two years in advance of when the ban was slated to take effect. Higher prices were also triggered by continued strong demand from China's stainless steel sector as well as by concerns of a possible shutdown of Ramu, one of the world's largest nickel mines located in Papua New Guinea, following a slurry seepage.

Nickel prices reached a high of US$8.45/lb on September 2, immediately following confirmation by Indonesian officials that the ore export ban will indeed take effect at the start of the new year. Since the start of Q4, nickel prices have declined, mirroring the softness in demand in the physical market and speculation about what is driving changes to inventory levels. Combined, these developments suggest increased nickel price volatility in the short term.

Combined nickel inventories on the London Metals Exchange (LME) and the Shanghai Futures Exchange (SHFE) at the end of Q3 2019 totaled 179,487 tonnes, down 1% from the combined total of 181,063 tonnes at the end of Q2 2019.

Total inventory levels have decreased significantly since the start of the Q4 2019, declining by approximately 49%. Although the decrease is being attributed to inventory stockpiling by stainless steel producers in advance of the Indonesian ore export ban taking effect. There is growing speculation that the recent de-stocking has been overdone and may be reversed in the near term As of October 30, combined nickel inventories on the LME and SHFE were approximately 92,000 tonnes, the lowest level since 2012.

Demand for nickel continues to be driven by the stainless steel sector. According to market research by CRU, stainless steel demand is expected to grow at an average annual rate of approximately 4% through 2022 with production emanating largely from China and Indonesia. Demand for nickel – particularly Class 1 nickel – from non-stainless steel sectors is also expected to accelerate given the growth of the electric vehicle battery market. Class 1 nickel, along with cobalt, are key metals needed to manufacture electric vehicle batteries.

Beyond 2019, a shortage of Class 1 nickel is anticipated over the coming years since current market prices are below incentive levels needed to develop new nickel projects. As a result, no new Class 1 nickel supply is expected to come on stream in the near term.

Cobalt

Cobalt prices increased by more than 30% in Q3, ending a year-long downward trend. Standard grade cobalt prices closed at US$17.85/lb, up from $13.50/lb at the start of the quarter according to data collected by Fastmarkets MB. Higher prices in Q3 were driven by news that Mutanda, one of the largest cobalt mines in the Democratic Republic of Congo, will be placed on care and maintenance effective with start of the new year.

While cobalt prices in Q3 2019 showed signs of improvement, they were considerably off of highs reached in 2018. The average reference price for standard grade cobalt in Q3 2019 was US$15.20/lb, down 57% from US$35.21/lb in Q3 2018 according to data collected by Fastmarkets MB. The year-over-year decline was driven by a combination of factors that has resulted in increased available supply and decreased demand. These factors have included increased supply of intermediate product from the Democratic Republic of Congo, increased available supply of processed cobalt from China, continued de-stocking of inventory by Chinese consumers and the deferral of purchases by consumers waiting for prices to reach floor levels.

The rise of cobalt prices experienced in Q3 2019 has been sustained into Q4, suggesting that factors that previously put downward price pressure may be abating. Given growing demand from the electric vehicle battery market, the near-term outlook for cobalt prices remains stable.

REVIEW OF OPERATIONS

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

	For the three months ended			For the nine months ended		
	2019	2018		**2019**	2018	
$ millions, except as otherwise noted	**September 30**	September 30	Change	**September 30**	September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 112.2**	$ 136.3	(18%)	**$ 337.6**	$ 378.1	(11%)
Earnings from operations	**12.2**	25.1	(51%)	**2.3**	73.5	(97%)
Adjusted EBITDA(1)	**25.5**	39.5	(35%)	**43.9**	111.0	(60%)
CASH FLOW						
Cash provided by operations	**$ 4.4**	$ 12.3	(64%)	**$ 8.0**	$ 40.5	(80%)
Adjusted operating cash flow(1)	**24.7**	29.2	(15%)	**42.3**	92.9	(54%)
Free cash flow(1)	**(0.5)**	3.8	(113%)	**(11.0)**	18.5	(159%)
Distributions and repayments to Sherritt from the Moa JV	**11.6**	16.0	(28%)	**28.4**	41.0	(31%)
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**4,165**	4,861	(14%)	**12,807**	12,969	(1%)
Finished Nickel	**4,139**	4,457	(7%)	**12,505**	11,060	13%
Finished Cobalt	**436**	465	(6%)	**1,277**	1,189	7%
Fertilizer	**66,296**	57,235	16%	**192,923**	162,416	19%
NICKEL RECOVERY (%)	**85%**	89%	(4%)	**85%**	83%	2%
SALES VOLUMES (tonnes)						
Finished Nickel	**4,145**	4,404	(6%)	**12,609**	10,982	15%
Finished Cobalt	**440**	467	(6%)	**1,329**	1,180	13%
Fertilizer	**25,186**	27,567	(9%)	**118,695**	116,774	2%
AVERAGE-REFERENCE PRICES (US$ per pound)						
Nickel	**$ 7.08**	$ 6.01	18%	**$ 6.09**	$ 6.20	(2%)
Cobalt(2)	**15.20**	35.21	(57%)	**16.46**	39.05	(58%)
AVERAGE REALIZED PRICE(1)						
Nickel ($ per pound)	**$ 9.11**	$ 7.96	14%	**$ 8.04**	$ 8.10	(1%)
Cobalt ($ per pound)	**17.54**	44.75	(61%)	**17.18**	48.82	(65%)
Fertilizer ($ per tonne)	**345**	333	4%	**444**	390	14%
UNIT OPERATING COSTS(1) (US$ per pound)						
Nickel - net direct cash cost	**$ 4.37**	$ 2.16	102%	**$ 4.25**	$ 1.96	117%
SPENDING ON CAPITAL(3)						
Sustaining	**$ 4.9**	$ 8.9	(45%)	**$ 26.7**	$ 26.5	1%
	$ 4.9	$ 8.9	(45%)	**$ 26.7**	$ 26.5	1%

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

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

(3) Spending on capital for the nine months ended September 30, 2019 excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

The Moa JV produced 4,139 tonnes of finished nickel in Q3 2019, down 7% from 4,457 tonnes produced in Q3 2018. The Moa JV produced above normal production totals in Q3 2018 due to the increased availability of mixed sulphides at the refinery in Fort Saskatchewan, Alberta. Earlier in 2018, mixed sulphides supply had been negatively impacted by the disruption of rail transportation services in Canada, and considerable efforts were made to process the subsequent backlog of refinery feed in Q3 2018. On a year-to-date basis, the Moa JV has produced 12,505 tonnes of finished nickel and 1,277 tonnes of finished cobalt, up 13% and 7%, respectively, from the same nine-month period of 2018. Higher production for 2019 is due to the benefits of a number of operational excellence initiatives aimed at improving mining equipment reliability and ore access.

Production in Q3 2019 was affected by an unscheduled maintenance shutdown at the refinery that resulted in approximately 320 tonnes of lost finished nickel production. Efforts are underway to recover the production shortfall, and the Moa JV expects to achieve its production guidance for 2019. Finished cobalt production for Q3 2019 was 436 tonnes, down 6% from Q3 2018. The nickel to cobalt ratio in mixed sulphides produced at Moa in Q3 2019 is consistent with historical norms.

Mixed sulphide production at Moa in Q3 2019 was negatively impacted by reduced diesel fuel supply availability caused by economic and trade sanctions imposed on Venezuela, Cuba's largest oil supplier. In response to reduced fuel availability in Cuba, the Moa JV implemented diesel conservation measures at its Moa operations in August and September. While finished nickel and cobalt production at the Moa JV's refinery in Fort Saskatchewan in the third quarter were not impacted, diesel conservation efforts limited the use of mining equipment, resulting in a higher draw down of lower grade ore stockpiles and reduced mixed sulphides production at Moa. Ongoing diesel requirements were secured by quarter-end and mixed sulphides production has returned to normal levels. Moa remains on track to achieve its full-year mixed sulphides production target due to higher rates achieved in the first half of the year as a result of previous initiatives aimed at improving operational excellence, ore access and mining equipment availability.

Q3 2019 revenue of $112.2 million was down 18% when compared to last year due to a number of factors, including a 6% decrease in nickel sales volume, and a decline in cobalt realized prices, though partially offset by the 14% increase in realized nickel prices and a weaker Canadian dollar relative to the U.S. dollar.

Mining, processing and refining (MPR) costs for Q3 2019 were US$5.22/lb, down 1% from US$5.25/lb for Q3 2018. The decrease was attributable to a combination of factors, including lower sulphur and energy prices, the impact of austerity measures, and the benefits of operational excellence initiatives implemented previously that were aimed at lowering costs and improving efficiencies. The decrease in MPR costs was partly offset by the impact of lower production on fixed costs.

NDCC in Q3 2019 was US$4.37/lb, up from US$2.16/lb for the same period last year. The increase was due to lower by-product revenue stemming from the 61% decline in realized cobalt prices. The Moa JV remains on track to achieve its unit cost guidance for 2019 based on performance year-to-date.

Sherritt received $11.6 million in dividend distributions from the Moa JV in Q3 2019 compared to $5.2 million in Q3 2018. On a year-to-date basis, Sherritt has received $28.4 million (US$21.3 million) of dividend distributions from the Moa JV.

Sustaining capital spending in Q3 2019 was $4.9 million, down 45% from $8.9 million in Q3 2018 when Moa JV completed its acquisition of a significant tranche of new mining equipment. The year-over-year decrease was due to austerity measures implemented in Q2 2019 in response to expected commodity price volatility and unfavourable geopolitical developments over the near term. The Moa JV is currently on track to meet its US$30 million of planned capital spend guidance.

Oil and Gas

	For the three months ended			For the nine months ended		
	2019	2018		**2019**	2018	
$ millions, except as otherwise noted	**September 30**	September 30	Change	**September 30**	September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 6.9**	$ 8.7	(21%)	**$ 23.4**	$ 36.4	(36%)
Earnings (loss) from operations	**(6.5)**	(5.2)	(25%)	**(17.6)**	(6.6)	(167%)
Adjusted EBITDA(1)	**(3.8)**	(2.7)	(41%)	**(9.2)**	1.3	(808%)
CASH FLOW						
Cash provided (used) by operations	**(9.2)**	0.8	nm	**4.3**	18.6	(77%)
Adjusted operating cash flow(1)	**(4.8)**	(3.5)	(37%)	**(11.6)**	(14.5)	20%
Free cash flow(1)	**(13.7)**	(7.3)	(88%)	**(17.4)**	0.6	nm
PRODUCTION AND SALES (bopd)						
Gross working-interest (GWI) - Cuba	**4,060**	4,668	(13%)	**4,306**	4,973	(13%)
Total net working-interest (NWI)	**1,199**	1,536	(22%)	**1,496**	2,414	(38%)
AVERAGE REFERENCE PRICE (US$ per barrel)						
West Texas Intermediate (WTI)	**$ 56.35**	$ 69.56	(19%)	**$ 57.01**	$ 66.90	(15%)
U.S. Gulf Coast High Sulphur Fuel Oil (USGC HSFO)	**51.49**	65.72	(22%)	**57.90**	61.16	(5%)
Brent	**62.10**	74.95	(17%)	**64.84**	72.18	(10%)
AVERAGE-REALIZED PRICE(1) (NWI)						
Cuba ($ per barrel)	**$ 50.38**	$ 63.55	(21%)	**$ 57.22**	$ 55.25	4%
UNIT OPERATING COSTS(1) (GWI)						
Cuba ($ per barrel)	**$ 21.40**	$ 18.84	14%	**$ 20.83**	$ 18.72	11%
SPENDING ON CAPITAL(2)						
Development, facilities and other	**$ (0.2)**	$ 1.4	(114%)	**$ 0.8**	$ 1.4	(43%)
Exploration	**5.1**	7.1	(28%)	**21.1**	16.6	27%
	$ 4.9	$ 8.5	(42%)	**$ 21.9**	$ 18.0	22%

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

(2) Spending on capital for the nine months ended September 30, 2019 excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

Gross working-interest oil production in Cuba in Q3 2019 was 4,060 barrels of oil per day (“bopd”), down 13% from 4,668 bopd for Q3 2018. Lower production in 2019 was primarily due to natural reservoir declines and the absence of new development drilling.

Revenue in Q3 2019 was $6.9 million, down 21% when compared to last year. The decline in gross working-interest production resulted in a corresponding decline in total net working-interest production. The decline was partially offset, however, by a weaker Canadian dollar relative to the U.S. currency.

Unit operating costs in Cuba in Q3 2019 were $21.40 per barrel, up 14% from Q3 2018. The increase was driven largely by reduced production. Costs were also negatively impacted by a stronger U.S. dollar relative to the Canadian currency as expenses in Cuba are generally denominated in U.S. currency.

Capital spending in Q3 2019 was $4.9 million, down 42% from Q3 2018. Exploration capital spending in both the current and prior year periods are primarily related to drilling on Block 10.

Subsequent to quarter end, drilling on Block 10 resumed on October 19 following the import of rented drilling mud tanks due to the lack of availability in Cuba. Sherritt anticipates drilling to a total depth of approximately 5,700 meters. The well will then be completed and tested. As of October 29, drilling to a depth of 5,525 meters had been completed.

The rental of new drilling equipment is not expected to increase planned capital spending previously disclosed for the Oil and Gas business. Sherritt continues to explore partnerships for further investment in Block 10 following completion of the current well.

In Q3 2019, Sherritt sold its working interest in a natural gas field in Pakistan for a price that did not differ materially from the carrying amount of the assets sold. The sale was consistent with Sherritt’s strategy to focus its Oil and Gas business on Cuban operations. While the sale reduced net working-interest, it did not have a significant impact on revenue or gross margin.

Based on year-to-date performance, the Oil and Gas business remains on track to achieve its 2019 guidance for production, unit costs and planned capital spend.

Power

$ millions (33 ⅓% basis), except as otherwise noted	For the three months ended 2019 September 30	2018 September 30	Change	For the nine months ended 2019 September 30	2018 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 12.1**	$ 11.7	3%	**$ 33.9**	$ 36.0	(6%)
Earnings (loss) from operations	**1.8**	(0.2)	1,000%	**3.5**	3.1	13%
Adjusted EBITDA(1)	**8.6**	6.1	41%	**22.9**	21.5	7%
CASH FLOW						
Cash provided by operations	**15.9**	10.0	59%	**31.1**	29.3	6%
Adjusted operating cash flow(1)	**11.2**	5.7	96%	**24.5**	20.5	20%
Free cash flow(1)	**15.7**	9.8	60%	**30.3**	28.8	5%
PRODUCTION AND SALES						
Electricity (GWh)	**197**	191	3%	**550**	597	(8%)
AVERAGE-REALIZED PRICE(1)						
Electricity ($/MWh)	**$ 55.50**	$ 54.57	2%	**$ 55.80**	$ 53.99	3%
UNIT OPERATING COSTS(1) ($/MWh)						
Base	**13.84**	17.38	(20%)	**16.51**	15.79	5%
Non-base(2)	**0.58**	7.22	(92%)	**0.38**	4.25	(91%)
	14.42	24.60	(41%)	**16.89**	20.04	(16%)
NET CAPACITY FACTOR (%)	**63**	60	5%	**58**	62	(6%)
SPENDING ON CAPITAL(3)						
Sustaining	**$ 0.2**	$ 0.2	-	**$ 0.8**	$ 0.5	60%
	$ 0.2	$ 0.2	-	**$ 0.8**	$ 0.5	60%

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

(2) Costs incurred at the Boca de Jaruco and Puerto Escondido facilities that otherwise would have been capitalized if these facilities were not accounted or as service concession arrangements.

(3) Spending on capital for the nine months ended September 30, 2019 excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

Power production in Q3 2019 was 197 gigawatt hours ("GWh") of electricity, up 3% from 191 GWh for the comparable period of 2018 primarily due to increased gas supply in the current quarter.

Average-realized prices in Q3 2019 were $55.50, up 2% from $54.57 last year. The increase was due to the depreciation of the Canadian dollar relative the U.S. currency.

Revenue in Q3 2019 totaled $12.1 million, up 3% from $11.7 million for last year. The increase was due to higher power production and realized prices.

Unit operating costs in Q3 2019 were $14.42, down 41% from $24.60 for last year. The decrease was primarily due to Sherritt's decision to limit operational spending to levels required to maintain certain plant operations as the Company continues to work with its Cuban partners to collect on Cuban energy receivables. The lower unit operating cost was also impacted by higher volume partly offset by a weaker Canadian dollar in Q3 2019 as Power business costs are generally denominated in U.S. currency.

Total capital spending in Q3 2019 was negligible.

Based on performance through September 30, the Power business remains on track to achieve its 2019 guidance for production, unit costs and planned capital spend.

INVESTMENT IN AMBATOVY JOINT VENTURE (12% interest)

	For the three months ended			For the nine months ended		
	2019	2018		**2019**	2018	
$ millions, except as otherwise noted	**September 30**	September 30	Change	**September 30**	September 30	Change
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**1,320**	1,070	23%	**3,450**	3,015	14%
Finished Nickel	**1,087**	914	19%	**3,030**	2,729	11%
Finished Cobalt	**90**	88	2%	**259**	236	10%
Fertilizer	**2,550**	2,383	7%	**8,625**	8,134	6%
UNIT OPERATING COSTS(1)						
Mining, processing and refining costs	**4.85**	7.28	(33%)	**5.94**	7.15	(17%)
Cobalt by-product credits	**(0.84)**	(3.37)	75%	**(1.04)**	(3.33)	69%
Other(2)	**0.64**	-	-	**0.42**	0.25	68%
NDCC (US$ per pound of nickel)	**$ 4.65**	$ 3.91	19%	**$ 5.32**	$ 4.07	31%
SPENDING ON CAPITAL(3) ($ millions)						
Sustaining	**3.1**	4.6	(33%)	**7.6**	10.2	(25%)
	3.1	4.6	(33%)	**7.6**	10.2	(25%)

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

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

(3) Spending on capital for the six months ended June 30, 2019 excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

Sherritt's share of finished production at Ambatovy in Q3 2019 was 1,087 tonnes of finished nickel, and 90 tonnes of finished cobalt up 19% and 2%, respectively compared to last year. Production in Q3 2019 was primarily impacted by an unplanned shutdown of the air separation unit plant and maintenance on a nickel furnace, which restricted production capacity and other equipment reliability issues.

NDCC in Q3 2019 was US$4.65/lb, up 19% from Q3 2018. The increase was attributable to lower cobalt by-product credits stemming from the decline in realized cobalt prices from Q3 2018.

Capital spend at Ambatovy based on Sherritt's ownership interest was $3.1 million in Q3 2019. Capital spending continues to focus on improving the reliability of the acid plants, replacement of mobile equipment at the plant site, fixing corroded equipment and restoring general plant and equipment.

Sherritt announced on March 6, 2019 that it would not fund a cash call request by the Ambatovy JV. As a result of this decision, Sherritt became a defaulting shareholder, losing its voting rights at the Ambatovy JV board level and incurring a further reduction in influence and authority at the local level. Given these developments, Sherritt no longer considers the Ambatovy JV as an operating segment for reporting purposes, and no longer presents Ambatovy's financial results as part of Sherritt's combined financial results, including combined revenue, Adjusted EBITDA and combined cash flow. The accounting treatment for the Ambatovy JV for financial statement purposes has not changed, but as a result of the Company's decision to not fund any further cash calls, Sherritt's Ambatovy partner loans totaling $143 million has been re-classified as a short-term liability.

As at September 30, 2019 Sherritt had received cash calls totaling US$20.1 million based on its ownership share that have not been funded. To date, Sherritt has received exemptions from its Ambatovy JV partners, indicating that they will not accelerate re-payment of Sherritt's partner loan. The loan, and any acceleration prior to 2023, is only recourse to Sherritt's 12% interest in the Ambatovy JV.

In Q3, the Ambatovy JV and its senior lenders agreed to a three-year principal repayment deferral and an extension of the maturity of the Ambatovy senior debt financing to June 2027. Ambatovy's next principal payment is due in June 2022. In conjunction with this extension, Sumitomo and KORES have committed up to US$335 million of funding to Ambatovy during the deferral period.

Based on year-to-date performance, the Ambatovy JV has updated its production guidance for 2019.

2019 REVIEW OF STRATEGIC PRIORITIES

The table below lists Sherritt's Strategic Priorities for 2019, and summarizes how the Corporation has performed against those priorities on a year to date basis.

Strategic Priorities	2019 Actions	Status
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH	Continue to emphasize de-leveraging of the balance sheet within the context of a low commodity price environment.	Sherritt's net debt at the end of Q3 2019 was $570 million, down from almost $2 billion at the end of 2016. The Company continues to focus on preserving its liquidity through austerity measures implemented previously. Excluding the impact of stock-based compensation and depreciation, Sherritt reduced its administrative expenses by 6% on a year-to-date basis from 2018.
	Optimize working capital and receivables collection	In Q2 2019, Sherritt's Cuban partners ratified an agreement on US$150 million of Energas receivables comprising of regular monthly payments of US$2.5 million (average) and a 100% share of Moa JV dividends once a minimum threshold amount is exceeded (US$68 million for 2019). In Q3 2019, Sherritt received US$18.8 million of Cuban energy payments. While overdue Oil & Gas receivables increased in Q3, total overdue receivables at quarter end declined to US$154.8 million from US$157.2 million at the end of Q2 2019.
	Operate the Metals business to maintain a leadership position as a low-cost producer of finished nickel and cobalt while maximizing Free Cash Flow	The Moa JV and Fort Site have generated $42.3 million of adjusted operating cash flow year-to-date in 2019, despite the 65% decline in realized cobalt prices from last year.
UPHOLD GLOBAL OPERATIONAL LEADERSHIP IN FINISHED NICKEL LATERITE PRODUCTION	Further reduce NDCC towards the goal of being consistently in the lowest cost quartile.	NDCC at the Moa JV was US$4.37/lb in Q3 2019. In response to a 61% year-over-year decline in cobalt prices, the Moa JV took measures to lower mining, processing and refining costs per pound of finished nickel sold by 1% in Q3 2019.
	Maximize production of finished nickel and cobalt and improve predictability over 2018 results	The Moa JV has produced 27,564 tonnes of finished nickel and cobalt year-to-date in 2019 (100% basis) and is on track to achieve guidance for the year. Higher production has been driven by initiatives aimed at improving operational effectiveness, ore access and mining equipment reliability.
	Achieve peer leading performance in environmental, health, safety and sustainability	Sherritt's operations at Moa, Fort Site, Oil & Gas and Power had zero work-related fatalities. There were zero lost time incidents at Oil & Gas and Power and one at Moa JV/Fort Site. In Q3 2019, Moa/Fort Site had a recordable injury frequency rate of 0.39 and a lost time injury frequency rate of 0.18, the Oil and Gas business had a recordable injury frequency rate of 0.71 and a lost time injury rate of 0.00, and the Power business had a recordable injury frequency rate of 1.23 and a lost time injury frequency rate of 0.00. Overall Sherritt had a recordable injury frequency rate of 0.49 and a lost time injury frequency rate of 0.14. Sherritt remains in the lowest quartile of its benchmark peer set of data.
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS	Successfully execute Block 10 drilling program	Sherritt completed approximately 5,525 meters of drilling through October 29, 2019. The Company anticipates drilling to a total depth of 5,700 meters at which point the well will be completed and tested.
	Review opportunities to leverage Oil and Gas experience and relationships	The Production Sharing Contract at Puerto Escondido/ Yumuri was extended in 2018 for three years to 2021.

OUTLOOK

2019 Production, unit operating cost and capital spending guidance

The guidance for 2019 reflects Sherritt's targets for production, unit costs and capital spending updated from those announced on January 28, 2019.

Production volumes, unit operating costs and spending on capital	Guidance for 2019	Year-to-date actual at September 30, 2019	Updated Guidance for 2019
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	31,000 - 33,000	25,010	No change
Cobalt, finished	3,300 - 3,600	2,554	No change
Ambatovy Joint Venture (tonnes, 100% basis)			
Nickel, finished	40,000 - 45,000	25,250	34,000-36,000
Cobalt, finished	3,500 - 4,000	2,158	2,800-3,000
Oil – Cuba (gross working-interest, bopd)	3,800 - 4,100	4,306	No change
Oil and Gas – All operations (net working-interest, boepd)	1,600 - 1,800(1)	1,496	No change
Electricity (GWh, 33⅓% basis)	650 - 700	550	No change
Unit operating costs			
NDCC (US$ per pound)			
Moa Joint Venture	\$4.00 - \$4.50(1)	\$4.25	No change
Ambatovy Joint Venture	\$4.80 - \$5.30(1)	\$5.32	No change
Oil and Gas - Cuba (unit operating costs, \$ per barrel)	\$23.00 - \$24.50(1)	\$20.83	No change
Electricity (unit operating cost, \$ per MWh)	\$20.00 - \$23.75(1)	\$16.89	No change
Spending on capital(2)			
Moa Joint Venture (50% basis), Fort Site (100% basis)(3)	US\$30 (CDN\$39)(1)	US\$20 (CDN\$27)	No change
Ambatovy Joint Venture (12% basis)	US\$10 (CDN\$14)	US\$6 (CDN\$8)	No change
Oil and Gas	US\$21 (CDN\$28)	US\$17 (CDN\$22)	No change
Power (33⅓% basis)	US\$1 (CDN\$1)	US\$1 (CDN\$1)	No change
Spending on capital (excluding Corporate)	US\$62 (CDN\$82)	US\$44 (CDN\$58)	No change

(1) Guidance updated June 30, 2019.

(2) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

(3) Spending is 50% of US$ expenditures for the Moa JV and 100% expenditures for Fort Site fertilizer and utilities.

NON-GAAP MEASURES

The Corporation uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, adjusted operating cash flow and free cash flow to monitor the performance of the Corporation and its operating divisions. Management 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 do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies. See Sherritt's Management's Discussion and Analysis for the nine months ended September 30, 2019 for further information and reconciliation of non-GAAP measures to the most directly comparable IFRS measure.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast October 31st, 2019 at 10:00 a.m. Eastern Time to review its Q3 2019 results. Dial-in and webcast details are as follows:

North American callers, please dial:	1-866-521-4909
International callers, please dial:	647-427-2311
Live webcast:	www.sherritt.com

Please dial-in 15 minutes before the start of the call to secure a line. The conference call discussion will include a presentation that will be available from Sherritt's website.

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

COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's complete condensed consolidated financial statements and MD&A for the three and nine months ended September 30, 2019 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.

ABOUT SHERRITT

Sherritt is a world leader in the mining and refining of nickel and cobalt from lateritic ores with projects and operations in Canada, Cuba and Madagascar. The Corporation is the largest independent energy producer in Cuba, with extensive oil and power operations across the island. Sherritt licenses its proprietary technologies and provides metallurgical services to mining and refining operations worldwide. The Corporation'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 set out in the “Outlook” section of this press release and certain expectations regarding production volumes, operating costs and capital spending; supply, demand and pricing outlook in the nickel and cobalt markets; demand in the stainless steel and electric vehicle battery markets; anticipated payments of outstanding receivables; future distributions from the Moa Joint Venture; funding of future Ambatovy cash calls; future debt to equity conversions at the Ambatovy Joint Venture; drill plans and results on exploration wells; the impact of Title III of the Helms-Burton Act on operations; 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; development and exploration wells and enhanced oil recovery in Cuba; environmental rehabilitation provisions; availability of regulatory and creditor approvals and waivers; compliance with applicable environmental laws and regulations; debt repayments; collection of accounts receivable; and certain corporate objectives, goals and plans. By their nature, forward looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that those assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this press release not to place undue reliance on any forward looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward looking statements. These risks, uncertainties and other factors include, but are not limited to, changes in the global price for nickel, cobalt, oil and gas, fertilizers or certain other commodities; security market fluctuations and price volatility; level of liquidity; access to capital; access to financing; risks related to the liquidity and funding of the Ambatovy Joint Venture; the risk to Sherritt’s entitlements to future distributions from the Moa and Ambatovy joint ventures; risk of future non-compliance with debt restrictions and covenants and mandatory repayments; uncertainty of exploration results and Sherritt’s ability to replace depleted mineral and oil and gas reserves; risks associated with the Corporation’s joint venture partners; variability in production at Sherritt’s operations in Cuba and Madagascar; risks related to Sherritt’s operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; potential interruptions in transportation; uncertainty of gas supply for electrical generation; the Corporation’s reliance on key personnel and skilled workers; the possibility of equipment and other failures; risks associated with mining, processing and refining activities; 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 related to Sherritt’s operations in Madagascar; risks associated with Sherritt’s operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations and maintaining the Corporation’s social license to grow and operate; credit risks; 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; identification and management of growth opportunities; 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 2019; and the Corporation’s ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this press release and in the Corporation’s other documents filed with the Canadian securities authorities, including without limitation the Annual Information Form of the Corporation dated February 13, 2019 for the period ending December 31, 2018, 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.

For further investor information contact:
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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2019

This Management's Discussion and Analysis (MD&A) is intended to help the reader understand Sherritt International Corporation's operations, financial performance and the present and future business environment. This MD&A, which has been prepared as of October 30, 2019, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three and nine months ended September 30, 2019 and the MD&A for the year ended December 31, 2018. 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 manages its nickel, oil, gas, power and technologies operations through different legal structures including 100% owned subsidiaries, joint arrangements and an associate. The relationship for accounting purposes that Sherritt has with these operations and the 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
Ambatovy Joint Venture	Associate	12%	Equity method
Oil and Gas	Subsidiary	100%	Consolidation
Power	Joint operation	33⅓%	Share of assets, liabilities revenues and expenses
Technologies	Subsidiary	100%	Consolidation

For financial statement purposes, the Moa Joint Venture and Ambatovy Joint Venture are accounted for using the equity method of accounting which recognizes the Corporation's share of earnings (loss) from the joint venture and associate, respectively. The financial results and review of operations sections in this MD&A presents amounts by reporting segment, based on the Corporation's economic interest.

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 at Fort Site.

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 its Power business.

Corporate and Other: Includes the Corporation's head office activities and the operations of its Technologies business.

Operating and financial results presented in this MD&A for reporting segments can be reconciled to note 5 of the condensed consolidated financial statements for the three and nine months ended September 30, 2019.

INVESTMENT IN AMBATOVY JOINT VENTURE

In March 2019, as a result of management's decision not to fund a cash call by the Ambatovy Joint Venture, Sherritt became a defaulting shareholder. Management is not expecting to resume funding of the Ambatovy Joint Venture, and therefore this condition will likely persist. With the loss of voting rights at the board level, limitation of operational and financial influence, and the continued decision not to provide cash funding to the Ambatovy Joint Venture, the Corporation's chief operating decision makers no longer consider the Ambatovy Joint Venture a reportable segment of the business for accounting purposes. Despite becoming a defaulting shareholder, Sherritt will continue to use the equity method of accounting for the Ambatovy Joint Venture.

As a result of this change, the Ambatovy Joint venture is excluded from combined results, Adjusted EBITDA and combined cash flow metrics. For comparative purposes, the Ambatovy Joint Venture's results have been excluded from comparative periods.

Net direct cash costs (NDCC) which is presented in this MD&A for the Ambatovy Joint Venture can be reconciled to note 8 of the condensed consolidated financial statements for the three and nine months ended September 30, 2019.

NON-GAAP MEASURES

Management uses the following non-GAAP financial performance measures in this MD&A:

- combined results,
- adjusted EBITDA,
- average-realized price,
- unit operating cost/NDCC,
- adjusted earnings/loss,
- adjusted operating cash flow, and
- free cash flow.

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

The non-GAAP measures are reconciled to the most directly comparable IFRS measure in the non-GAAP measures section starting on page 48.

Strategic priorities

The table below summarizes how the Corporation performed against its strategic priorities for 2019.

Strategic Priorities	2019 Actions	Status
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH	Continue to emphasize de-leveraging of the balance sheet within the context of a low commodity price environment.	Sherritt's net debt at the end of Q3 2019 was $570 million, down from almost $2 billion at the end of 2016. The Company continues to focus on preserving its liquidity through austerity measures implemented previously. Excluding the impact of stock-based compensation and depreciation, Sherritt reduced its administrative expenses by 6% on a year-to-date basis from 2018.
	Optimize working capital and receivables collection	In Q2 2019, Sherritt's Cuban partners ratified an agreement on US$150 million of Energas receivables comprising of regular monthly payments of US$2.5 million (average) and a 100% share of Moa JV dividends once a minimum threshold amount is exceeded (US$68 million for 2019). In Q3 2019, Sherritt received US$18.8 million of Cuban energy payments. While overdue Oil & Gas receivables increased in Q3, total overdue receivables at quarter end declined to US$154.8 million from US$157.2 million at the end of Q2 2019.
	Operate the Metals business to maintain a leadership position as a low-cost producer of finished nickel and cobalt while maximizing Free Cash Flow	The Moa JV and Fort Site have generated $42.3 million of adjusted operating cash flow year-to-date in 2019, despite the 65% decline in realized cobalt prices from last year.
UPHOLD GLOBAL OPERATIONAL LEADERSHIP IN FINISHED NICKEL LATERITE PRODUCTION	Further reduce NDCC towards the goal of being consistently in the lowest cost quartile.	NDCC at the Moa JV was US$4.37/lb in Q3 2019. In response to a 61% year-over-year decline in cobalt prices, the Moa JV took measures to lower mining, processing and refining costs per pound of finished nickel sold by 1% in Q3 2019.
	Maximize production of finished nickel and cobalt and improve predictability over 2018 results	The Moa JV has produced 27,564 tonnes of finished nickel and cobalt year-to-date in 2019 (100% basis) and is on track to achieve guidance for the year. Higher production has been driven by initiatives aimed at improving operational effectiveness, ore access and mining equipment reliability.
	Achieve peer leading performance in environmental, health, safety and sustainability	Sherritt's operations at Moa, Fort Site, Oil & Gas and Power had zero work-related fatalities. There were zero lost time incidents at Oil & Gas and Power and one at Moa JV/Fort Site. In Q3 2019, Moa/Fort Site had a recordable injury frequency rate of 0.39 and a lost time injury frequency rate of 0.18, the Oil and Gas business had a recordable injury frequency rate of 0.71 and a lost time injury rate of 0.00, and the Power business had a recordable injury frequency rate of 1.23 and a lost time injury frequency rate of 0.00. Overall Sherritt had a recordable injury frequency rate of 0.49 and a lost time injury frequency rate of 0.14. Sherritt remains in the lowest quartile of its benchmark peer set of data.
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS	Successfully execute Block 10 drilling program	Sherritt completed approximately 5,525 meters of drilling through October 29, 2019. The Company anticipates drilling to a total depth of 5,700 meters at which point the well will be completed and tested.
	Review opportunities to leverage Oil and Gas experience and relationships	The Production Sharing Contract at Puerto Escondido/ Yumuri was extended in 2018 for three years to 2021.

Highlights

MOA JOINT VENTURE OPERATIONS UPDATE

Sherritt's share of finished nickel production at the Moa Joint Venture for Q3 2019 was 4,139 tonnes, down 7% from Q3 2018, while finished cobalt production of 436 tonnes was down 6% compared to the same period last year. The decreases in production were primarily due to an unplanned shutdown at the refinery during the quarter, resulting from a failed heat exchanger. For the nine months ended September 30, 2019, finished nickel and cobalt production increased by 13% and 7%, respectively, when compared to the same period in the prior year reflecting higher mixed sulphide feed availability at the refinery. Refinery production for the same period in the prior year was negatively impacted by the Canadian rail transportation service disruption which was resolved in Q1 2018 as well as unusually heavy rainfall in Cuba in the first half of 2018.

NDCC for Q3 2019 was higher compared to the same period in the prior year primarily as a result of lower cobalt credits due to lower cobalt prices and the impact of lower finished nickel sales volume on fixed costs. For the nine months ended September 30, 2019, NDCC was higher compared to the same period in the prior year primarily due to lower cobalt credits, partly offset by higher finished nickel sales volume.

Strong operational performance in 2019 has contributed to the Moa Joint Venture's ability to increase dividend distribution in the current year periods over the prior year. During the three and nine months ended September 30, 2019, the Moa Joint Venture paid distributions to Sherritt of $11.6 million and $28.4 million, respectively, compared to $5.2 million in the prior year periods.

OIL AND GAS BLOCK 10 UPDATE

Subsequent to quarter end, drilling on Block 10 resumed on October 19 following the import of drilling mud tanks due to a lack of availability in Cuba. Sherritt anticipates drilling to a total depth of approximately 5,700 meters. The well will then be completed and tested. As of October 29, drilling to a depth of 5,525 meters had been completed.

The rental of new drilling equipment is not expected to increase planned capital spending previously disclosed for the Oil and Gas business. Sherritt continues to explore partnerships for further investment in Block 10 following completion of the current well.

WORKING CAPITAL UPDATE

Cash, cash equivalents and short-term investments at September 30, 2019 were $169.3 million, down from $176.8 million at June 30, 2019. As at September 30, 2019, $77.3 million of Sherritt's cash and cash equivalents were held by Energas in Cuba, up from $75.7 million at June 30, 2019. Excluding the cash and cash equivalents held by Energas in Cuba, Sherritt's cash, cash equivalents and short-term investments were $92.0 million and $101.1 million as at September 30, 2019 and June 30, 2019, respectively.

There were a number of factors impacting cash during the quarter, including $7.6 million in interest payments on outstanding debentures, $5.7 million in capital expenditures primarily related to drilling on Block 10 and $1.9 million in negative working capital changes primarily due to the timing of payments and fertilizer customer receipts. These uses of cash were partly offset by the receipt of $11.6 million in dividend distributions from the Moa Joint Venture and the receipt of Cuban energy payments. In Q3 2019, US$18.8 million of Cuban energy payments were received, comprising US$9.8 million received in accordance with the Energas S.A. (Energas) overdue receivables agreement announced in June 2019, US$7.5 million accepted in Cuba from Energas to support local Cuban costs relating to Sherritt's Oil and Gas operations and US$1.5 million from Oil and Gas. Oil and Gas receipts in Q2 2019 included early payments on amounts that were scheduled to be repaid to Sherritt in Q3 2019 resulting in lower Oil and Gas receipts in the current quarter. At September 30, 2019, total overdue scheduled receivables were US$154.8 million, down from US$157.2 million at June 30, 2019.

CUBAN OVERDUE RECEIVABLES AGREEMENT

In 2019, Sherritt's Cuban partners ratified a new overdue receivables agreement (the Agreement) under which Sherritt will receive Cuban energy payments from Energas averaging US$2.5 million per month effective May 2019. During Q3 2019, Sherritt received Cuban energy payments of US$9.8 million under this agreement, which is cited in the working capital update above. No other Energas receivable payments were received in Canada outside of the overdue receivables agreement.

The Agreement recognized and acknowledged 100% of the amounts owed to Sherritt. In addition, the Agreement provides that Sherritt will receive 100% of available distributions from the Moa Joint Venture once each partner has received a minimum amount of distributions. The minimum dividend threshold for 2019 is US$34.0 million per partner. During the nine months ended September 30, 2019, the Moa Joint Venture paid distributions of US$42.5 million, of which US$21.3 million were paid to the Corporation representing its 50% share. The minimum dividend threshold for 2020 is currently under discussion and is expected to be finalized in Q4 2019.

PRESERVING LIQUIDITY AND MANAGING COSTS

In the current quarter, the terms of Sherritt's syndicated revolving-term credit facility were amended to lower the minimum cash balance requirement from $100.0 million, less undrawn credit to $60.0 million, less undrawn credit. The minimum cash balance requirement will increase to $70.0 million, less undrawn credit, on December 31, 2019 and remain in effect through the end of the credit facility's maturity on April 30, 2020. More details can be found in the Liquidity and capital resources section of this MD&A.

Given the challenging commodity price environment and uncertainty on the timing of collections on our Cuban energy receivables, the Corporation implemented a number of austerity measures in 2019, including the elimination of discretionary expenditures and limiting the number of new hires. Excluding the non-cash impacts of stock-based compensation and depreciation, administrative expenses for the nine months ended September 30, 2019 were $28.6 million, a 6% decrease when compared to the same period in the prior year. Total administrative expenses for the nine months ended September 30, 2019 were $32.1 million and include savings of $1.8 million in employee costs when compared to the same period in the prior year. These savings are largely a result of the austerity measures mentioned above coupled with additional cost saving initiatives that were implemented in 2018.

These measures support the Corporation's efforts to preserve liquidity and manage costs.

U.S. GOVERNMENT POLICY TOWARDS CUBA

As previously disclosed in the Corporation's MD&A for the three months ended March 31, 2019, the U.S. State Department, effective May 2, 2019, implemented Title III of the Helms-Burton Act, allowing U.S. citizens to bring lawsuits against foreign companies for using property that was nationalized by the Cuban government beginning in 1959.

At the same time, the U.S. administration continues to increase its sanctions against Cuba and its trading partners. These sanctions continue to adversely affect Cuba's economy, its ability to access U.S. currency to repay overdue receivables and its ability to conduct international trade, including the sourcing of key diesel supplies in Q3 2019 which impacted mixed sulphide production for the Moa Joint Venture as discussed in the Review of operations section of this MD&A.

More details on Title III and its potential risks and uncertainties can be found in the Managing risk section of this MD&A and Sherritt's Annual Information Form dated February 13, 2019. See "Risk Factors- Risks Related to U.S. Government Policy Towards Cuba" for additional information.

PAKISTAN SALE

Sherritt sold its working interest in a natural gas field in Pakistan for cash proceeds of $0.7M, which did not differ materially from the carrying value of the assets sold. The sale was consistent with the Corporation's strategy to focus its Oil and Gas business on Cuban operations.

Financial results(1)

$ millions, except as otherwise noted	For the three months ended 2019 September 30	2018 September 30	Change	For the nine months ended 2019 September 30	2018 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 27.8**	$ 29.9	(7%)	**$ 106.2**	$ 115.8	(8%)
Combined revenue(2)	**133.9**	159.2	(16%)	**402.8**	458.1	(12%)
Loss from operations, joint venture and associate	**(26.0)**	(8.1)	(221%)	**(104.3)**	(16.7)	(525%)
Net loss for the period	**(30.0)**	(13.3)	(126%)	**(182.2)**	(11.1)	nm(4)
Adjusted net loss(2)	**(32.0)**	(10.2)	(214%)	**(128.2)**	(33.7)	(280%)
Adjusted EBITDA(2)	**21.1**	37.7	(44%)	**29.4**	113.8	(74%)
Net loss per share (basic and diluted) ($ per share)	**$ (0.08)**	$ (0.03)	(167%)	**$ (0.46)**	$ (0.03)	nm(4)
CASH						
Cash, cash equivalents and short-term investments (prior period, December 31, 2018)	**$ 169.3**	$ 207.0	(18%)	**$ 169.3**	$ 207.0	(18%)
Cash (used) provided by continuing operating activities	**1.5**	14.1	(89%)	**(18.2)**	(5.2)	(250%)
Combined adjusted operating cash flow(2)	**15.4**	15.7	(2%)	**(2.7)**	39.7	(107%)
Combined free cash flow(2)	**(12.3)**	(2.5)	(392%)	**(52.3)**	(5.8)	(802%)
OPERATIONAL DATA						
SPENDING ON CAPITAL AND INTANGIBLE ASSETS	**$ 10.0**	$ 18.1	(45%)	**$ 49.5**	$ 45.7	8%
PRODUCTION VOLUMES						
Moa JV finished nickel (50% basis, tonnes)	**4,139**	4,457	(7%)	**12,505**	11,060	13%
Moa JV finished cobalt (50% basis, tonnes)	**436**	465	(6%)	**1,277**	1,189	7%
Oil (boepd, net working-interest production)(3)	**1,199**	1,536	(22%)	**1,496**	2,414	(38%)
Electricity (gigawatt hours) (33⅓% basis)	**197**	191	3%	**550**	597	(8%)
AVERAGE EXCHANGE RATE (CAD/US$)	**1.320**	1.307	1%	**1.329**	1.288	3%
AVERAGE-REALIZED PRICES(2)						
Moa JV nickel ($ per pound)	**$ 9.11**	$ 7.96	14%	**$ 8.04**	$ 8.10	(1%)
Moa JV cobalt ($ per pound)	**17.54**	44.75	(61%)	**17.18**	48.82	(65%)
Oil ($ per boe, NWI)(3)	**53.24**	54.43	(2%)	**48.68**	50.80	(4%)
Electricity ($ per megawatt hour)	**55.50**	54.57	2%	**55.80**	53.99	3%
UNIT OPERATING COSTS(2)						
Moa JV - Nickel (US$ per pound)(NDCC)	**$ 4.37**	$ 2.16	102%	**$ 4.25**	$ 1.96	117%
Oil ($ per boe, GWI)(3)	**23.63**	19.59	21%	**22.10**	19.91	11%
Electricity ($ per megawatt hour)	**14.42**	24.60	(41%)	**16.89**	20.04	(16%)

(1) The amounts for the periods ended September 30, 2019 have been prepared in accordance with IFRS 16; prior year period amounts have not been restated. Refer to note 4 in the condensed consolidated financial statements for the three months ended March 31, 2019 for further information.

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

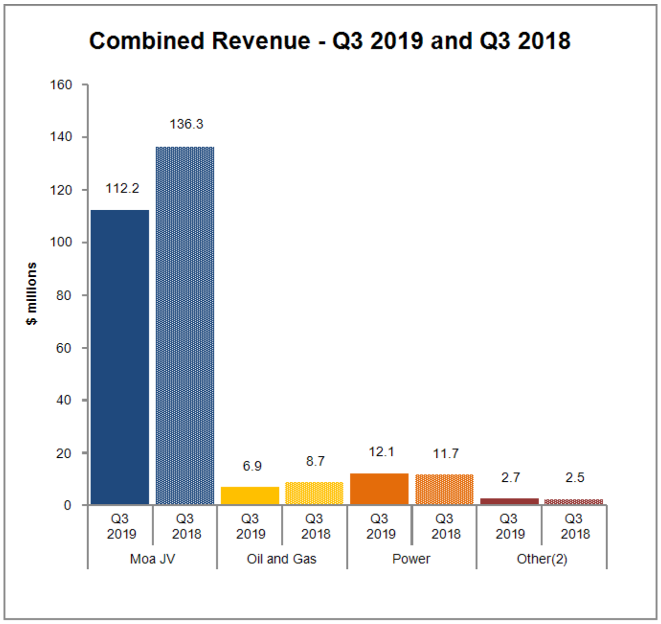
(3) Net working-interest (NWI); gross working-interest (GWI); barrels of oil equivalent per day (boepd); barrels of oil equivalent (boe).

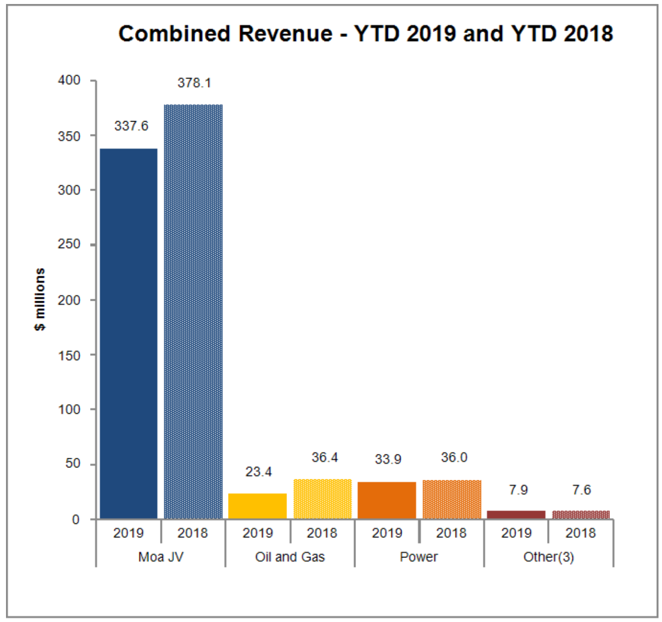
(4) Not meaningful (nm).

Revenue for accounting purposes, which excludes revenue from the Moa and Ambatovy joint ventures as they are accounted for under the equity method, was lower for the three and nine months ended September 30, 2019, respectively, compared to the same periods in the prior year primarily due to lower oil production and sales volume and lower realized oil prices, partly offset by the impact of higher realized fertilizer prices. Revenue for the three months ended September 30, 2019 was also negatively impacted by lower fertilizer sales volume compared to the same period in the prior year.

Total combined revenue[(1)] was $133.9 million and $402.8 million, respectively, for the three and nine months ended September 30, 2019 compared to $159.2 million and $458.1 million for the same periods in the prior year. Lower total combined revenue for the three and nine months ended September 30, 2019, respectively, compared to the same periods in the prior year was primarily due to lower cobalt revenue, partly offset by higher nickel revenue.

Combined revenue is composed of the following:





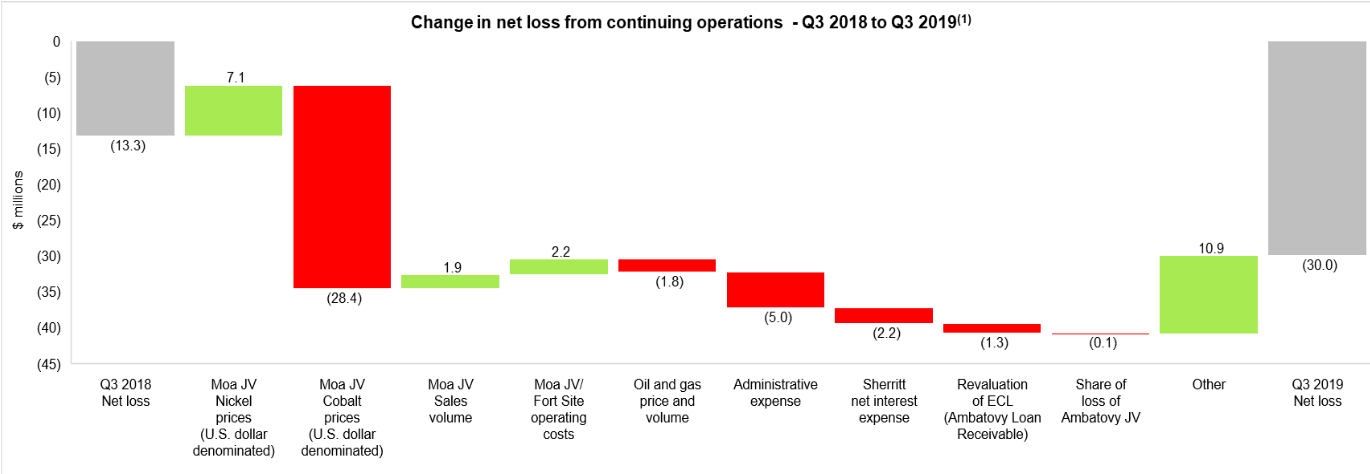
(1) For additional information see the Non-GAAP measures section.

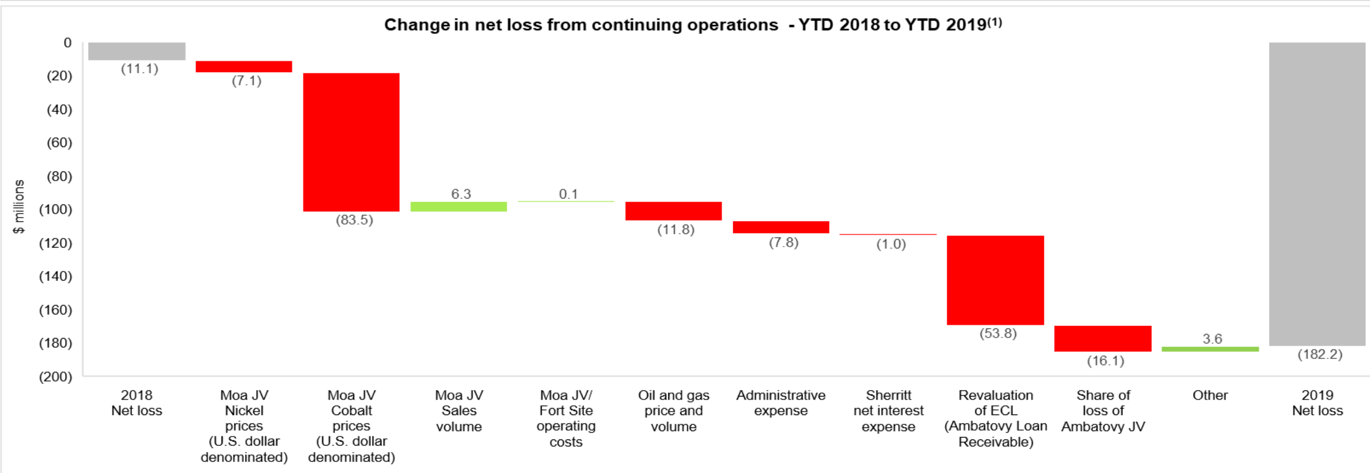
(2) Q3 2019 Other includes - Other Metals - $2.8 million and Corporate and other - $ (0.1) million. (Q3 2018 Other includes - Other Metals - $2.6 million and Corporate and other - $ (0.1) million).

(3) YTD 2019 Other includes - Other Metals - $8.5 million and Corporate and other - $ (0.6) million. (YTD 2018 Other includes - Other Metals - $8.1 million and Corporate and other - $ (0.5) million).

For the three months ended September 30, 2019, the net loss from continuing operations was $30.0 million, or $0.08 per share, compared to a loss of $13.3 million, or $0.03 per share in the same period in the prior year. For the nine months ended September 30, 2019, the net loss from continuing operations was $182.2 million, or $0.46 per share, compared to a loss of $11.1 million, or $0.03 per share in the prior year.

The change in net loss from continuing operations(1) is detailed below:





(1) The amounts for the periods ended September 30, 2019 have been prepared in accordance with IFRS 16; prior period amounts have not been restated. Refer to note 4 in the condensed consolidated financial statements for the three months ended March 31, 2019 for further information.

Reference prices for nickel were 18% higher and 2% lower, respectively, for the three and nine months ended September 30, 2019, compared to the same periods in the prior year. Reference cobalt prices were 57% and 58% lower, respectively, for the three and nine months ended September 30, 2019, compared to the same periods in the prior year. The average reference prices for U.S. Gulf Coast High Sulphur Fuel Oil (USGC HSFO) were 22% and 5% lower, respectively, for the three and nine months ended September 30, 2019.

At the Moa Joint Venture, revenue for the three and nine months ended September 30, 2019 was 18% and 11% lower, respectively, than the same periods in the prior year primarily due to lower realized cobalt prices. Revenue for the three months ended September 30, 2019 was also impacted by lower nickel, cobalt and fertilizer sales volume primarily due to an unplanned refinery shutdown during the current quarter. Revenue for the nine months ended September 30, 2019, was positively impacted by higher nickel, cobalt and fertilizer sales volume and higher fertilizer realized prices which partly offset the negative impact of lower cobalt prices. Higher sales volume for the nine months ended September 30, 2019 were primarily due to higher mixed sulphide feed available at the refinery compared to the same period in the prior year.

At Oil and Gas, revenue for the three and nine months ended September 30, 2019 was 21% and 36% lower, respectively, than the same periods in the prior year primarily due to lower NWI production volume. Lower NWI production was primarily due to natural reservoir declines and a reduction in profit oil percentage starting in Q2 2018 per the terms of the renewal of the Puerto Escondido/Yumuri profit sharing contract (PSC). In addition, one of the Spain wells has been off-line since Q2 2018, which negatively impacted NWI production for the nine months ended September 30, 2019 compared to the same period in the prior year; a workover plan is being developed and the well is expected to be back on-line in early 2022. Revenue for the three months ended September 30, 2019 was negatively impacted by lower realized prices in Cuba, compared to the same period in the prior year. Revenue for the nine months ended September 30, 2019 was positively impacted by higher realized prices in Cuba, compared to the same period in the prior year.

Administrative expenses in the three and nine months ended September 30, 2019 were higher, compared to the same periods in the prior year primarily due to stock based compensation revaluations. Administrative expenses for the three and nine months ended September 30, 2019 were positively impacted by lower employee costs as a result of austerity measures implemented by the Corporation in Q2 2019 and the impact of various other cost saving initiatives which included the relocation of the Toronto corporate office in 2018.

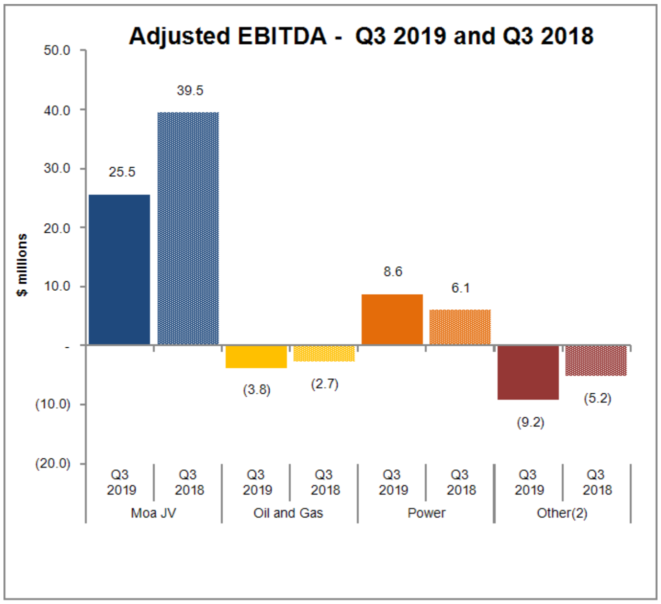
The revaluation of the allowance for expected credit losses (ECL) on the Ambatovy subordinated loan receivable resulted in non-cash losses for the three and nine months ended September 30, 2019 of $2.4 million and $57.0 million, respectively, due to changes in expected debt to equity conversions at the Ambatovy Joint Venture.

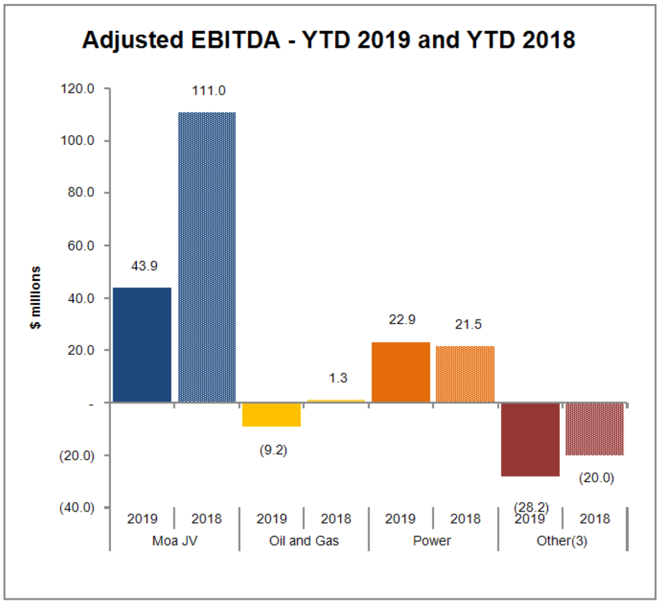
Higher share of loss of the Ambatovy Joint Venture for the three and nine months ended September 30, 2019 compared to the same periods in the prior year is primarily due to lower average-realized cobalt prices, higher NDCC and lower sales volume in Q3 2019. Share of loss of the Ambatovy Joint Venture for the three and nine months ended September 30, 2019 was positively and negatively impacted by higher and lower realized nickel prices, respectively, compared to the same periods in the prior year.

Other includes the recognition of unrealized foreign exchange gains of $7.7 million and losses of $6.1 million for the three and nine months ended September 30, 2019, respectively, compared to losses and gains of $6.1 million and $12.6 million for the same periods in the prior year. Unrealized exchange gains/losses are impacted by the change in period-end exchange rates and the balance of the Corporation's U.S. dollar denominated net assets. In addition, Other includes the positive impact of higher realized fertilizer prices and a net income tax expense of $6.5 million and $3.6 million for the three and nine months ended September 30, 2019, respectively, compared to a net income tax expense of $4.1 million and $21.3 million for the same periods in the prior year. This was primarily due to one of the Moa Joint Venture entities having higher and lower taxable income for the three and nine months ended September 30, 2019, respectively, compared to the same periods in the prior year.

ADJUSTED EBITDA

Total Adjusted EBITDA[1] for the three and nine months ended September 30, 2019 was $21.1 million and $29.4 million, respectively, compared to $37.7 million and $113.8 million, respectively, in the same periods in the prior year. Adjusted EBITDA by business segment is as follows:





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

(2) Q3 2019 Other includes - Other Metals - $0.3 million and Corporate and other - $(9.5) million. (Q3 2018 Other includes - Other Metals - $(0.6) and Corporate and other - $(4.6) million).

(3) YTD 2019 Other includes - Other Metals - $0.5 million and Corporate and other - $(28.7) million. (YTD 2018 Other includes - Other Metals - $0.7 million and Corporate and other - $(20.7) million).

CONSOLIDATED FINANCIAL POSITION

The following table summarizes the significant items as derived from the condensed consolidated statements of financial position[1]:

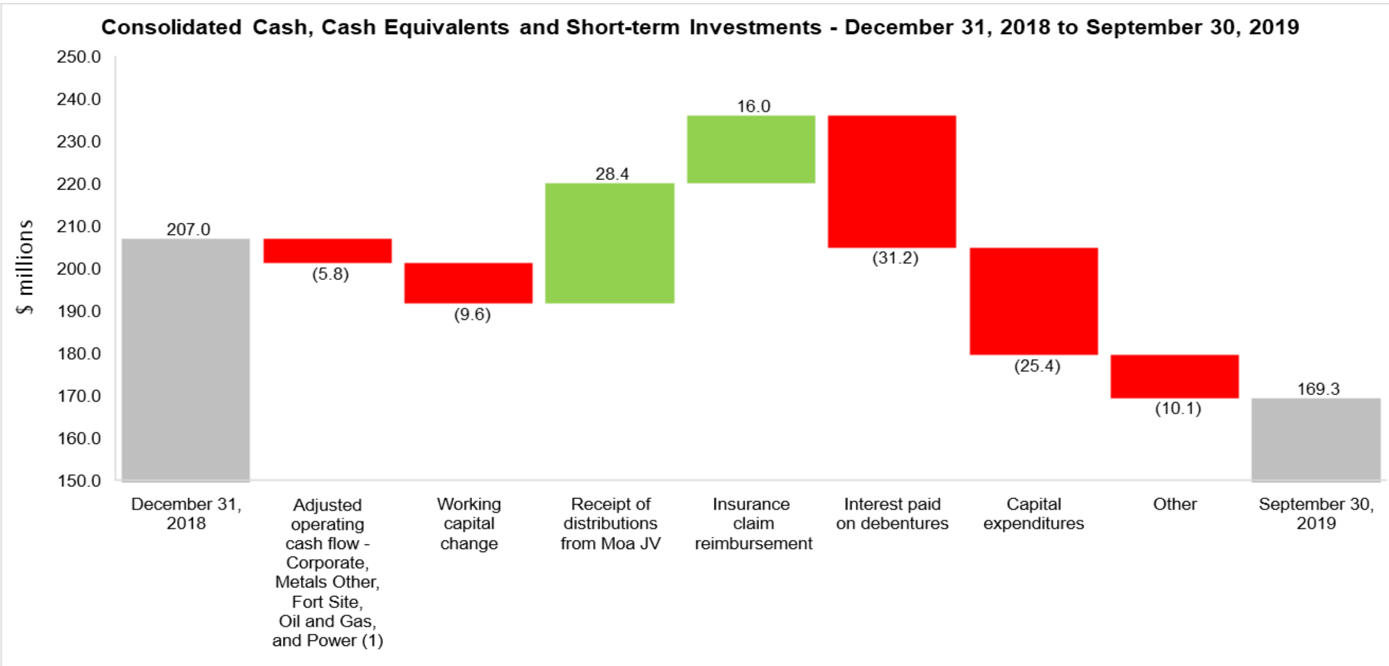
$ millions, except as noted, as at	**2019 September 30**	2018 December 31	Change
Financial Condition			
Cash, cash equivalents and short-term investments	**$ 169.3**	$ 207.0	(18%)
Net working capital balance	**74.0**	265.9	(72%)
Current ratio	**1.21:1**	2.14:1	(77%)
Total assets	**$ 1,974.2**	$ 2,194.4	(10%)
Loans and borrowings	**709.6**	705.7	1%
Total liabilities	**1,051.2**	1,063.5	(1%)
Shareholders' equity	**923.0**	1,130.9	(18%)

(1) The amounts for the periods ended September 30, 2019 have been prepared in accordance with IFRS 16; prior period amounts have not been restated. Refer to note 4 in the condensed consolidated financial statements for the three months ended March 31, 2019 for further information.

LIQUIDITY

At September 30, 2019, total available liquidity was $188.0 million which is composed of cash, cash equivalents, short-term investments and $18.7 million of available credit facilities. The total liquidity excludes restricted cash of $5.7 million.

Cash, cash equivalents and short-term investments at September 30, 2019 decreased by $37.7 million from December 31, 2018. The components of this change are shown below:



(1) Excludes debenture interest.

The change in consolidated cash, cash equivalents and short-term investments is primarily due to:

- negative adjusted operating cash flow at Corporate and Oil and Gas, partially offset by positive adjusted operating cash flow at Power and Fort Site;
- negative working capital change primarily due to the timing of fertilizer pre-sale deliveries and payments and the timing of working capital payments, partially offset by collections of Cuban energy receivables;
- $28.4 million in dividend payments received from the Moa Joint Venture;
- insurance proceeds of $16.0 million on obligations retained by the Corporation after the disposition of the Coal operations in 2014;
- payment of interest on the Corporation's debentures which is lower in the first and third quarters based on the timing of payments on it's senior debenture series; and
- capital expenditures which primarily relate to drilling activities on Block 10.

Outlook

2019 PRODUCTION, OPERATING COST AND CAPITAL SPENDING GUIDANCE

Production volumes, unit operating costs and spending on capital	Guidance for 2019	Year-to-date actual at September 30, 2019	Updated Guidance for 2019
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	31,000 - 33,000	25,010	No change
Cobalt, finished	3,300 - 3,600	2,554	No change
Ambatovy Joint Venture (tonnes, 100% basis)			
Nickel, finished	40,000 - 45,000	25,250	34,000-36,000
Cobalt, finished	3,500 - 4,000	2,158	2,800-3,000
Oil – Cuba (gross working-interest, bopd)	3,800 - 4,100	4,306	No change
Oil and Gas – All operations (net working-interest, boepd)	1,600 - 1,800(1)	1,496	No change
Electricity (GWh, 33⅓% basis)	650 - 700	550	No change
Unit operating costs			
NDCC (US$ per pound)			
Moa Joint Venture	\$4.00 - \$4.50(1)	\$4.25	No change
Ambatovy Joint Venture	\$4.80 - \$5.30(1)	\$5.32	No change
Oil and Gas - Cuba (unit operating costs, \$ per barrel)	\$23.00 - \$24.50(1)	\$20.83	No change
Electricity (unit operating cost, \$ per MWh)	\$20.00 - \$23.75(1)	\$16.89	No change
Spending on capital(2)			
Moa Joint Venture (50% basis), Fort Site (100% basis)(3)	US\$30 (CDN\$39)(1)	US\$20 (CDN\$27)	No change
Ambatovy Joint Venture (12% basis)	US\$10 (CDN\$14)	US\$6 (CDN\$8)	No change
Oil and Gas	US\$21 (CDN\$28)	US\$17 (CDN\$22)	No change
Power (33⅓% basis)	US\$1 (CDN\$1)	US\$1 (CDN\$1)	No change
Spending on capital (excluding Corporate)	US\$62 (CDN\$82)	US\$44 (CDN\$58)	No change

(1) Guidance updated June 30, 2019.

(2) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

(3) Spending is 50% of US$ expenditures for the Moa JV and 100% expenditures for Fort Site fertilizer and utilities.

MOA JOINT VENTURE

Based on year-to-date performance, the Moa Joint Venture remains on track to achieve its 2019 guidance for production, unit cost and planned capital spend.

OIL AND GAS

Based on year-to-date performance, the Oil and Gas business remains on track to achieve its 2019 guidance for production, unit cost and planned capital spend.

POWER

Based on year-to-date performance, the Power business remains on track to achieve its 2019 guidance for production, unit cost and planned capital spend.

AMBATOVY JOINT VENTURE

Based on year-to-date performance, the Ambatovy Joint Venture has updated its production guidance for 2019.

Significant factors influencing operations

As a commodity-based, geographically diverse company, Sherritt's operating results are primarily influenced by the price of nickel and cobalt.

Nickel

Nickel prices on the London Metals Exchange (LME) strengthened dramatically in Q3 2019, closing up 42% to US$7.97/lb on September 30 from US$5.60/lb at the start of the quarter. Higher prices were initially driven by speculation that Indonesia would implement a nickel ore export ban on January 1, 2020, two years in advance of when the ban was slated to take effect. Higher prices were also triggered by continued strong demand from China's stainless steel sector as well as by concerns of a possible shutdown of Ramu, one of the world's largest nickel mines located in Papua New Guinea, following a slurry seepage.

Nickel prices reached a high of US$8.45/lb on September 2, immediately following confirmation by Indonesian officials that the ore export ban will indeed take effect at the start of the new year. Since the start of Q4, nickel prices have declined, mirroring the softness in demand in the physical market and speculation about what is driving changes to inventory levels. Combined, these developments suggest increased nickel price volatility in the short term.

Combined nickel inventories on the London Metals Exchange (LME) and the Shanghai Futures Exchange (SHFE) at the end of Q3 2019 totaled 179,487 tonnes, down 1% from the combined total of 181,063 tonnes at the end of Q2 2019.

Total inventory levels have decreased significantly since the start of the Q4 2019, declining by approximately 49%. Although the decrease is being attributed to inventory stockpiling by stainless steel producers in advance of the Indonesian ore export ban taking effect. There is growing speculation that the recent de-stocking has been overdone and may be reversed in the near term As of October 30, combined nickel inventories on the LME and SHFE were approximately 92,000 tonnes, the lowest level since 2012.

Demand for nickel continues to be driven by the stainless steel sector. According to market research by CRU, stainless steel demand is expected to grow at an average annual rate of approximately 4% through 2022 with production emanating largely from China and Indonesia. Demand for nickel – particularly Class 1 nickel – from non-stainless steel sectors is also expected to accelerate given the growth of the electric vehicle battery market. Class 1 nickel, along with cobalt, are key metals needed to manufacture electric vehicle batteries.

Beyond 2019, a shortage of Class 1 nickel is anticipated over the coming years since current market prices are below incentive levels needed to develop new nickel projects. As a result, no new Class 1 nickel supply is expected to come on stream in the near term.

Cobalt

Cobalt prices increased by more than 30% in Q3, ending a year-long downward trend. Standard grade cobalt prices closed at US$17.85/lb, up from $13.50/lb at the start of the quarter according to data collected by Fastmarkets MB. Higher prices in Q3 were driven by news that Mutanda, one of the largest cobalt mines in the Democratic Republic of Congo, will be placed on care and maintenance effective with start of the new year.

While cobalt prices in Q3 2019 showed signs of improvement, they were considerably off of highs reached in 2018. The average reference price for standard grade cobalt in Q3 2019 was US$15.20/lb, down 57% from US$35.21/lb in Q3 2018 according to data collected by Fastmarkets MB. The year-over-year decline was driven by a combination of factors that has resulted in increased available supply and decreased demand. These factors have included increased supply of intermediate product from the Democratic Republic of Congo, increased available supply of processed cobalt from China, continued de-stocking of inventory by Chinese consumers and the deferral of purchases by consumers waiting for prices to reach floor levels.

The rise of cobalt prices experienced in Q3 2019 has been sustained into Q4, suggesting that factors that previously put downward price pressure may be abating. Given growing demand from the electric vehicle battery market, the near-term outlook for cobalt prices remains stable.

Review of operations

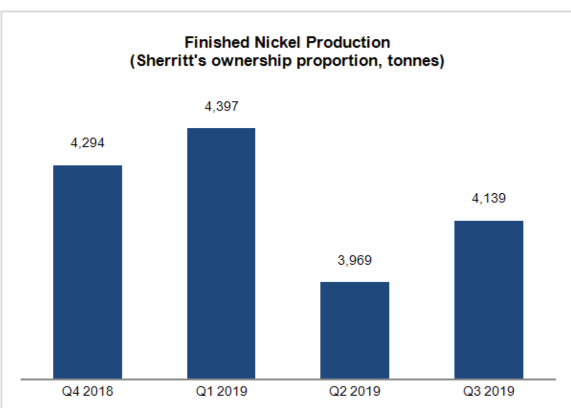
MOA JOINT VENTURE AND FORT SITE

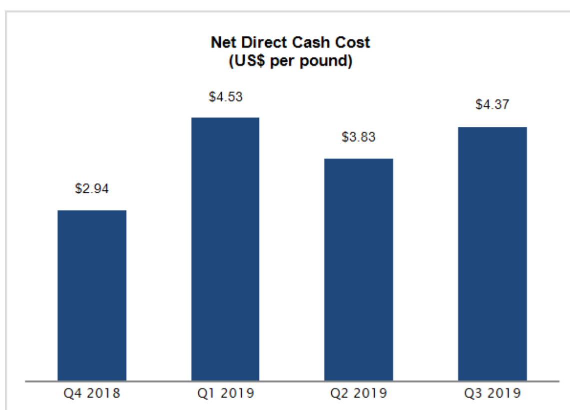
$ millions, except as otherwise noted	For the three months ended 2019 September 30	2018 September 30	Change	For the nine months ended 2019 September 30	2018 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 112.2**	$ 136.3	(18%)	**$ 337.6**	$ 378.1	(11%)
Earnings from operations	**12.2**	25.1	(51%)	**2.3**	73.5	(97%)
Adjusted EBITDA(1)	**25.5**	39.5	(35%)	**43.9**	111.0	(60%)
CASH FLOW						
Cash provided by operations	**$ 4.4**	$ 12.3	(64%)	**$ 8.0**	$ 40.5	(80%)
Adjusted operating cash flow(1)	**24.7**	29.2	(15%)	**42.3**	92.9	(54%)
Free cash flow(1)	**(0.5)**	3.8	(113%)	**(11.0)**	18.5	(159%)
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**4,165**	4,861	(14%)	**12,807**	12,969	(1%)
Finished Nickel	**4,139**	4,457	(7%)	**12,505**	11,060	13%
Finished Cobalt	**436**	465	(6%)	**1,277**	1,189	7%
Fertilizer	**66,296**	57,235	16%	**192,923**	162,416	19%
NICKEL RECOVERY (%)	**85%**	89%	(4%)	**85%**	83%	2%
SALES VOLUMES (tonnes)						
Finished Nickel	**4,145**	4,404	(6%)	**12,609**	10,982	15%
Finished Cobalt	**440**	467	(6%)	**1,329**	1,180	13%
Fertilizer	**25,186**	27,567	(9%)	**118,695**	116,774	2%
AVERAGE REFERENCE PRICES (US$ per pound)						
Nickel	**$ 7.08**	$ 6.01	18%	**$ 6.09**	$ 6.20	(2%)
Cobalt(2)	**15.20**	35.21	(57%)	**16.46**	39.05	(58%)
AVERAGE REALIZED PRICE(1)						
Nickel ($ per pound)	**$ 9.11**	$ 7.96	14%	**$ 8.04**	$ 8.10	(1%)
Cobalt ($ per pound)	**17.54**	44.75	(61%)	**17.18**	48.82	(65%)
Fertilizer ($ per tonne)	**345**	333	4%	**444**	390	14%
UNIT OPERATING COST(1) (US$ per pound)						
Nickel - net direct cash cost	**$ 4.37**	$ 2.16	102%	**$ 4.25**	$ 1.96	117%
SPENDING ON CAPITAL(3)						
Sustaining	**$ 4.9**	$ 8.9	(45%)	**$ 26.7**	$ 26.5	1%
	$ 4.9	$ 8.9	(45%)	**$ 26.7**	$ 26.5	1%

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

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

(3) Spending on capital for the nine months ended September 30, 2019 excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.





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

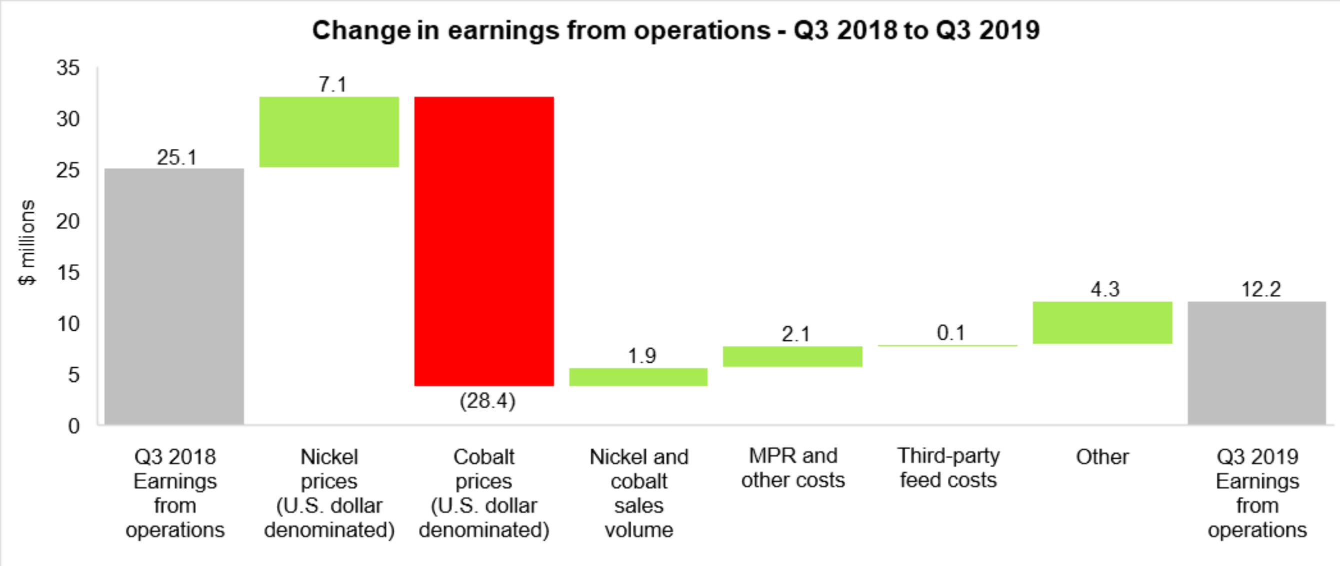
$ millions, except as otherwise noted	For the three months ended 2019 September 30	2018 September 30	Change	For the nine months ended 2019 September 30	2018 September 30	Change
REVENUE						
Nickel	**$ 83.2**	$ 77.4	7%	**$ 223.4**	$ 196.1	14%
Cobalt	**17.0**	46.1	(63%)	**50.3**	127.0	(60%)
Fertilizers	**8.7**	9.2	(5%)	**52.7**	45.5	16%
Other	**3.3**	3.6	(8%)	**11.2**	9.5	18%
	$ 112.2	$ 136.3	(18%)	**$ 337.6**	$ 378.1	(11%)
COST OF SALES(1)						
Mining, processing and refining (MPR)	**$ 62.9**	$ 69.3	(9%)	**$ 205.6**	$ 165.5	24%
Third-party feed costs	**5.5**	5.8	(5%)	**14.0**	21.9	(36%)
Fertilizers	**7.2**	8.6	(16%)	**37.8**	39.1	(3%)
Selling costs	**3.4**	4.0	(15%)	**11.8**	12.0	(2%)
Other	**5.3**	9.5	(44%)	**17.5**	23.7	(26%)
	$ 84.3	$ 97.2	(13%)	**$ 286.7**	$ 262.2	9%
NET DIRECT CASH COST(2) (US$ per pound of nickel)						
Mining, processing and refining costs	**$ 5.22**	$ 5.25	(1%)	**$ 5.51**	$ 5.38	2%
Third-party feed costs	**0.44**	0.46	(4%)	**0.38**	0.70	(46%)
Cobalt by-product credits	**(1.41)**	(3.63)	61%	**(1.36)**	(4.07)	67%
Other(3)	**0.12**	0.08	50%	**(0.28)**	(0.05)	(460%)
	$ 4.37	$ 2.16	102%	**$ 4.25**	$ 1.96	117%

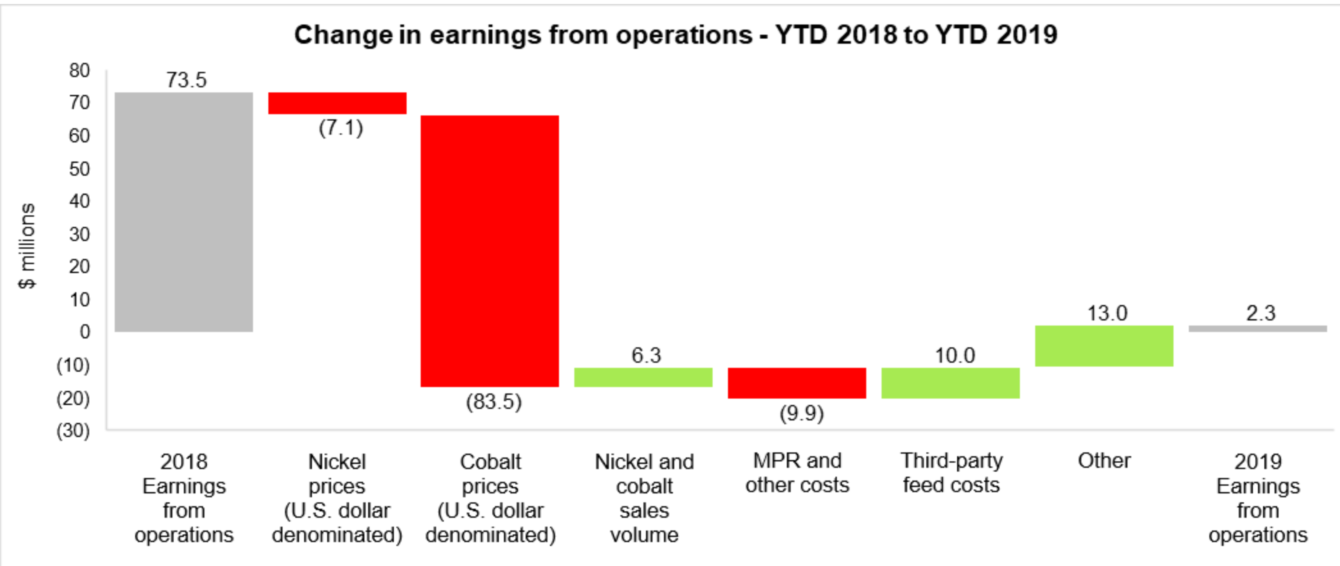
(1) Excludes depletion, depreciation and amortization

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

The change in earnings from operations is detailed below:





Reference prices for nickel were 18% higher and 2% lower for the three and nine months ended September 30, 2019, respectively, compared to the same periods in the prior year while cobalt reference prices were 57% and 58% lower than in the comparable prior year periods. Realized prices were positively impacted by a weaker Canadian dollar relative to the U.S. dollar compared to the same periods in the prior year. Provisional pricing adjustments were not a significant factor in the current quarter. Realized cobalt prices for the nine months ended September 30, 2019 were impacted by mark-to-mark adjustments in Q1 2019 on Q4 2018 provisionally priced sales due to a significant decline in cobalt reference prices.

Mixed sulphide production was lower for the three and nine months ended September 30, 2019 compared to the same periods in the prior year as a result of reduced diesel availability caused by economic and trade sanctions imposed on Venezuela, Cuba's largest oil supplier. In response, the Moa Joint Venture implemented diesel conservation measures at its Moa operations in August and September which limited mining and processing activities in the current quarter. The impact of this on mixed sulphide production was partly offset by the draw down of ore stockpiles at Moa. As at September 30, 2019, ongoing diesel requirements have been secured and mixed sulphides production has returned to normal levels. Moa remains on track to achieve its full-year mixed sulphides production target due to above-target production rates achieved in the first six months of 2019. The impact of limited diesel availability on mixed sulphide production for the nine months ended September 30, 2019 was partly offset by the deployment of new mining equipment in 2018 and Q1 2019 which significantly improved mining activities, as well as the use of the new slurry preparation plant dump pocket at Moa commissioned in Q1 2019 which improved ore screening and processing. The same period in the prior year was also impacted by the highest level of rainfall at Moa in more than 20 years which limited access to planned mining areas in the first half of 2018.

Nickel recovery rates were lower and higher for the three and nine months ended September 30, 2019, respectively, compared to the same periods in the prior year. Nickel recovery rates were negatively impacted by reduced diesel availability in Q3 2019, which limited access to planned mining areas; however, the impact of this on the nine months ended September 30, 2019 was offset by the impact of the deployment of new mining equipment which improved access to planned mining areas in the first half of 2019. Nickel recovery rates for the nine month period in the prior year were negatively impacted by poor mining fleet availability and weather-related ore access issues in the first half of 2018.

Finished nickel and cobalt production was lower for the three months ended September 30, 2019 due to an unplanned refinery shutdown during the quarter, resulting from a failed heat exchanger. Finished nickel and cobalt production were not impacted by lower mixed sulphide production in Q3 2019, as mixed sulphide inventories at the refinery were adequate to support production. The ratio of finished nickel to cobalt production was relatively unchanged in the three months ended September 30, 2019 compared to the same period in the prior year.

Finished nickel and cobalt production was higher for the nine months ended September 30, 2019 reflecting higher mixed sulphide feed available at the refinery compared to the same period in the prior year. For the same period in the prior year, refinery production was lower as a result of lower mixed sulphides production, as discussed above, a Canadian rail transportation service disruption which was resolved in Q1 2018 and the impact of unusually heavy rainfall in Cuba in the first half of 2018. The ratio of finished nickel production to cobalt production was higher in the nine months ended September 30, 2019 compared to the same period in the prior year as a result of a higher nickel to cobalt ratio in mixed sulphides produced at Moa.

NDCC for the three and nine months ended September 30, 2019 was higher compared to the same periods in the prior year primarily as a result of lower cobalt credits due to lower cobalt realized prices. NDCC for the three months ended September 30, 2019 was negatively impacted by lower sales volume compared to the same period in the prior year. NDCC for the nine months ended September 30, 2019 was negatively impacted by cobalt provisional pricing adjustments in Q1 2019.

Fertilizer's contribution to operating earnings for the three and nine months ended September 30, 2019 was higher compared to the same periods in the prior year primarily as a result of higher realized prices. Other costs for the three and nine months ended September 30, 2019 includes lower royalties primarily as a result of lower cobalt reference prices.

Sustaining capital spending for the three months ended September 30, 2019 was lower than the same period in the prior year, reflecting austerity measures implemented during Q2 2019 in response to volatile commodity prices, which reduced planned spending for the balance of the year. Sustaining capital spending for the nine months ended September 30, 2019 was relatively unchanged compared to the same period in the prior year.

OIL AND GAS

$ millions, except as otherwise noted	For the three months ended 2019 September 30	2018 September 30	Change	For the nine months ended 2019 September 30	2018 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 6.9**	$ 8.7	(21%)	**$ 23.4**	$ 36.4	(36%)
Loss from operations	**(6.5)**	(5.2)	(25%)	**(17.6)**	(6.6)	(167%)
Adjusted EBITDA[1]	**(3.8)**	(2.7)	(41%)	**(9.2)**	1.3	(808%)
CASH FLOW						
Cash provided (used) by operations	**$ (9.2)**	$ 0.8	nm[5]	**$ 4.3**	$ 18.6	(77%)
Adjusted operating cash flow[1]	**(4.8)**	(3.5)	(37%)	**(11.6)**	(14.5)	20%
Free cash flow[1]	**(13.7)**	(7.3)	(88%)	**(17.4)**	0.6	nm[5]
PRODUCTION AND SALES[2]						
Gross working-interest (GWI) - Cuba	**4,060**	4,668	(13%)	**4,306**	4,973	(13%)
Total net working-interest (NWI)	**1,199**	1,536	(22%)	**1,496**	2,414	(38%)
AVERAGE REFERENCE PRICES (US$ per barrel)						
West Texas Intermediate (WTI)	**$ 56.35**	$ 69.56	(19%)	**$ 57.01**	$ 66.90	(15%)
U.S. Gulf Coast High Sulphur Fuel Oil (USGC HSFO)	**51.49**	65.72	(22%)	**57.90**	61.16	(5%)
Brent	**62.10**	74.95	(17%)	**64.84**	72.18	(10%)
AVERAGE-REALIZED PRICES[1][2] (per NWI)						
Cuba ($ per barrel)	**$ 50.38**	$ 63.55	(21%)	**$ 57.22**	$ 55.25	4%
Spain ($ per barrel)	**75.24**	98.04	(23%)	**74.30**	91.83	(19%)
Pakistan ($ per boe)[3]	**-**	10.47	(100%)	**10.64**	10.48	2%
Weighted-average ($ per boe)	**53.24**	54.43	(2%)	**48.68**	50.80	(4%)
UNIT OPERATING COSTS[1][2] (per GWI)						
Cuba ($ per barrel)	**$ 21.40**	$ 18.84	14%	**$ 20.83**	$ 18.72	11%
Spain ($ per barrel)	**143.87**	65.35	120%	**185.69**	67.17	176%
Pakistan ($ per boe)[3]	**-**	3.63	(100%)	**3.57**	6.52	(45%)
Weighted-average ($ per boe)	**23.63**	19.59	21%	**22.10**	19.91	11%
SPENDING ON CAPITAL[4]						
Development, facilities and other	**$ (0.2)**	$ 1.4	(114%)	**$ 0.8**	$ 1.4	(43%)
Exploration	**5.1**	7.1	(28%)	**21.1**	16.6	27%
	$ 4.9	$ 8.5	(42%)	**$ 21.9**	$ 18.0	22%

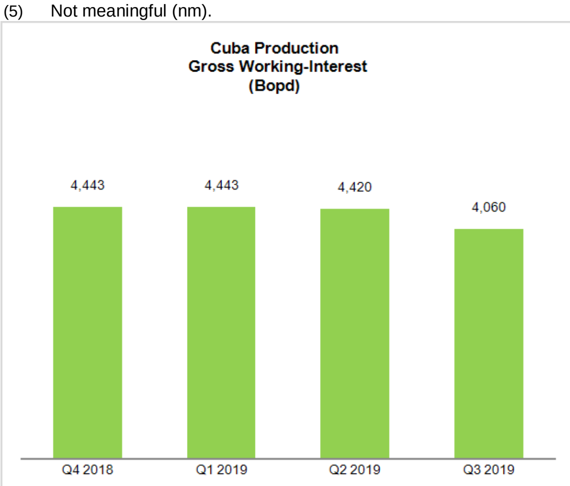
(1) For additional information see the Non-GAAP measures section.

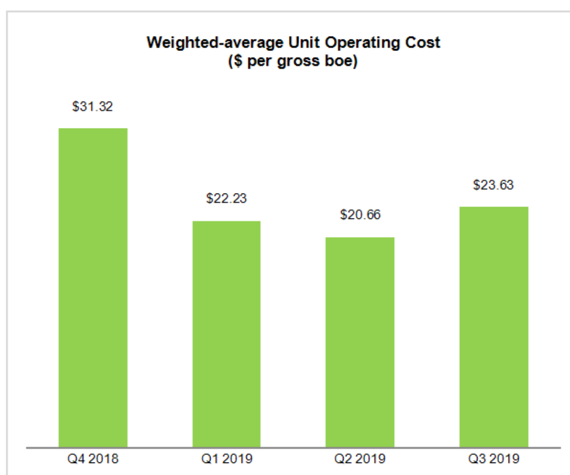
(2) Oil production is stated in barrels of oil per day (bopd). Natural gas production is stated in barrels of oil equivalent per day (boepd), which is converted at 6,000 cubic feet per barrel. Collectively, oil and natural gas production are stated in barrels of oil equivalent per day (boepd).

(3) During Q3 2019, Sherritt sold its working interest in a natural gas field in Pakistan.

(4) Spending on capital for the nine months ended September 30, 2019 excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

(5) Not meaningful (nm).





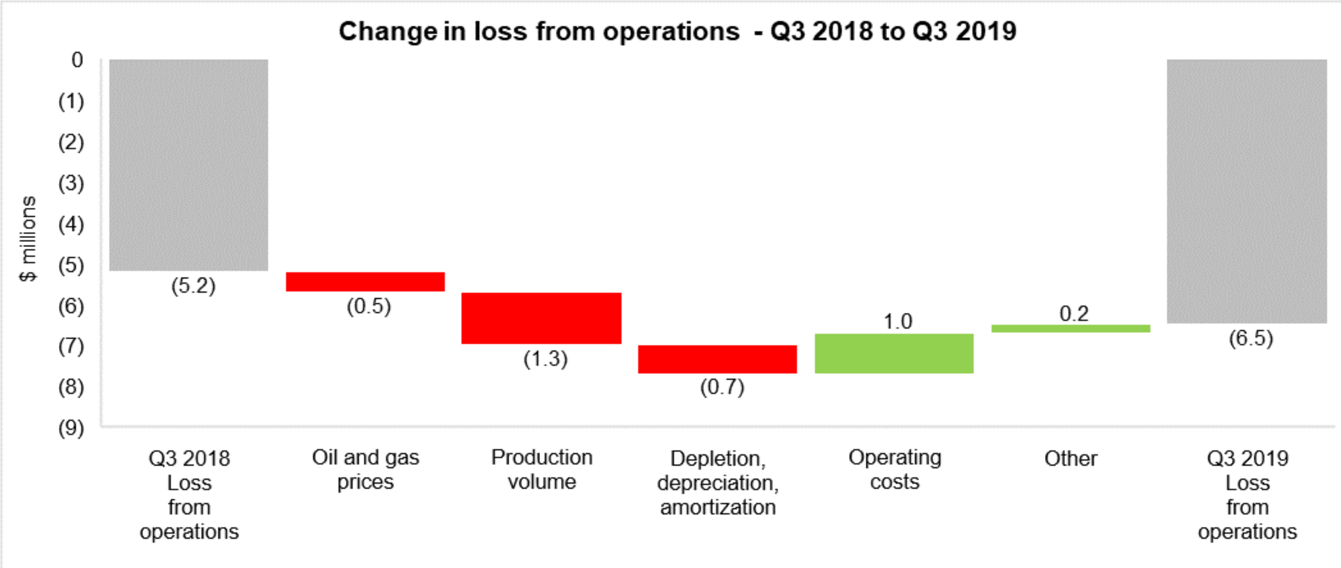
$ millions, except as otherwise noted	For the three months ended 2019 September 30	2018 September 30	Change	For the nine months ended 2019 September 30	2018 September 30	Change
REVENUE						
Cuba	**$ 4.9**	$ 5.4	(9%)	**$ 17.3**	$ 26.1	(34%)
Spain	**1.0**	1.9	(47%)	**1.7**	6.1	(72%)
Pakistan[3]	**-**	0.4	(100%)	**0.9**	1.3	(31%)
Processing	**1.0**	1.0	-	**3.5**	2.9	21%
	$ 6.9	$ 8.7	(21%)	**$ 23.4**	$ 36.4	(36%)
DAILY PRODUCTION AND SALES VOLUMES (boepd)[1][2]						
Gross working-interest (GWI) oil production in Cuba	**4,060**	4,668	(13%)	**4,306**	4,973	(13%)
Net working-interest (NWI) oil production						
Cuba (heavy oil)						
Cost recovery	**843**	644	31%	**875**	1,016	(14%)
Profit oil	**218**	275	(21%)	**233**	713	(67%)
Total	**1,061**	919	15%	**1,108**	1,729	(36%)
Spain (light oil)	**138**	214	(36%)	**83**	245	(66%)
Pakistan (natural gas)[3]	**-**	403	(100%)	**305**	440	(31%)
	1,199	1,536	(22%)	**1,496**	2,414	(38%)

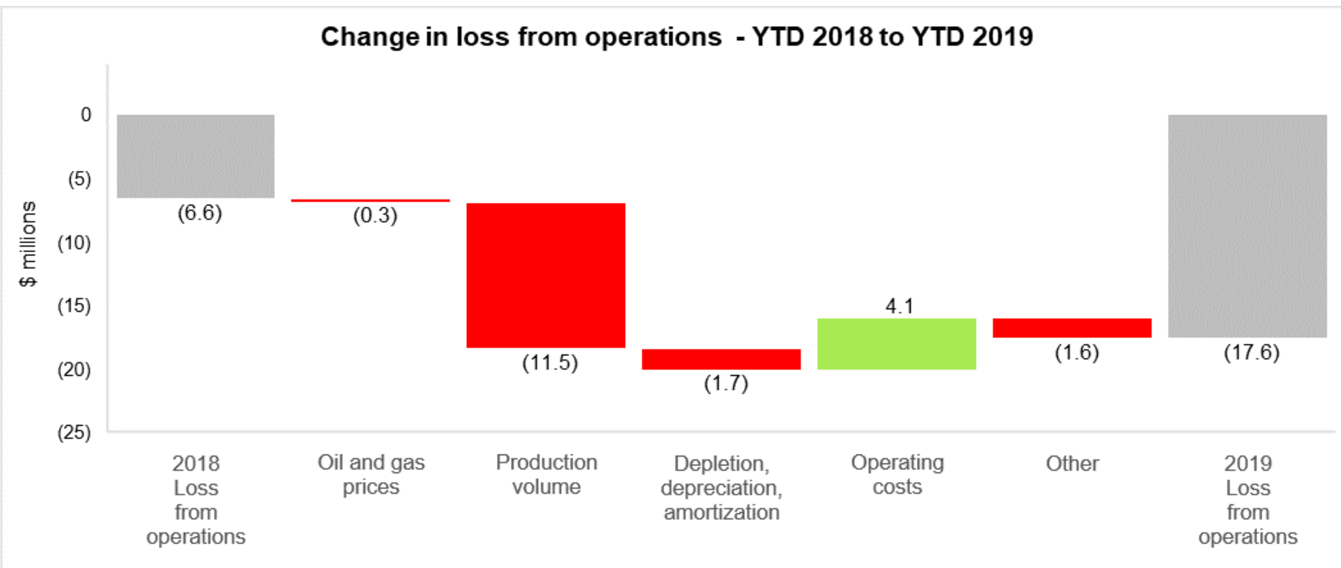
(1) In Cuba, Oil and Gas delivers all of its gross working-interest oil production to CUPET at the time of production.

(2) For additional information regarding determination of gross working-interest and net working–interest, see the Corporation's MD&A for the year ended December 31, 2018.

(3) During Q3 2019, Sherritt sold its working interest in a natural gas field in Pakistan.

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





Realized prices in Cuba for the three months ended September 30, 2019 were lower than the same period in the prior year reflecting lower USGC HSFO reference prices, partly offset by a weaker Canadian dollar relative to the U.S. dollar for the same period. Realized prices in Cuba for the nine months ended September 30, 2019 were higher than the same period in the prior year as the impact of a weaker Canadian dollar relative to the U.S. dollar offset the impact of lower USGC HSFO reference prices for the same period.

GWI production in Cuba was lower for the three and nine months ended September 30, 2019 primarily due to natural reservoir declines and the absence of new development drilling. Cuba cost recovery oil production for the three months ended September 30, 2019 was higher than the same period in the prior year as higher recoverable costs offset the impact of lower GWI production. Cuba cost recovery oil production for the nine months ended September 30, 2019 was lower than the same period in the prior year reflecting lower GWI production and lower recoverable costs. Profit oil production, which represents Sherritt's share of production after cost recovery volume is deducted from GWI volume, was lower in Q3 2019 compared to Q3 2018 reflecting the higher cost recovery oil production allocation as discussed above. Profit oil production was lower for the nine months ended September 30, 2019 compared to the same period in the prior year as Sherritt's profit oil percentage was reduced to 6% from 45% starting in Q2 2018 per the terms of the renewal of the Puerto Escondido/Yumuri (PE/YU) PSC. Renewal of this PSC allowed Sherritt to retain access to equipment and personnel, some of which is being used to support drilling in Block 10.

Overall operating costs were lower for the three and nine months ended September 30, 2019; however, unit operating costs in the same periods in Cuba were higher primarily as a result of the impact of lower production compared to the same periods in the prior year. Unit operating costs in Spain were higher for the three and nine months ended September 30, 2019 compared to the same periods in the prior year due to lower production and higher workover costs. One of the Spain wells has been off-line since Q2 2018; a workover plan is being developed and the well is expected to be back on-line in early 2022. Overall, costs were negatively impacted by a weaker Canadian dollar relative to the U.S. dollar in the current year periods compared to the same periods in the prior year.

Exploration spending was lower and higher, respectively, for the three and nine months ended September 30, 2019 compared to the same periods in the prior year due to the timing of expenditures on drilling activities on Block 10. Negative capital spending for development, facilities and other reflects the reversal of accruals.

Subsequent to quarter end, drilling on Block 10 resumed on October 19 following the import of drilling mud tanks due to a lack of availability in Cuba. Sherritt anticipates drilling to a total depth of approximately 5,700 meters. The well will then be completed and tested. As of October 29, drilling to a depth of 5,525 meters had been completed.

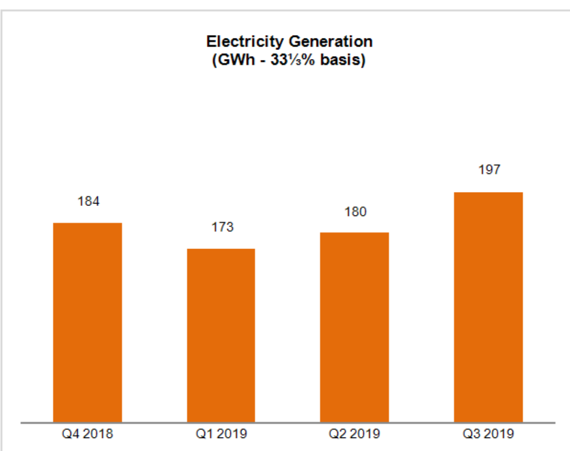
The rental of new drilling equipment is not expected to increase planned capital spending previously disclosed for the Oil and Gas business. Sherritt continues to explore partnerships for further investment in Block 10 following completion of the current well.

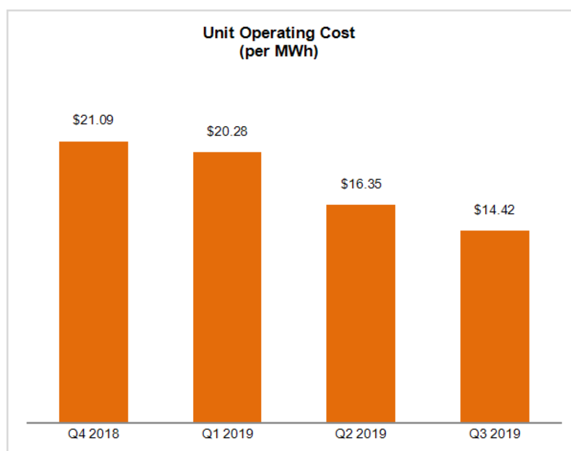
During Q3 2019, Sherritt sold its working interest in a natural gas field in Pakistan for cash proceeds of $0.7M, which did not differ materially from the carrying value of the assets sold. The sale was consistent with the Corporation’s strategy to focus its Oil and Gas business on Cuban operations.

POWER

$ millions (33⅓% basis), except as otherwise noted	For the three months ended 2019 September 30	2018 September 30	Change	For the nine months ended 2019 September 30	2018 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 12.1**	$ 11.7	3%	**$ 33.9**	$ 36.0	(6%)
Earnings (loss) from operations	**1.8**	(0.2)	nm[5]	**3.5**	3.1	13%
Adjusted EBITDA[1]	**8.6**	6.1	41%	**22.9**	21.5	7%
CASH FLOW						
Cash provided by operations	**$ 15.9**	$ 10.0	59%	**$ 31.1**	$ 29.3	6%
Adjusted operating cash flow[1]	**11.2**	5.7	96%	**24.5**	20.5	20%
Free cash flow[1]	**15.7**	9.8	60%	**30.3**	28.8	5%
PRODUCTION AND SALES						
Electricity (GWh[2])	**197**	191	3%	**550**	597	(8%)
AVERAGE-REALIZED PRICES[1]						
Electricity (per MWh[2])	**$ 55.50**	$ 54.57	2%	**$ 55.80**	$ 53.99	3%
UNIT OPERATING COSTS[1] (per MWh)						
Base	**$ 13.84**	$ 17.38	(20%)	**$ 16.51**	$ 15.79	5%
Non-base[3]	**0.58**	7.22	(92%)	**0.38**	4.25	(91%)
	14.42	24.60	(41%)	**16.89**	20.04	(16%)
SPENDING ON CAPITAL[4]						
Sustaining	**$ 0.2**	$ 0.2	-	**$ 0.8**	$ 0.5	60%
	$ 0.2	$ 0.2	-	**$ 0.8**	$ 0.5	60%

(1) For additional information see the Non-GAAP measures section.
(2) Gigawatt hours (GWh), Megawatt hours (MWh).
(3) Costs incurred at the Boca de Jaruco and Puerto Escondido facilities that otherwise would have been capitalized if these facilities were not accounted for as service concession arrangements.
(4) Spending on capital for the nine months ended September 30, 2019 excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.
(5) Not meaningful (nm).





Power revenue is composed of the following:

$ millions (33⅓% basis)	For the three months ended **2019 September 30**	2018 September 30	Change	For the nine months ended **2019 September 30**	2018 September 30	Change
Electricity sales	**$ 11.0**	$ 10.4	6%	**$ 30.7**	$ 32.2	(5%)
By-products and other	**1.1**	1.3	(15%)	**3.2**	3.8	(16%)
	$ 12.1	$ 11.7	3%	**$ 33.9**	$ 36.0	(6%)

Electricity production and sales volume were higher for the three months ended September 30, 2019 compared to the same period in the prior year as a result of higher gas supply. Electricity production and sales volume were lower for the nine months ended September 30, 2019 compared to the same period in the prior year primarily as a result of lower gas supply. The change in average-realized price of electricity for the three and nine months ended September 30, 2019 compared to the same periods in the prior year was due to the weaker Canadian dollar relative to the U.S. dollar.

Unit operating costs for the three and nine months ended September 30, 2019 were lower than the same periods in the prior year, primarily due to the Corporation limiting operational spending to levels required to maintain certain base plant operations as the Corporation continues to work with its Cuban partners to collect on Cuban energy receivables. The impact of this reduced spending more than offset the negative impact of a weaker Canadian dollar relative to the U.S. dollar. Unit operating costs for the nine months ended September 30, 2019 were also negatively impacted by lower sales volume.

Capital spending was relatively unchanged for the three and nine months ended September 30, 2019 compared to the same periods in the prior year.

Investment in the Ambatovy Joint Venture

In March 2019, as a result of management's decision not to fund a cash call by the Ambatovy Joint Venture, Sherritt became a defaulting shareholder. Management is not expecting to resume funding of the Ambatovy Joint Venture, and therefore this condition will likely persist. With the loss of voting rights at the board level, limitation of operational and financial influence, and the continued decision not to provide cash funding to the Ambatovy Joint Venture, the Corporation's chief operating decision makers no longer consider the Ambatovy Joint Venture an operating segment of the business for accounting purposes.

The following operational information is presented for information purposes. For additional information on Sherritt's investment in the Ambatovy Joint Venture, see note 8 of the condensed consolidated financial statements for the three and nine months ended September 30, 2019.

	For the three months ended			For the nine months ended		
	2019	2018		**2019**	2018	
	September 30	September 30	Change	**September 30**	September 30	Change
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**1,320**	1,070	23%	**3,450**	3,015	14%
Finished Nickel	**1,087**	914	19%	**3,030**	2,729	11%
Finished Cobalt	**90**	88	2%	**259**	236	10%
Fertilizer	**2,550**	2,383	7%	**8,625**	8,134	6%
NET DIRECT CASH COST(1) (US$ per pound of nickel)						
Mining, processing and refining (MPR) costs	**$ 4.85**	$ 7.28	(33%)	**$ 5.94**	$ 7.15	(17%)
Cobalt by-product credits	**(0.84)**	(3.37)	75%	**(1.04)**	(3.33)	69%
Other(2)	**0.64**	-	-	**0.42**	0.25	68%
	$ 4.65	$ 3.91	19%	**$ 5.32**	$ 4.07	31%
SPENDING ON CAPITAL(3) ($ millions)						
Sustaining	**$ 3.1**	$ 4.6	(33%)	**$ 7.6**	$ 10.2	(25%)
	$ 3.1	$ 4.6	(33%)	**$ 7.6**	$ 10.2	(25%)

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

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

(3) Spending on capital for the nine months ended September 30, 2019 excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

Finished nickel and cobalt production were higher for the three and nine months ended September 30, 2019 compared to the same periods in the prior year. For Q3 2019, production was primarily impacted by an unplanned shutdown of the air separation unit plant and maintenance on a nickel furnace, which restricted production capacity and other equipment reliability issues. For the nine months ended September 30, 2019, production was also impacted by an incident in the hydrogen plant in Q1 2019, which was followed by an unplanned 10-day shutdown of the plant, limited acid availability due to unplanned maintenance on the acid plant, replacement of a critical process line and reliability issues in the lime and limestone plants. Production for the same periods in the prior year were impacted by equipment reliability issues as well as Cyclone Ava, in Q1 2018, which necessitated a plant shutdown of approximately one month due to damage to equipment and facilities.

NDCC of nickel was higher for the three and nine months ended September 30, 2019 compared to the same periods in the prior year primarily due to lower cobalt credits resulting from lower cobalt prices. For the nine months ended September 30, 2019, the impact of lower cobalt credits on NDCC offset the impact of higher nickel and cobalt sales volumes compared to the same period in the prior year.

Spending on sustaining capital was lower for the three and nine months ended September 30, 2019 compared to the same periods in the prior year. Capital spending in the current year periods is primarily related to replacing rubber lined pipes, addressing corrosion issues, replacement of critical plant equipment and general improvement initiatives.

During the nine months ended September 30, 2019, Sherritt did not fund cash calls received from the Ambatovy Joint Venture totalling US$20.1 million based on its 12% share of total cash calls to the Ambatovy Joint Venture partners.

In September 2019, the Ambatovy Joint Venture financing lenders agreed to a three-year principal deferral and an extension to June 2027. In conjunction with this deferral, Sumitomo and KORES have committed up to US$335.0 million of funding to the Ambatovy Joint Venture during the deferral period.

Liquidity and capital resources

Total available liquidity at September 30, 2019 was $188.0 million, which is composed of available cash, cash equivalents, short term investments and $18.7 million available on the syndicated revolving-term credit facility. The total liquidity excludes restricted cash of $5.7 million.

CASH AND SHORT-TERM INVESTMENTS

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

$ millions, as at September 30, 2019	Cash	Cash equivalents and short-term investments	Total
Canada	$ 47.8	$ 31.7	$ 79.5
Cuba	86.0	-	86.0
Other	3.8	-	3.8
	$ 137.6	$ 31.7	$ 169.3
Sherritt's share of cash in the Moa Joint Venture, not included in the above balances:			$ 14.0

SOURCES AND USES OF CASH

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

	For the three months ended			For the nine months ended		
	2019	2018		**2019**	2018	
$ millions	**September 30**	September 30	Change	**September 30**	September 30	Change
Cash provided (used) by operating activities						
Oil and Gas operating cash flow	**$ (9.2)**	$ 0.8	nm(2)	**$ 4.3**	$ 18.6	(77%)
Power operating cash flow	**15.9**	10.0	59%	**31.1**	29.3	6%
Fort Site operating cash flow	**(3.2)**	6.4	(150%)	**(28.0)**	(5.3)	(428%)
Dividends received from the Moa Joint Venture	**11.6**	5.2	123%	**28.4**	5.2	446%
Interest paid on debentures	**(7.6)**	(7.6)	-	**(31.2)**	(34.4)	9%
Corporate, Metals Other, and other operating cash flow	**(6.0)**	(0.7)	(757%)	**(22.8)**	(18.6)	(23%)
Cash (used) provided by operations	**1.5**	14.1	(89%)	**(18.2)**	(5.2)	(250%)
Cash provided (used) by discontinued operations(1)	**(3.2)**	(3.6)	11%	**10.8**	(7.8)	238%
	$ (1.7)	$ 10.5	(116%)	**$ (7.4)**	$ (13.0)	43%
Cash provided (used) by investing and financing activities						
Property, plant, equipment and intangible expenditures	**$ (5.7)**	$ (12.2)	53%	**$ (25.4)**	$ (25.6)	1%
Receipts of advances, loans receivable and other financial assets	**0.2**	10.8	(98%)	**0.5**	35.8	(99%)
(Repayment of) Increase in loans, borrowings and other financial liabilities	**(0.9)**	2.0	(145%)	**(2.3)**	2.0	(215%)
Repurchase of senior unsecured debentures	**-**	-	-	**-**	(120.3)	100%
Issuance of Units	**-**	-	-	**-**	132.3	(100%)
Fees paid on debenture repurchase and Unit offer	**-**	-	-	**-**	(9.5)	100%
Issuance of common shares	**-**	0.1	(100%)	**-**	0.8	(100%)
Other	**0.6**	(1.3)	146%	**(3.1)**	1.6	(294%)
	$ (5.8)	$ (0.6)	(867%)	**$ (30.3)**	$ 17.1	(277%)
	(7.5)	9.9	(176%)	**(37.7)**	4.1	nm(2)
Cash, cash equivalents and short-term investments:						
Beginning of the period	**176.8**	197.2	(10%)	**207.0**	203.0	2%
End of the period	**$ 169.3**	$ 207.1	(18%)	**$ 169.3**	$ 207.1	(18%)

(1) Cash provided (used) by discontinued operations relates to insurance proceeds received, or payments made, in respect of a provision retained by the Corporation following the sale of its Coal operations in 2014.
(2) Not meaningful (nm).

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

- the receipt of dividends from the Moa Joint Venture of $11.6 million and $28.4 million for the three and nine months ended September 30, 2019;
- lower interest payments on the secured debentures for the nine months ended September 30, 2019 as a result of the partial repurchase of debentures in the first half of 2018;
- cash from operating activities at Power was higher for the three and nine months ended September 30, 2019 compared to the prior year periods primarily due to higher Cuban energy receipts;
- cash from operating activities at Oil and Gas was lower for the three and nine months ended September 30, 2019 compared to the prior year periods primarily due to lower Cuban energy receipts and the timing of working capital payments;
- cash from operating activities at Fort Site was lower for the three and nine months ended September 30, 2019 compared to the prior year periods primarily due to lower fertilizer customer prepayments and the timing of working capital payments;
- cash used by Corporate, Metals Other and other operating activities were primarily due to the timing of working capital payments; and
- cash from discontinued operations includes insurance proceeds of $16.0 million received in Q1 2019 on obligations retained by the Corporation after the disposition of its Coal operations.

Included in investing and financing activities:

- expenditures on property, plant and equipment and intangibles primarily related to Block 10 and sustaining activities.

The Corporation's Adjusted EBITDA[1] reconciles to the decrease in cash, cash equivalents and short-term investments as follows for the nine months ended September 30, 2019:

$ millions, for the nine months ended September 30		2019
Adjusted EBITDA[1]	$	29.4
Add (deduct):		
Moa Joint Venture Adjusted EBITDA		(38.1)
Distributions from the Moa Joint Venture		28.4
Interest paid on debentures		(31.2)
Net change in non-cash working capital		(9.6)
Other		2.9
Cash used by continuing operations per financial statements		(18.2)
Add (deduct):		
Capital expenditures		(25.4)
Other		5.9
Change in cash, cash equivalents and short-term investments	$	(37.7)

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

Canadian $ millions, as at September 30, 2019	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	$ 175.8	$ 175.8	$ -	$ -	$ -	$ -	$ -
Income taxes payable	1.5	1.5	-	-	-	-	-
Senior unsecured debentures	794.3	45.8	45.8	208.6	229.9	17.4	246.8
Ambatovy Joint Venture Partner loans	169.5	-	-	-	169.5	-	-
Syndicated revolving-term credit facility	8.3	8.3	-	-	-	-	-
Provisions	156.6	4.7	3.1	-	-	-	148.8
Lease liabilities	19.4	4.4	2.4	2.1	1.9	1.8	6.8
Capital commitments	11.4	8.1	3.3	-	-	-	-
Other	0.3	-	-	-	0.3	-	-
Total	$ 1,337.1	$ 248.6	$ 54.6	$ 210.7	$ 401.6	$ 19.2	$ 402.4

COVENANTS

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

As at September 30, 2019, there are no events of default on the Corporation's debentures or syndicated revolving-term credit facility. The Corporation did not meet the financial ratios required to remove limitations on the incurrence of debt or certain distributions under the senior unsecured debentures indenture agreement.

Syndicated revolving-term credit facility

In September 30, 2019, the following financial covenants on the Corporation's syndicated revolving-term credit facility were changed for the period up to but excluding December 31, 2019:

- EBITDA, as defined in the agreement, equal to or greater than $60.0 million;
- EBITDA-to-interest expense covenant of not less than 1.20:1; and
- Minimum cash covenant balance, as defined in the agreement, of $60.0 million, less undrawn credit. This amount is comprised of cash and cash equivalents and short-term investments of the Corporation and its wholly-owned subsidiaries held in Canada. The required minimum cash covenant balance as at September 30, 2019 is calculated to be $41.3 million.

As of December 31, 2019 through to the maturity of this facility in April 2020, these covenants will change to the following:

- EBITDA, as defined in the agreement, equal to or greater than $100.0 million;
- EBITDA-to-interest expense covenant of not less than 1.75:1; and
- Minimum cash covenant balance, as defined in the agreement, of $70.0 million, less undrawn credit. This amount is comprised of cash and cash equivalents and short-term investments of the Corporation and its wholly-owned subsidiaries held in Canada.

The limits on capital expenditures and funding of the Ambatovy Joint Venture and Moa Joint Venture remain unchanged.

Ambatovy Joint Venture partner loans

As at September 30, 2019, the Corporation is a defaulting shareholder of the Ambatovy Joint Venture, which resulted in the Ambatovy Joint Venture partner loans also being in default and being classified as current liabilities. Despite being in default on the Ambatovy Joint Venture partner loans, the Ambatovy Joint Venture partners' recourse against the Corporation is limited to the Corporation's ownership interest in, and future distributions to be paid by, the Ambatovy Joint Venture. These loans accrue interest at LIBOR + 1.125%. Given the limited recourse nature of these loans, the Corporation will not make cash payments on these loans prior to their 2023 maturity date. At maturity, Sherritt can elect to: (i) repay the loans in cash, (ii) repay the loans in shares or a combination of cash and shares at 105% of the amount then due, or (iii) repay in 10 equal semi-annual principal installments (plus interest) commencing in December 2024, at an interest rate of LIBOR +5% applied from the original August 2023 maturity date.

The default of the Ambatovy Joint Venture partner loans would have also resulted in an event of default on the syndicated revolving-term credit facility; however, this potential default was waived prior to its occurrence through to the maturity of this facility on April 30, 2020.

OTHER COMMITMENTS

The following commitments are not reflected in the table above:

Moa Joint Venture

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

- Environmental rehabilitation commitments of $94.0 million, with no significant payments due in the next five years;
- Other contractual commitments of $9.1 million; and
- Advances and loans payable of $236.0 million. Included within this advances and loans payable balance is a $215.4 million loan payable to the entity holding the remaining 50% interest in the Moa Joint Venture.

Ambatovy Joint Venture

As a result of the Corporation's 12% interest in the Ambatovy Joint Venture, its proportionate share of significant commitments of the joint venture includes the following:

- Environmental rehabilitation commitments of $118.6 million, with no significant payments due in the next five years;
- Other contractual commitments of $13.7 million;
- Ambatovy revolving credit facilities of $10.1 million; and
- The Ambatovy Joint Venture senior debt financing of US$192.1 million ($254.4 million) which is non-recourse to the Joint Venture partners. In September 2019, the Ambatovy Joint Venture financing lenders agreed to defer principal repayments until June 2022 and extend maturity to June 2027.

COMMON SHARES

As at October 30, 2019, the Corporation had 397,282,785 common shares outstanding. An additional 9,432,219 common shares are issuable upon exercise of outstanding stock options granted to employees and directors pursuant to the Corporation's stock option plan, a maximum of 47,232,200 on the issue of Cobalt-Linked Warrants and 10,378,255 common shares issuable on the exercise of other common share warrants.

Managing risk

Sherritt manages a number of risks in each of its businesses in order to achieve an acceptable level of risk without appreciably hindering its ability to maximize returns. Management has procedures to identify and manage significant operational and financial risks. A comprehensive list of the Corporation's significant business risks and strategies designed to manage these risks can be found in the Corporation's Annual Information Form. There have been no significant changes in these risks other than identified below.

A number of the Corporation's subsidiaries have operations located in Cuba. The Corporation will continue to be affected by the difficult political relationship between the United States and Cuba. The incumbent U.S. administration has announced that it will no longer suspend the right of claimants to bring lawsuits under Title III of the Helms-Burton Act, effective May 2, 2019. The Corporation has received letters in the past from U.S. nationals claiming ownership of certain Cuban properties or rights in which the Corporation has an indirect interest, and explicitly or implicitly threatening litigation. However, Sherritt does not believe that its operations would be materially affected by any Helms-Burton Act lawsuits, because Sherritt's minimal contacts with the United States would likely deprive any U.S. court of personal jurisdiction over Sherritt. Furthermore, even if personal jurisdiction were exercised, any successful U.S. claimant would have to seek enforcement of the U.S. court judgment outside the U.S. in order to reach material Sherritt assets. The Corporation believes it unlikely that a court in any country in which Sherritt has material assets would enforce a Helms-Burton Act judgment. Nevertheless in the absence of any judicial interpretation of the scope of the Helms-Burton Act, the threat of potential litigation creates a distraction from constructive business and there can be no assurance that litigation against the Corporation pursuant to the Helms-Burton Act would not ultimately be successful or have a material adverse effect on the Corporation's business, results of operations or financial performance. More details on Title III and its potential risks and uncertainties can be found in Sherritt's Annual Information Form dated February 13, 2019. See "Risk Factors- Risks Related to U.S. Government Policy Towards Cuba" in that document for additional information.

Accounting Pronouncements and Judgments

ADOPTION OF NEW AND AMENDED ACCOUNTING PRONOUNCEMENTS

The condensed consolidated financial statements referenced in this MD&A have been prepared in accordance with IAS 34, Interim Financial Reporting, using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The significant accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the Corporation's audited consolidated financial statements for the year ended December 31, 2018 except for changes relating to IFRS 16 which was adopted effective January 1, 2019. For further information, see note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019.

There have been no new accounting pronouncements issued in the third quarter of 2019 that are expected to impact the Corporation. For a summary of accounting pronouncements issued but not yet effective, see the accounting pronouncements note in the Corporation's condensed consolidated financial statements for the three and nine months ended September 30, 2019.

CRITICAL ACCOUNTING JUDGMENTS

The critical accounting judgments used in the preparation of the condensed consolidated financial statements are consistent with those used in the Corporation's audited consolidated financial statements for the year ended December 31, 2018 except for changes relating to IFRS 16 which was adopted effective January 1, 2019. For further information, see note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019. There have been no other significant changes in critical accounting judgments other than identified below.

Going Concern

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.

In reaching its going concern conclusion, the Corporation applies judgment around future commodity prices, timing of collections of Cuban energy receivables and potential cross-defaults arising from the Ambatovy Joint Venture partner loans. The judgments made by management in reaching this conclusion are based on information available as of the date these condensed consolidated financial statements were authorized for issuance. After considering these judgments, management has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern.

Summary of quarterly results(1)

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

$ millions, except per share amounts, for the three months ended	**2019 Sep 30(2)**	**2019 Jun 30(2)**	2019 Mar 31(2)	2018 Dec 31(2)	2018 Sept 30(2)	2018 June 30(2)	2018 Mar 31(2)	2017 Dec 31(4)
Revenue per financial statements	**$ 27.8**	$ 46.5	$ 31.9	$ 37.1	$ 29.9	$ 46.5	$ 39.4	$ 54.8
Share of earnings (loss) of a joint venture, net of tax	**7.0**	(1.3)	(8.9)	6.2	24.7	21.4	11.9	17.4
Share of loss of an associate, net of tax	**(17.5)**	(12.1)	(26.8)	(32.1)	(17.4)	(9.0)	(13.9)	(27.5)
Net (loss) earnings from continuing operations	**(30.0)**	(90.4)	(61.8)	(69.1)	(13.3)	2.8	(0.6)	552.9
Earnings (loss) from discontinued operations, net of tax(3)	**-**	-	-	16.0	-	-	-	(15.1)
Net (loss) earnings for the period	**$ (30.0)**	$ (90.4)	$ (61.8)	$ (53.1)	$ (13.3)	$ 2.8	$ (0.6)	$ 537.8
Net (loss) earnings per share, basic ($ per share)								
Net (loss) earnings from continuing operations	**$ (0.08)**	$ (0.23)	$ (0.16)	$ (0.17)	$ (0.03)	$ 0.01	$ 0.00	$ 1.85
Net (loss) earnings for the period	**(0.08)**	(0.23)	(0.16)	(0.13)	(0.03)	0.01	0.00	1.80

(1) Sherritt's share of financial results for the Ambatovy Joint Venture reflects its ownership interest at 40% to December 10, 2017 and 12% thereafter.

(2) The amounts for periods ended after December 31, 2018 have been prepared in accordance with IFRS 16; amounts for the periods December 31, 2018 and prior have not been restated. Refer to note 4 in the condensed consolidated financial statements for the three months ended March 31, 2019 for further information. The amounts for the periods ended after December 31, 2017 have been prepared in accordance with IFRS 9 and IFRS 15; amounts for the periods December 31, 2017 and prior have not been restated.

(3) Expenses relate to additional costs and penalties in respect of the Corporation's previous Coal operations, the liability for which was retained by the Corporation following the sale of the Coal operations in 2014. Earnings relate to insurance recoveries recognized by the Corporation.

(4) Diluted per share results are the same in all periods except the quarter ended December 31, 2017 when net earnings from continuing operations per share was $1.80 and net earnings per share was $1.75.

In general, net loss or earnings for 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 $1.26 (Q1 2018) to $1.34 (Q2 2019) and period-end rates ranged between $1.25 (Q4 2017) to $1.36 (Q4 2018).

Effective December 11, 2017, the Corporation reduced its interest in the Ambatovy Joint Venture from 40% to 12%. In general, this change in ownership interest has a positive impact on financial results of the Corporation for quarters ending after December 11, 2017 as a result of the corresponding reduction in losses from the Ambatovy Joint Venture.

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

- The third quarter of 2019 includes the recognition of $7.7 million of unrealized foreign exchange gains;
- the second quarter of 2019 includes a $53.6 million loss on the revaluation of the Ambatovy Joint Venture subordinated loans receivable ECL allowance within Corporate and Other, the recognition of $8.0 million of unrealized foreign exchange losses and a $9.6 million gain recognized within the share of loss of an associate on the revaluation of financial assets measured at fair value through profit or loss;
- the first quarter of 2019 includes the recognition of $5.8 million of unrealized foreign exchange losses;
- the fourth quarter of 2018 includes an unrealized foreign exchange gain of $20.7 million, a $44.1 million loss on the revaluation of the Ambatovy Joint Venture subordinated loans receivable ECL allowance within Corporate and Other and $15.7 million in losses on write-down of long-lived assets in the Ambatovy Joint Venture;
- the third quarter of 2018 includes an unrealized foreign exchange loss of $6.1 million and $8.1 million lower earnings as a result of the reduced profit oil percentage at Oil and Gas on the Puerto Escondido/Yumuri PSC;
- the second quarter of 2018 includes $11.0 million of unrealized foreign exchange gains and approximately $5.8 million lower earnings as a result of the reduced profit oil percentage at Oil and Gas on the Puerto Escondido/Yumuri PSC;

- the first quarter of 2018 includes the recognition of $7.7 million of unrealized foreign exchange gains and the impact on net earnings as a result of the expiry of the Varadero West PSC in Oil and Gas in November 2017;
- the fourth quarter of 2017 includes a gain of $629.0 million on the Ambatovy restructuring and the recognition of $24.1 million of unrealized foreign exchange losses primarily as a result of the reduction of U.S. dollar denominated loans derecognized as part of the Ambatovy restructuring;

Off-balance sheet arrangements

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

Transactions with related parties

The Corporation enters into transactions related to its investment in joint arrangements and an associate. For further detail, refer to Note 7, 8 and 17 of the Corporation's condensed consolidated financial statements for the three and nine months ended September 30, 2019. Transactions between related parties are generally based on standard commercial terms. All amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received on the outstanding amounts. No expense has been recognized in the current or prior periods for bad debts in respect of amounts owed by related parties.

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

As at September 30, 2019, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the quarter ended September 30, 2019, the Corporation did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Supplementary information

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation's net earnings and earnings per share from continuing operations for the three months ended September 30, 2019 from a change in selected key variables. The impact is measured changing one variable at a time and may not necessarily be indicative of sensitivities on future results.

Factor		Increase	Approximate change in quarterly net earnings (CDN$ millions) Increase/ (decrease)	Approximate change in quarterly basic EPS Increase/ (decrease)
Prices				
Nickel - LME price per pound(1)	US$	1.00	$ 13	$ 0.03
Cobalt - Metal Bulletin price per pound(1)	US$	5.00	7	0.02
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	(8)	(0.02)
Operating costs(1)				
Natural gas - per gigajoule (Moa Joint Venture)	$	1.00	(1)	-
Sulphur - per tonne (Moa Joint Venture and Ambatovy)	US$	25.00	(2)	-

(1) Changes are applied at the operating level with the approximate change in net earnings and basic EPS representing the Corporation's 50% interest in the Moa Joint Venture and 12% interest in the Ambatovy Joint Venture.

NON-GAAP MEASURES

Management uses the following non-GAAP financial performance measures in this MD&A and/or press release:

- combined results,
- adjusted EBITDA,
- average-realized price,
- unit operating cost/NDCC,
- adjusted earnings,
- adjusted operating cash flow, and
- free cash flow.

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

As discussed in the Business we manage section, the Ambatovy Joint Venture is no longer considered a reporting segment for accounting purposed; therefore, this MD&A does not present the financial results of the Ambatovy Joint Venture as part of its combined financial results, nor assess its financial performance. Certain operational information is presented for information purposes only. As a result of the change in accounting, the Ambatovy Joint venture is excluded from combined results, Adjusted EBITDA and combined cash flow metrics. For comparative purposes, the Ambatovy Joint Venture's results have been excluded from comparative periods.

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

Combined results

The Corporation uses combined revenue (along with other combined measures, not used in this current MD&A) as a measure to help management assess the Corporation's financial performance across its operating divisions. The combined results include the Corporation's consolidated financial results and the results of its 50% share of the Moa Joint Venture, which is accounted for using the equity method for accounting purposes. Management uses these measures to reflect the Corporation's economic interest in its operating divisions 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 financial statement revenue:

$ millions	For the three months ended 2019 September 30	2018 September 30	Change	For the nine months ended 2019 September 30	2018 September 30	Change
Revenue by operations						
Moa Joint Venture and Fort Site	**$ 112.2**	$ 136.3	(18%)	**$ 337.6**	$ 378.1	(11%)
Oil and Gas	**6.9**	8.7	(21%)	**23.4**	36.4	(36%)
Power	**12.1**	11.7	3%	**33.9**	36.0	(6%)
Other(1)(2)	**2.7**	2.5	8%	**7.9**	7.6	4%
Combined revenue	**$ 133.9**	$ 159.2	(16%)	**$ 402.8**	$ 458.1	(12%)
Adjust joint venture	**(106.1)**	(129.3)		**(296.6)**	(342.3)	
Financial statement revenue	**$ 27.8**	$ 29.9	(7%)	**$ 106.2**	$ 115.8	(8%)

(1) Other Q3 2019 revenue includes - Other Metals - $2.8 million and Corporate and other - $ (0.1) million. (Other Q3 2018 revenue includes - Other Metals - $2.6 million and Corporate and other - $ (0.1) million).

(2) Other YTD 2019 revenue includes - Other Metals - $8.5 million and Corporate and other - $ (0.6) million. (Other YTD 2018 revenue includes - Other Metals - $8.1 million and Corporate and other - $ (0.5) million).

Adjusted EBITDA

The Corporation defines Adjusted EBITDA as earnings (loss) from operations, joint venture and associate as reported in the financial statements for the period adjusted for share of loss of an associate; depletion, depreciation and amortization; impairment charges for long lived assets, intangible assets, goodwill and investments; gain or loss on disposal of property, plant and equipment of the Corporation or joint venture; and gain or loss on disposition of an interest in investment in associate or joint venture of the Corporation. The exclusion of impairment charges eliminates the non-cash impact. Management uses Adjusted EBITDA internally to evaluate Sherritt's operating divisions on a combined and individual basis as an indicator of ability to fund working capital needs, service debt and fund capital expenditure as well as provide a level of comparability to similar entities, Management believes that Adjusted EBITDA provides useful information to investors in evaluating our operating results in the same manner as management and the board of directors.

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

$ millions, for the three months ended September 30							**2019**
	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	Total
(Loss) earnings from operations and joint venture per financial statements	**$ 12.2**	**$ 0.3**	**$ (6.5)**	**$ 1.8**	**$ (9.8)**	**$ (24.0)**	**$ (26.0)**
Add (deduct):							
Depletion, depreciation and amortization	**2.1**	**-**	**2.7**	**6.8**	**0.3**	**-**	**11.9**
Share of loss of an associate	**-**	**-**	**-**	**-**	**-**	**17.5**	**17.5**
Adjustments for share of joint venture:							
Depletion, depreciation and amortization	**11.2**	**-**	**-**	**-**	**-**	**-**	**11.2**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**1.9**	**1.9**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**4.6**	**4.6**
Adjusted EBITDA	**$ 25.5**	**$ 0.3**	**$ (3.8)**	**$ 8.6**	**$ (9.5)**	**$ -**	**$ 21.1**
Loss from operations, joint venture and associate							**$ (26.0)**
Net finance expense							**(2.0)**
Income tax expense							**(2.0)**
Net loss from continuing operations							**$ (30.0)**

$ millions, for the three months ended September 30							2018
	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	Total
(Loss) earnings from operations and joint venture per financial statements	$ 25.1	$ (0.6)	$ (5.2)	$ (0.2)	$ (4.8)	$ (22.4)	$ (8.1)
Add (deduct):							
Depletion, depreciation and amortization	2.9	-	2.5	6.3	0.2	-	11.9
Impairment of assets	2.3	-	-	-	-	-	2.3
Share of loss of an associate	-	-	-	-	-	17.4	17.4
Adjustments for share of joint venture:							
Depletion, depreciation and amortization	9.2	-	-	-	-	-	9.2
Net finance expense	-	-	-	-	-	1.4	1.4
Income tax expense	-	-	-	-	-	3.6	3.6
Adjusted EBITDA	$ 39.5	$ (0.6)	$ (2.7)	$ 6.1	$ (4.6)	$ -	$ 37.7
Loss from operations, joint venture and associate							$ (8.1)
Net finance expense							(4.8)
Income tax expense							(0.4)
Net loss from continuing operations							$ (13.3)

$ millions, for the nine months ended September 30	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	2019 Total
(Loss) earnings from operations and joint venture per financial statements	**$ 2.3**	**$ 0.5**	**$ (17.6)**	**$ 3.5**	**$ (29.7)**	**$ (63.3)**	**$ (104.3)**
Add (deduct):							
Depletion, depreciation and amortization	**7.1**	**-**	**8.4**	**19.4**	**1.0**	**-**	**35.9**
Share of loss of an associate	**-**	**-**	**-**	**-**	**-**	**56.4**	**56.4**
Adjustments for share of joint venture:							
Depletion, depreciation and amortization	**34.5**	**-**	**-**	**-**	**-**	**-**	**34.5**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**6.2**	**6.2**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**0.7**	**0.7**
Adjusted EBITDA	**$ 43.9**	**$ 0.5**	**$ (9.2)**	**$ 22.9**	**$ (28.7)**	**$ -**	**$ 29.4**
Loss from operations, joint venture and associate							**$ (104.3)**
Net finance expense							**(75.0)**
Income tax expense							**(2.9)**
Net loss from continuing operations							**$ (182.2)**

$ millions, for the nine months ended September 30	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	2018 Total
(Loss) earnings from operations and joint venture per financial statements	$ 73.5	$ 0.7	$ (6.6)	$ 3.1	$ (21.4)	$ (66.0)	$ (16.7)
Add (deduct):							
Depletion, depreciation and amortization	7.1	-	7.9	18.4	0.7	-	34.1
Impairment of assets	2.3	-	-	-	-	-	2.3
Share of loss of an associate	-	-	-	-	-	40.3	40.3
Adjustments for share of joint venture:							
Depletion, depreciation and amortization	28.1	-	-	-	-	-	28.1
Net finance expense	-	-	-	-	-	7.1	7.1
Income tax expense	-	-	-	-	-	18.6	18.6
Adjusted EBITDA	$ 111.0	$ 0.7	$ 1.3	$ 21.5	$ (20.7)	$ -	$ 113.8
Loss from operations, joint venture and associate							$ (16.7)
Net finance income							8.3
Income tax expense							(2.7)
Net loss from continuing operations							$ (11.1)

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given division. The average-realized price for nickel, cobalt, and fertilizer excludes the impact of by-product revenue. Transactions by the metals marketing company, included in other revenue, are excluded. The average-realized price for oil and gas is based on net working-interest oil plus natural gas production stated in barrels of oil equivalent. Management uses this measure, and believes investors use this measure, to compare the relationship between the revenue and direct costs on a per unit basis in each reporting period for nickel, cobalt, fertilizer, oil and gas, and power and provide comparability with other similar external operations.

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

$ millions, except average-realized price and sales volume, for the three months ended September 30														**2019**
					Moa Joint Venture									
		Nickel		Cobalt		Fertilizer		Other revenue		Total		Oil and Gas		Power
Revenue per financial statements	$	**83.2**	$	**17.0**	$	**8.7**	$	**3.3**	$	**112.2**	$	**6.9**	$	**12.1**
Adjustments to revenue:														
By-product revenue		**-**		**-**		**-**						**-**		**(1.1)**
Processing revenue		**-**		**-**		**-**						**(1.0)**		**-**
Revenue for purposes of average-realized price calculation		**83.2**		**17.0**		**8.7**						**5.9**		**11.0**
Sales volume for the period		**9.1**		**0.9**		**25.2**						**0.11**		**197**
Volume units		Millions of pounds		Millions of pounds		Thousands of tonnes						Millions of barrels[1]		Gigawatt hours
Average-realized price[2][3]	$	**9.11**	$	**17.54**	$	**345**					$	**53.24**	$	**55.50**

$ millions, except average-realized price and sales volume, for the three months ended September 30														2018
					Moa Joint Venture									
		Nickel		Cobalt		Fertilizer		Other revenue		Total		Oil and Gas		Power
Revenue per financial statements	$	77.4	$	46.1	$	9.2	$	3.6	$	136.3	$	8.7	$	11.7
Adjustments to revenue:														
By-product revenue		-		-		-						-		(1.3)
Processing revenue		-		-		-						(1.0)		-
Revenue for purposes of average-realized price calculation		77.4		46.1		9.2						7.7		10.4
Sales volume for the period		9.7		1.0		27.6						0.14		191
Volume units		Millions of pounds		Millions of pounds		Thousands of tonnes						Millions of barrels[1]		Gigawatt hours
Average-realized price[2][3]	$	7.96	$	44.75	$	333					$	54.43	$	54.57

$ millions, except average-realized price and sales volume, for the nine months ended September 30														**2019**
					Moa Joint Venture									
		Nickel		Cobalt		Fertilizer		Other revenue		Total		Oil and Gas		Power
Revenue per financial statements	$	**223.4**	$	**50.3**	$	**52.7**	$	**11.2**	$	**337.6**	$	**23.4**	$	**33.9**
Adjustments to revenue:														
By-product revenue		**-**		**-**		**-**						**-**		**(3.2)**
Processing revenue		**-**		**-**		**-**						**(3.5)**		**-**
Revenue for purposes of average-realized price calculation		**223.4**		**50.3**		**52.7**						**19.9**		**30.7**
Sales volume for the period		**27.8**		**2.9**		**118.7**						**0.41**		**550**
Volume units		Millions of pounds		Millions of pounds		Thousands of tonnes						Millions of barrels[1]		Gigawatt hours
Average-realized price[2][3]	$	**8.04**	$	**17.18**	$	**444**					$	**48.68**	$	**55.80**

$ millions, except average-realized price and sales volume, for the nine months ended September 30														2018
					Moa Joint Venture									
		Nickel		Cobalt		Fertilizer		Other revenue		Total		Oil and Gas		Power
Revenue per financial statements	$	196.1	$	127.0	$	45.5	$	9.5	$	378.1	$	36.4	$	36.0
Adjustments to revenue:														
By-product revenue		-		-		-						-		(3.8)
Processing revenue		-		-		-						(2.9)		-
Revenue for purposes of average-realized price calculation		196.1		127.0		45.5						33.5		32.2
Sales volume for the period		24.2		2.6		116.8						0.66		597
Volume units		Millions of pounds		Millions of pounds		Thousands of tonnes						Millions of barrels[1]		Gigawatt hours
Average-realized price[2][3]	$	8.10	$	48.82	$	390					$	50.80	$	53.99

(1) Net working-interest oil production.

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

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

Unit operating cost/NDCC

With the exception of the Moa and Ambatovy joint ventures, which use 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, gains and losses on property, plant, and equipment and exploration and evaluation assets and certain other non-production related costs by the number of units sold.

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

For NDCC reconciliation for the Ambatovy Joint Venture, see Ambatovy Joint Venture – NDCC non-GAAP reconciliation.

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

Unit operating costs for nickel, oil, 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 mines, oil wells and power facilities are performing and to assess overall production efficiency and effectiveness internally across periods and compared to its competitors.

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

$ millions, except unit cost and sales volume, for the three months ended September 30			2019			2018
	Moa JV and Fort Site	Oil and Gas	Power	Moa JV and Fort Site	Oil and Gas	Power
Cost of sales per financial statements	**$ 97.6**	**$ 11.2**	**$ 9.6**	$ 109.2	$ 12.0	$ 11.0
Less:						
Depletion, depreciation and amortization in cost of sales	**(13.3)**	**(2.2)**	**(6.8)**	(12.0)	(2.5)	(6.3)
	84.3	**9.0**	**2.8**	97.2	9.5	4.7
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	**(29.0)**	**-**	**-**	(58.9)	-	-
Impact of opening/closing inventory and other	**(2.5)**	**-**	**-**	(8.9)	-	-
Impairment on assets	**-**	**-**	**-**	(2.3)		-
Cost of sales for purposes of unit cost calculation	**52.8**	**9.0**	**2.8**	27.1	9.5	4.7
Sales volume for the period	**9.1**	**0.38**	**197**	9.7	0.49	191
Volume units	**Millions of pounds**	**Millions of barrels(1)**	**Gigawatt hours**	Millions of pounds	Millions of barrels(1)	Gigawatt hours
Unit operating cost(2)(3)	**$ 5.78**	**$ 23.63**	**$ 14.42**	$ 2.79	$ 19.59	$ 24.60
Unit operating cost (U.S. dollars) (NDCC)	**$ 4.37**			$ 2.16		

$ millions, except unit cost and sales volume, for the nine months ended September 30			2019			2018
	Moa JV and Fort Site	Oil and Gas	Power	Moa JV and Fort Site	Oil and Gas	Power
Cost of sales per financial statements	**$ 328.3**	**$ 35.1**	**$ 28.6**	$ 297.2	$ 38.1	$ 30.3
Less:						
Depletion, depreciation and amortization in cost of sales	**(41.6)**	**(6.9)**	**(19.4)**	(35.0)	(7.9)	(18.4)
	286.7	**28.2**	**9.2**	262.2	30.2	11.9
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	**(114.2)**	**-**	**-**	(182.0)	-	-
Impact of opening/closing inventory and other	**(15.5)**	**-**	**-**	(16.7)	-	-
Impairment on assets	**-**	**-**	**-**	(2.3)		-
Cost of sales for purposes of unit cost calculation	**157.0**	**28.2**	**9.2**	61.2	30.2	11.9
Sales volume for the period	**27.8**	**1.28**	**550**	24.2	1.54	597
Volume units	**Millions of pounds**	**Millions of barrels(1)**	**Gigawatt hours**	Millions of pounds	Millions of barrels(1)	Gigawatt hours
Unit operating cost(2)(3)	**$ 5.65**	**$ 22.10**	**$ 16.89**	$ 2.53	$ 19.91	$ 20.04
Unit operating cost (U.S. dollars) (NDCC)	**$ 4.25**			$ 1.96		

(1) Gross working-interest oil production.
(2) Unit operating cost/NDCC may not calculate based on amounts presented due to foreign exchange and rounding.
(3) Power, unit operating cost price per MWh.

Adjusted earnings/loss from continuing operations

The Corporation defines adjusted earnings/loss from continuing operations as earnings/loss from continuing operations less items not reflective of operational performance. These adjusting items include, but are not limited to, impairment of assets, gains and losses on the acquisition or disposition of assets, gains and losses on unrealized foreign exchange, gains and losses on revaluation of allowances for credit losses, and other one-time adjustments. While some adjustments are recurring (such as unrealized foreign exchange (gain) loss), management believes that they do not reflect the Corporation's operational performance or future operational performance.

Management uses this measure internally and believes that it provides investors with a performance measure 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 reconciles adjusted earnings to net loss from continuing operations per the financial statements:

	For the three months ended		For the nine months ended	
	2019	2018	**2019**	2018
$ millions	**September 30**	September 30	**September 30**	September 30
Net loss from continuing operations	**$ (30.0)**	$ (13.3)	**$ (182.2)**	$ (11.1)
Adjusting items:				
Sherritt - Unrealized foreign exchange loss (gain) - Continuing	**(7.7)**	6.1	**6.1**	(12.6)
Corporate - Gain on repurchase of debentures, net of transaction costs	**-**	-	**-**	(1.0)
Corporate - Cobalt linked Warrants - Fair value revaluation	**0.2**	(5.7)	**(1.7)**	(10.4)
Corporate - Revaluation of allowance for expected credit losses	**2.4**	-	**57.0**	-
Corporate - Fair value of Ambatovy operating fee	**1.5**	-	**0.7**	-
Ambatovy - Senior debt modification loss, net of transaction costs	**1.9**	-	**1.7**	-
Ambatovy - Gain on long-term bond revaluation	**(0.4)**	-	**(10.0)**	-
Fort Site - Impairment of assets	**-**	2.3	**-**	2.3
Oil and Gas and Power - Revaluation of allowance for expected credit losses	**0.1**	-	**0.5**	-
Other	**-**	0.4	**(0.3)**	(0.9)
Total adjustments, before tax	**$ (2.0)**	$ 3.1	**$ 54.0**	$ (22.6)
Tax adjustments	**-**	-	**-**	-
Adjusted net loss from continuing operations	**$ (32.0)**	$ (10.2)	**$ (128.2)**	$ (33.7)
Adjusted net loss per share ($ per share)	**$ (0.08)**	$ (0.03)	**$ (0.32)**	$ (0.09)

Combined adjusted operating cash flow

The Corporation defines combined adjusted operating cash flow as cash provided (used) by continuing operations adjusted for dividends received from joint venture and associate before net changes in non-cash working capital.

Combined adjusted operating cash flow is used by management, and management believes this information is used by investors, to assess its ability to generate cash from its operations in each period without the impact of working capital changes.

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

$ millions, for the three months ended September 30	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	Combined total	Adjustment for joint venture	Total derived from financial statements 2019
Cash provided (used) by continuing operations	**$ 4.4**	**$ (1.0)**	**$ (9.2)**	**$ 15.9**	**$ (12.7)**	**$ (2.6)**	**$ 4.1**	**$ 1.5**
Adjust: net change in non-cash working capital	**20.3**	**1.3**	**4.4**	**(4.7)**	**(3.3)**	**18.0**	**(16.1)**	**1.9**
Adjusted operating cash flow	**$ 24.7**	**$ 0.3**	**$ (4.8)**	**$ 11.2**	**$ (16.0)**	**$ 15.4**	**$ (12.0)**	**$ 3.4**

$ millions, for the three months ended September 30	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	Combined total	Adjustment for joint venture	Total derived from financial statements 2018
Cash provided (used) by continuing operations	$ 12.3	$ 0.2	$ 0.8	$ 10.0	$ (8.5)	$ 14.8	$ (0.7)	$ 14.1
Adjust: net change in non-cash working capital	16.9	(0.2)	(4.3)	(4.3)	(7.2)	0.9	(23.3)	(22.4)
Adjusted operating cash flow	$ 29.2	$ -	$ (3.5)	$ 5.7	$ (15.7)	$ 15.7	$ (24.0)	$ (8.3)

$ millions, for the nine months ended September 30	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	Combined total	Adjustment for joint venture	Total derived from financial statements 2019
Cash (used) provided by continuing operations	**$ 8.0**	**$ 2.1**	**$ 4.3**	**$ 31.1**	**$ (56.2)**	**$ (10.7)**	**$ (7.5)**	**$ (18.2)**
Adjust: net change in non-cash working capital	**34.3**	**(1.4)**	**(15.9)**	**(6.6)**	**(2.4)**	**8.0**	**1.6**	**9.6**
Adjusted operating cash flow	**$ 42.3**	**$ 0.7**	**$ (11.6)**	**$ 24.5**	**$ (58.6)**	**$ (2.7)**	**$ (5.9)**	**$ (8.6)**

$ millions, for the nine months ended September 30	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	Combined total	Adjustment for joint venture	Total derived from financial statements 2018
Cash (used) provided by continuing operations	$ 40.5	$ 0.2	$ 18.6	$ 29.3	$ (53.2)	$ 35.4	$ (40.6)	$ (5.2)
Adjust: net change in non-cash working capital	52.4	0.4	(33.1)	(8.8)	(6.6)	4.3	(47.5)	(43.2)
Adjusted operating cash flow	$ 92.9	$ 0.6	$ (14.5)	$ 20.5	$ (59.8)	$ 39.7	$ (88.1)	$ (48.4)

Combined free cash flow

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

Free cash flow is used by management, and management believes this information is used by investors as a non-GAAP measure 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 need and service debt.

The tables below reconcile combined free cash flow to the consolidated statement of cash flow:

$ millions, for the three months ended September 30								**2019**
	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for joint venture	**Total derived from financial statements**
Cash provided (used) by continuing operations	**$ 4.4**	**$ (1.0)**	**$ (9.2)**	**$ 15.9**	**$ (12.7)**	**$ (2.6)**	**$ 4.1**	**$ 1.5**
Less:								
Property, plant and equipment expenditures	**(4.9)**	**-**	**(3.0)**	**(0.2)**	**(0.1)**	**(8.2)**	**4.0**	**(4.2)**
Intangible expenditures	**-**	**-**	**(1.5)**	**-**	**-**	**(1.5)**	**-**	**(1.5)**
Free cash flow	**$ (0.5)**	**$ (1.0)**	**$ (13.7)**	**$ 15.7**	**$ (12.8)**	**$ (12.3)**	**$ 8.1**	**$ (4.2)**

$ millions, for the three months ended September 30								2018
	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for joint venture	**Total derived from financial statements**
Cash provided (used) by continuing operations	$ 12.3	$ 0.2	$ 0.8	$ 10.0	$ (8.5)	$ 14.8	$ (0.7)	$ 14.1
Less:								
Property, plant and equipment expenditures	(8.5)	-	(3.3)	(0.2)	(0.5)	(12.5)	5.1	(7.4)
Intangible expenditures	-	-	(4.8)	-	-	(4.8)	-	(4.8)
Free cash flow	$ 3.8	$ 0.2	$ (7.3)	$ 9.8	$ (9.0)	$ (2.5)	$ 4.4	$ 1.9

$ millions, for the nine months ended September 30								**2019**
	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for joint venture	**Total derived from financial statements**
Cash (used) provided by continuing operations	**$ 8.0**	**$ 2.1**	**$ 4.3**	**$ 31.1**	**$ (56.2)**	**$ (10.7)**	**$ (7.5)**	**$ (18.2)**
Less:								
Property, plant and equipment expenditures	**(19.0)**	**-**	**(8.3)**	**(0.8)**	**(0.1)**	**(28.2)**	**16.2**	**(12.0)**
Intangible expenditures	**-**	**-**	**(13.4)**	**-**	**-**	**(13.4)**	**-**	**(13.4)**
Free cash flow	**$ (11.0)**	**$ 2.1**	**$ (17.4)**	**$ 30.3**	**$ (56.3)**	**$ (52.3)**	**$ 8.7**	**$ (43.6)**

$ millions, for the nine months ended September 30								2018
	Moa JV and Fort Site	Metals Other	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for joint venture	**Total derived from financial statements**
Cash (used) provided by continuing operations	$ 40.5	$ 0.2	$ 18.6	$ 29.3	$ (53.2)	$ 35.4	$ (40.6)	$ (5.2)
Less:								
Property, plant and equipment expenditures	(22.0)	-	(8.1)	(0.5)	(0.7)	(31.3)	15.6	(15.7)
Intangible expenditures	-	-	(9.9)	-	-	(9.9)	-	(9.9)
Free cash flow	$ 18.5	$ 0.2	$ 0.6	$ 28.8	$ (53.9)	$ (5.8)	$ (25.0)	$ (30.8)

Ambatovy Joint Venture – NDCC non-GAAP reconciliation

Net Direct Cash Cost

The Ambatovy Joint Venture's NDCC is calculated by dividing cost of sales, as reported in the financial statement Investment in associate note (note 8) adjusted for the following: depreciation, depletion and amortization in cost of sales; cobalt by-product, fertilizer and other revenue; and other costs primarily related to the impact of opening and closing inventory values, by the number of finished nickel pounds sold in the period, and expressed in U.S. dollars.

	For the three months ended		For the nine months ended	
$ millions, except unit cost and sales volume(1)	**2019 September 30**	2018 September 30	**2019 September 30**	2018 September 30
Cost of sales	**$ 222.3**	$ 293.0	**$ 788.1**	$ 791.8
Less:				
Depletion, depreciation and amortization in cost of sales	**(109.3)**	(88.8)	**(321.1)**	(257.7)
	113.0	204.2	**467.0**	534.1
Adjustments to cost of sales:				
Cobalt by-product, fertilizer and other revenue	**(34.2)**	(83.3)	**(101.7)**	(227.5)
Impact of opening/closing inventory and other	**34.8**	(5.8)	**34.9**	(24.2)
Cost of sales for purposes of unit cost calculation	**113.6**	115.1	**400.2**	282.4
Sales volume for the period	**18.4**	19.2	**56.7**	53.3
Volume units	**Millions of pounds**	Millions of pounds	**Millions of pounds**	Millions of pounds
Unit operating cost(2)	**$ 6.17**	$ 6.03	**$ 7.06**	$ 5.32
Unit operating cost (U.S. dollars) (NDCC)(2)	**$ 4.65**	$ 3.91	**$ 5.32**	$ 4.07

(1) For purposes of these reconciliations, all amounts and sales volume information is on a 100% basis.

(2) NDCC amount may not calculate based on amounts presented due to foreign exchange and rounding.

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 set out in the "Outlook" section of this MD&A and certain expectations regarding production volumes, operating costs and capital spending; supply, demand and pricing outlook in the nickel and cobalt markets; anticipated payments of outstanding receivables; future distributions from the Moa Joint Venture, funding of future Ambatovy Joint Venture cash calls, future debt to equity conversions at the Ambatovy Joint Venture, drill plans and results on exploration wells; the impact of Title III of the Helms-Burton Act on operations; 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; development and exploration wells and enhanced oil recovery in Cuba; environmental rehabilitation provisions; availability of regulatory and creditor approvals and waivers; compliance with applicable environmental laws and regulations; debt repayments; collection of accounts receivable; and certain corporate objectives, goals and plans. By their nature, forward looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that those assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this MD&A not to place undue reliance on any forward looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward looking statements. These risks, uncertainties and other factors include, but are not limited to, changes in the global price for nickel, cobalt, oil and gas, fertilizers or certain other commodities; security market fluctuations and price volatility; level of liquidity; access to capital; access to financing; risks related to the liquidity and funding of the Ambatovy Joint Venture; the risk to Sherritt's entitlements to future distributions from the Moa and Ambatovy joint ventures; risk of future non-compliance with debt restrictions and covenants and mandatory repayments; uncertainty of exploration results and Sherritt's ability to replace depleted mineral and oil and gas reserves; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba and Madagascar; risks related to Sherritt's operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; potential interruptions in transportation; uncertainty of gas supply for electrical generation; the Corporation's reliance on key personnel and skilled workers; the possibility of equipment and other failures; risks associated with mining, processing and refining activities; 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 related to Sherritt's operations in Madagascar; risks associated with Sherritt's operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations and maintaining the Corporation's social license to grow and operate; credit risks; 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; identification and management of growth opportunities; 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 2019; and the Corporation's ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this press release and in the Corporation's other documents filed with the Canadian securities authorities, including without limitation the Annual Information Form of the Corporation dated February 13, 2019 for the period ending December 31, 2018, 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, 2019 and 2018

Condensed consolidated statements of comprehensive income (loss)

Unaudited, Canadian $ millions, except per share amounts	Note	For the three months ended 2019 September 30	2018 September 30	For the nine months ended 2019 September 30	2018 September 30
Revenue	5	**$ 27.8**	$ 29.9	**$ 106.2**	$ 115.8
Cost of sales	6	**(32.3)**	(39.3)	**(118.8)**	(125.9)
Administrative expenses	6	**(11.0)**	(6.0)	**(32.1)**	(24.3)
Share of earnings (loss) of a joint venture, net of tax	7	**7.0**	24.7	**(3.2)**	58.0
Share of loss of an associate, net of tax	8	**(17.5)**	(17.4)	**(56.4)**	(40.3)
Loss from operations, joint venture and associate		**(26.0)**	(8.1)	**(104.3)**	(16.7)
Financing income, net	9	**6.9**	16.2	**(21.5)**	44.6
Financing expense	9	**(8.9)**	(21.0)	**(53.5)**	(36.3)
Net finance (expense) income		**(2.0)**	(4.8)	**(75.0)**	8.3
Loss before tax		**(28.0)**	(12.9)	**(179.3)**	(8.4)
Income tax expense		**(2.0)**	(0.4)	**(2.9)**	(2.7)
Net loss from continuing operations		**(30.0)**	(13.3)	**(182.2)**	(11.1)
Earnings from discontinued operations, net of tax		**-**	-	**-**	-
Net loss for the period		**$ (30.0)**	$ (13.3)	**$ (182.2)**	$ (11.1)
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations	15	**8.5**	(15.0)	**(26.7)**	25.1
Items that will not be subsequently reclassified to profit or loss:					
Actuarial (losses) gains on pension plans, net of tax	15	**-**	(0.2)	**0.6**	(0.3)
Other comprehensive income (loss)		**8.5**	(15.2)	**(26.1)**	24.8
Total comprehensive (loss) income		**$ (21.5)**	$ (28.5)	**$ (208.3)**	$ 13.7
Net loss from continuing operations per common share					
Basic	10	**$ (0.08)**	$ (0.03)	**$ (0.46)**	$ (0.03)
Diluted	10	**$ (0.08)**	$ (0.03)	**$ (0.46)**	$ (0.03)
Net loss per common share					
Basic	10	**$ (0.08)**	$ (0.03)	**$ (0.46)**	$ (0.03)
Diluted	10	**$ (0.08)**	$ (0.03)	**$ (0.46)**	$ (0.03)

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

Condensed consolidated statements of financial position

Unaudited, Canadian $ millions, as at	Note		2019 September 30		2018 December 31
ASSETS					
Current assets					
Cash and cash equivalents	11	**$**	**169.3**	$	206.9
Short-term investments	11		**-**		0.1
Restricted cash			**5.7**		2.8
Advances, loans receivable and other financial assets	12		**13.3**		24.6
Trade accounts receivable, net, and unbilled revenue	11		**194.7**		227.5
Inventories			**36.8**		33.6
Prepaid expenses			**3.5**		2.7
			423.3		498.2
Non-current assets					
Advances, loans receivable and other financial assets	12		**672.2**		720.5
Other non-financial assets			**0.8**		0.3
Property, plant and equipment			**233.8**		227.9
Investment in a joint venture	7		**398.0**		438.0
Investment in an associate	8		**83.8**		148.1
Intangible assets			**161.4**		160.5
			1,550.0		1,695.3
Assets held for sale			**0.9**		0.9
Total assets		**$**	**1,974.2**	$	2,194.4
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Loans and borrowings	13	**$**	**157.2**	$	8.0
Trade accounts payable and accrued liabilities			**175.8**		183.2
Income taxes payable			**1.5**		0.6
Other financial liabilities	13		**5.6**		7.4
Deferred revenue			**5.4**		24.5
Provisions	14		**3.8**		8.6
			349.3		232.3
Non-current liabilities					
Loans and borrowings	13		**552.4**		697.7
Other financial liabilities	13		**14.2**		5.7
Other non-financial liabilities			**2.8**		3.0
Provisions	14		**116.4**		108.6
Deferred income taxes			**16.1**		16.2
			701.9		831.2
Total liabilities			**1,051.2**		1,063.5
Shareholders' equity					
Capital stock	15		**2,894.9**		2,894.9
Deficit			**(2,716.8)**		(2,534.6)
Reserves	15		**233.8**		233.4
Accumulated other comprehensive income	15		**511.1**		537.2
			923.0		1,130.9
Total liabilities and shareholders' equity		**$**	**1,974.2**	$	2,194.4

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 2019 September 30	2018 September 30	For the nine months ended 2019 September 30	2018 September 30
Operating activities					
Net loss from continuing operations		**$ (30.0)**	$ (13.3)	**$ (182.2)**	$ (11.1)
Add (deduct):					
Depletion, depreciation and amortization	6	**11.9**	11.9	**35.9**	34.1
Share of (earnings) loss of a joint venture, net of tax	7	**(7.0)**	(24.7)	**3.2**	(58.0)
Share of loss of an associate, net of tax	8	**17.5**	17.4	**56.4**	40.3
Net finance expense (income) (less accretion expense)	9	**1.9**	4.5	**74.7**	(8.9)
Income tax expense		**2.0**	0.4	**2.9**	2.7
Net change in non-cash working capital	16	**(1.9)**	22.4	**(9.6)**	43.2
Interest received		**3.4**	0.8	**4.8**	3.4
Interest paid		**(8.2)**	(7.6)	**(31.8)**	(34.4)
Income tax paid		**(0.6)**	(0.5)	**(1.7)**	(14.6)
Distributions received from joint venture	7	**11.6**	5.2	**28.4**	5.2
Other operating items	16	**0.9**	(2.4)	**0.8**	(7.1)
Cash provided (used) by continuing operations		**1.5**	14.1	**(18.2)**	(5.2)
Cash (used) provided by discontinued operations	12	**(3.2)**	(3.6)	**10.8**	(7.8)
Cash (used) provided by operating activities		**(1.7)**	10.5	**(7.4)**	(13.0)
Investing activities					
Property, plant and equipment expenditures	5	**(4.2)**	(7.4)	**(12.0)**	(15.7)
Intangible asset expenditures	5	**(1.5)**	(4.8)	**(13.4)**	(9.9)
Receipts of advances, loans receivable and other financial assets		**0.2**	10.8	**0.5**	35.8
Proceeds from (purchase of) short-term investments		**20.0**	(30.0)	**0.1**	(36.0)
Cash provided (used) by continuing operations		**14.5**	(31.4)	**(24.8)**	(25.8)
Cash provided (used) by investing activities		**14.5**	(31.4)	**(24.8)**	(25.8)
Financing activities					
Repayment of other financial liabilities		**(0.9)**	-	**(2.3)**	-
Increase in loans, borrowings and other financial liabilities		**-**	2.0	**-**	2.0
Repurchase of senior unsecured debentures	13	**-**	-	**-**	(120.3)
Issuance of units	15	**-**	-	**-**	132.3
Fees paid on repurchase of senior unsecured debentures and issuance of units		**-**	-	**-**	(9.5)
Issuance of common shares		**-**	0.1	**-**	0.8
Cash (used) provided by continuing operations		**(0.9)**	2.1	**(2.3)**	5.3
Cash (used) provided by financing activities		**(0.9)**	2.1	**(2.3)**	5.3
Effect of exchange rate changes on cash and cash equivalents		**0.6**	(1.3)	**(3.1)**	1.6
Increase (decrease) in cash and cash equivalents		**12.5**	(20.1)	**(37.6)**	(31.9)
Cash and cash equivalents at beginning of the period		**156.8**	173.2	**206.9**	185.0
Cash and cash equivalents at end of the period	11	**$ 169.3**	$ 153.1	**$ 169.3**	$ 153.1

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

Condensed consolidated statements of changes in shareholders’ equity

Unaudited, Canadian $ millions

	Note	Capital stock	Deficit	Reserves	Accumulated other comprehensive income (loss)	Total
Balance as at December 31, 2017		**$ 2,784.6**	**$ (2,427.7)**	**$ 232.9**	**$ 466.5**	**$ 1,056.3**
Cumulative transitional adjustment on initial application of IFRS 9		-	(42.7)	-	-	(42.7)
Total comprehensive income:						
Net loss for the period		-	(11.1)	-	-	(11.1)
Foreign currency translation differences on foreign operations		-	-	-	25.1	25.1
Actuarial losses on pension plans, net of tax		-	-	-	(0.3)	(0.3)
		-	(11.1)	-	24.8	13.7
Shares issued for:						
Stock options exercised		0.2	-	(0.1)	-	0.1
Equity issuance, net of transaction costs - 2018 unit offering		109.0	-	-	-	109.0
Warrants exercised - 2016 debenture extension		1.1	-	(0.4)	-	0.7
Stock option plan expense		-	-	0.9	-	0.9
Balance as at September 30, 2018		**$ 2,894.9**	**$ (2,481.5)**	**$ 233.3**	**$ 491.3**	**$ 1,138.0**
Total comprehensive loss:						
Net loss for the period		-	(53.1)	-	-	(53.1)
Foreign currency translation differences on foreign operations		-	-	-	45.8	45.8
Actuarial gains on pension plans, net of tax		-	-	-	0.1	0.1
		-	(53.1)	-	45.9	(7.2)
Stock option expense		-	-	0.1	-	0.1
Balance as at December 31, 2018		**$ 2,894.9**	**$ (2,534.6)**	**$ 233.4**	**$ 537.2**	**$ 1,130.9**
Total comprehensive loss:						
Net loss for the period		-	(182.2)	-	-	(182.2)
Foreign currency translation differences on foreign operations	15	-	-	-	(26.7)	(26.7)
Actuarial gains on pension plans, net of tax	15	-	-	-	0.6	0.6
		-	(182.2)	-	(26.1)	(208.3)
Stock option plan expense	15	-	-	0.4	-	0.4
Balance as at September 30, 2019		**$ 2,894.9**	**$ (2,716.8)**	**$ 233.8**	**$ 511.1**	**$ 923.0**

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

The Corporation is domiciled in Ontario, Canada and its registered office is 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 October 30, 2019. The Corporation is listed on the Toronto Stock Exchange.

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, joint arrangements and associate.

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. All financial information is presented in Canadian dollars rounded to the nearest hundred thousand, except as otherwise noted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

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, 2018, with the exception of the adoption of IFRS 16 Leases (IFRS 16), with a date of initial application of January 1, 2019.

The adoption of IFRS 16 had a material impact on the accounting policies, methods of computation and presentation of leases applied by the Corporation. The adoption of IFRS 16 also resulted in the Corporation identifying new critical accounting estimates and judgments related to leases. The Corporation's accounting policies and critical accounting estimates and judgments related to IFRS 16 and the effects of adoption are described in the Corporation's condensed consolidated financial statements for the three months ended March 31, 2019.

The Corporation adopted IFRS 16 using transition methods that did not require the comparative periods to be restated and therefore comparative information is presented as previously reported under IAS 17 Leases (IAS 17) and IFRIC 4 Determining Whether an Arrangement Contains a Lease (IFRIC 4).

In reaching its going concern conclusion, the Corporation applies judgment around future commodity prices, timing of collections of Cuban energy receivables and potential cross-defaults arising from the Ambatovy Joint Venture partner loans. The judgments made by management in reaching this conclusion are based on information available as of the date these condensed consolidated financial statements were authorized for issuance. After considering these judgments, management has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern.

The condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2018 and the condensed consolidated financial statements for the three months ended March 31, 2019.

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

Effective January 1, 2019, the Corporation adopted the requirements of IFRS 16. The Corporation's accounting policies and critical accounting estimates and judgments related to IFRS 16 and the effects of adoption are described in the Corporation's condensed consolidated financial statements for the three months ended March 31, 2019. There has been no change to the Corporation's accounting policies or critical accounting estimates and judgments related to IFRS 16 subsequent to adoption.

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

The Corporation revised the presentation of its segments during the three months ended March 31, 2019 to exclude the Ambatovy Joint Venture in the current and comparative periods. This revision is the result of Sherritt losing its voting rights at the Ambatovy Joint Venture (note 8) subsequent to becoming a defaulting shareholder and the impact this had on information reviewed by the chief operating decision maker.

Canadian $ millions, for the three months ended September 30							**2019**
	Moa JV and Fort Site[1]	**Metals Other[2]**	**Oil and Gas**	**Power**	**Corporate and Other[3]**	**Adjustments for Joint Venture and Associate[4]**	**Total**
Revenue[5]	**$ 112.2**	**$ 2.8**	**$ 6.9**	**$ 12.1**	**$ (0.1)**	**$ (106.1)**	**$ 27.8**
Cost of sales	**(97.6)**	**(2.5)**	**(11.2)**	**(9.6)**	**(2.7)**	**91.3**	**(32.3)**
Administrative expenses	**(2.4)**	**-**	**(2.2)**	**(0.7)**	**(7.0)**	**1.3**	**(11.0)**
Share of earnings of a joint venture, net of tax	**-**	**-**	**-**	**-**	**-**	**7.0**	**7.0**
Share of loss of an associate, net of tax	**-**	**-**	**-**	**-**	**-**	**(17.5)**	**(17.5)**
Earnings (loss) from operations, joint venture and associate	**12.2**	**0.3**	**(6.5)**	**1.8**	**(9.8)**	**(24.0)**	**(26.0)**
Financing income, net							**6.9**
Financing expense							**(8.9)**
Net finance expense							**(2.0)**
Loss before tax							**(28.0)**
Income tax expense							**(2.0)**
Net loss from continuing operations							**(30.0)**
Earnings from discontinued operations, net of tax							**-**
Net loss for the period							**(30.0)**
Supplementary information							
Depletion, depreciation and amortization	**$ 13.3**	**$ -**	**$ 2.7**	**$ 6.8**	**$ 0.3**	**$ (11.2)**	**$ 11.9**
Property, plant and equipment expenditures	**5.0**	**-**	**3.0**	**0.2**	**-**	**(4.0)**	**4.2**
Intangible asset expenditures	**-**	**-**	**1.5**	**-**	**-**	**-**	**1.5**

Canadian $ millions, as at September 30							**2019**
Non-current assets[6]	**$ 702.1**	**$ -**	**$ 143.9**	**$ 95.4**	**$ 9.4**	**$ (555.6)**	**$ 395.2**
Total assets	**976.3**	**101.6**	**197.2**	**444.6**	**553.4**	**(298.9)**	**1,974.2**

Canadian $ millions, for the three months ended September 30							2018 (Restated)
	Moa JV and Fort Site[1]	Metals Other[2]	Oil and Gas	Power	Corporate and Other[3]	Adjustments for Joint Venture and Associate[4]	Total
Revenue[5]	$ 136.3	$ 2.6	$ 8.7	$ 11.7	$ (0.1)	$ (129.3)	$ 29.9
Cost of sales	(109.2)	(3.4)	(12.0)	(11.0)	(2.1)	98.4	(39.3)
Administrative expenses	(2.0)	0.2	(1.9)	(0.9)	(2.6)	1.2	(6.0)
Share of earnings of a joint venture, net of tax	-	-	-	-	-	24.7	24.7
Share of loss of an associate, net of tax	-	-	-	-	-	(17.4)	(17.4)
Earnings (loss) from operations, joint venture and associate	25.1	(0.6)	(5.2)	(0.2)	(4.8)	(22.4)	(8.1)
Financing income, net							16.2
Financing expense							(21.0)
Net finance expense							(4.8)
Loss before tax							(12.9)
Income tax expense							(0.4)
Net loss from continuing operations							(13.3)
Earnings from discontinued operations, net of tax							-
Net loss for the period							(13.3)
Supplementary information							
Depletion, depreciation and amortization	$ 12.1	$ -	$ 2.5	$ 6.3	$ 0.2	$ (9.2)	$ 11.9
Property, plant and equipment expenditures	8.5	-	3.3	0.2	0.5	(5.1)	7.4
Intangible asset expenditures	-	-	4.8	-	-	-	4.8

Canadian $ millions, as at December 31							2018 (Restated)
Non-current assets[6]	$ 699.7	$ -	$ 126.0	$ 117.2	$ 4.1	$ (558.6)	$ 388.4
Total assets	998.8	98.1	201.1	462.3	659.0	(224.9)	2,194.4

Notes to the condensed consolidated financial statements

Canadian $ millions, for the nine months ended September 30	Moa JV and Fort Site(1)	Metals Other(2)	Oil and Gas	Power	Corporate and Other(3)	Adjustments for Joint Venture and Associate(4)	2019 Total
Revenue(5)	$ 337.6	$ 8.5	$ 23.4	$ 33.9	$ (0.6)	$ (296.6)	$ 106.2
Cost of sales	(328.3)	(8.0)	(35.1)	(28.6)	(8.1)	289.3	(118.8)
Administrative expenses	(7.0)	-	(5.9)	(1.8)	(21.0)	3.6	(32.1)
Share of loss of a joint venture, net of tax	-	-	-	-	-	(3.2)	(3.2)
Share of loss of an associate, net of tax	-	-	-	-	-	(56.4)	(56.4)
Earnings (loss) from operations, joint venture and associate	2.3	0.5	(17.6)	3.5	(29.7)	(63.3)	(104.3)
Financing income, net							(21.5)
Financing expense							(53.5)
Net finance expense							(75.0)
Loss before tax							(179.3)
Income tax expense							(2.9)
Net loss from continuing operations							(182.2)
Earnings from discontinued operations, net of tax							-
Net loss for the period							(182.2)
Supplementary information							
Depletion, depreciation and amortization	$ 41.6	$ -	$ 8.4	$ 19.4	$ 1.0	$ (34.5)	$ 35.9
Property, plant and equipment expenditures	19.1	-	8.3	0.8	-	(16.2)	12.0
Intangible asset expenditures	-	-	13.4	-	-	-	13.4

Canadian $ millions, as at September 30							2019
Non-current assets(6)	$ 702.1	$ -	$ 143.9	$ 95.4	$ 9.4	$ (555.6)	$ 395.2
Total assets	976.3	101.6	197.2	444.6	553.4	(298.9)	1,974.2

Canadian $ millions, for the nine months ended September 30	Moa JV and Fort Site(1)	Metals Other(2)	Oil and Gas	Power	Corporate and Other(3)	Adjustments for Joint Venture and Associate(4)	2018 (Restated) Total
Revenue(5)	$ 378.1	$ 8.1	$ 36.4	$ 36.0	$ (0.5)	$ (342.3)	$ 115.8
Cost of sales	(297.2)	(7.6)	(38.1)	(30.3)	(7.9)	255.2	(125.9)
Administrative expenses	(7.4)	0.2	(4.9)	(2.6)	(13.0)	3.4	(24.3)
Share of earnings of a joint venture, net of tax	-	-	-	-	-	58.0	58.0
Share of loss of an associate, net of tax	-	-	-	-	-	(40.3)	(40.3)
Earnings (loss) from operations, joint venture and associate	73.5	0.7	(6.6)	3.1	(21.4)	(66.0)	(16.7)
Financing income, net							44.6
Financing expense							(36.3)
Net finance income							8.3
Loss before tax							(8.4)
Income tax expense							(2.7)
Net loss from continuing operations							(11.1)
Earnings from discontinued operations, net of tax							-
Net loss for the period							(11.1)
Supplementary information							
Depletion, depreciation and amortization	$ 35.2	$ -	$ 7.9	$ 18.4	$ 0.7	$ (28.1)	$ 34.1
Property, plant and equipment expenditures	22.0	-	8.1	0.5	0.7	(15.6)	15.7
Intangible asset expenditures	-	-	9.9	-	-	-	9.9

Canadian $ millions, as at December 31							2018 (Restated)
Non-current assets(6)	$ 699.7	$ -	$ 126.0	$ 117.2	$ 4.1	$ (558.6)	$ 388.4
Total assets	998.8	98.1	201.1	462.3	659.0	(224.9)	2,194.4

(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.

(2) Included in the Metals Other segment are the operations of wholly-owned subsidiaries of the Corporation established to buy, market and sell certain Moa Joint Venture nickel and cobalt production.

(3) Included in the Corporate and Other segment are the operations of wholly-owned subsidiaries of the Corporation established to finance the Ambatovy Joint Venture.

(4) The Adjustments for Joint Venture and Associate reflect the adjustments for equity-accounted investments in the Moa Joint Venture and Ambatovy Joint Venture.

(5) Revenue in the Metals Other segment includes $1.7 million and $5.2 million of intersegment revenue with the Moa JV and Fort Site segment related to marketing of nickel and cobalt for the three and nine months ended September 30, 2019, respectively ($1.8 million and $4.8 million for the three and nine months ended September 30, 2018, respectively).

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

Disaggregation of revenue by product type

Revenue in the below table excludes the revenue of equity-accounted investments in the Moa Joint Venture and Ambatovy Joint Venture:

Canadian $ millions	For the three months ended 2019 September 30 Total revenue	2018 September 30 Total revenue	For the nine months ended 2019 September 30 Total revenue	2018 September 30 Total revenue
Fertilizer	**$ 6.7**	$ 7.6	**$ 42.2**	$ 37.9
Oil and gas	**5.9**	7.7	**19.9**	33.5
Power generation(1)	**11.0**	10.4	**30.7**	32.2
Other	**4.2**	4.2	**13.4**	12.2
	$ 27.8	$ 29.9	**$ 106.2**	$ 115.8

(1) All of the revenue in the table above is revenue recognized from contracts with customers in accordance with IFRS 15, except for lease revenue related to power generation facilities in 2018, which is recognized in accordance with IAS 17 Leases. Upon the adoption of IFRS 16 (note 4), the power generation facilities do not meet the definition of a lease. For the three and nine months ended September 30, 2019, the revenue related to power generation facilities is recognized in accordance with IFRS 15. Included in power generation revenue for the three and nine months ended September 30, 2019 is $11.0 million and $30.7 million of revenue from service concession arrangements, respectively ($7.0 million and $22.1 million of revenue from service concession arrangements, respectively, and $3.4 million and $10.1 million of lease revenue related to power generation facilities for the three and nine months ended September 30, 2018, respectively).

6. EXPENSES

Cost of sales includes the following:

Canadian $ millions	For the three months ended 2019 September 30	2018 September 30	For the nine months ended 2019 September 30	2018 September 30
Employee costs	**$ 14.2**	$ 16.0	**$ 45.9**	$ 47.6
Severance	**0.7**	-	**1.3**	1.1
Depletion, depreciation and amortization of property, plant and equipment and intangible assets	**11.1**	11.8	**33.5**	33.5
Raw materials and consumables	**8.3**	9.9	**30.5**	28.4
Repairs and maintenance	**10.8**	14.0	**33.3**	32.2
Shipment and treatment costs	**0.9**	1.1	**3.5**	3.4
Stock-based compensation expense (recovery)	**0.2**	(0.7)	**0.5**	(0.2)
Changes in inventories and other	**(13.9)**	(12.8)	**(29.7)**	(20.1)
	$ 32.3	$ 39.3	**$ 118.8**	$ 125.9

Administrative expenses include the following:

Canadian $ millions	For the three months ended 2019 September 30	2018 September 30	For the nine months ended 2019 September 30	2018 September 30
Employee costs	**$ 6.6**	$ 7.4	**$ 21.1**	$ 22.9
Severance	**0.2**	0.4	**1.4**	0.5
Depreciation	**0.8**	0.1	**2.4**	0.6
Stock-based compensation expense (recovery)	**1.5**	(4.0)	**1.1**	(6.6)
Consulting services and audit fees	**1.2**	1.3	**4.3**	3.8
Other	**0.7**	0.8	**1.8**	3.1
	$ 11.0	$ 6.0	**$ 32.1**	$ 24.3

During the three months ended March 31, 2019, the Corporation revised the presentation of severance to separate amounts included in cost of sales and administrative expense. In the prior year, these amounts were presented entirely within administrative expenses. The Corporation revised its presentation to better allow the users of the financial statements to identify trends within the expenses note disclosure. For consistency with the current period presented, the comparative amounts have been reclassified. For the three and nine months ended September 30, 2018, employee costs included within cost of sales have decreased by nil and $1.1 million, respectively, and severance included within cost of sales have increased by nil and $1.1 million, respectively. For the three and nine months ended September 30, 2018, employee costs included within administrative expenses have increased by nil and $1.1 million, respectively, and severance included within administrative expenses have decreased by nil and $1.1 million, respectively.

7. JOINT ARRANGEMENTS

Investment in a joint venture

During the three and nine months ended September 30, 2019, the Moa Joint Venture paid distributions of $23.1 million and $56.7 million, respectively, of which $11.6 million and $28.4 million, respectively, were paid to the Corporation representing its 50% ownership interest ($10.4 million and $10.4 million, and, $5.2 million and $5.2 million, respectively, for the three and nine months ended September 30, 2018, respectively). All distributions were in the form of dividends.

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

Statements of financial position

Canadian $ millions, 100% basis, as at	**2019 September 30**	2018 December 31
Current assets[1]	**$ 445.1**	$ 499.5
Non-current assets	**1,207.2**	1,217.3
Current liabilities[2]	**82.1**	78.0
Non-current liabilities[3]	**683.3**	668.1
Net assets of Moa Joint Venture	**$ 886.9**	$ 970.7
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**443.5**	485.4
Intercompany capitalized interest elimination	**(45.5)**	(47.4)
Carrying value of investment in a joint venture	**$ 398.0**	$ 438.0

(1) Included in current assets is $28.0 million of cash and cash equivalents (December 31, 2018 - $55.3 million).

(2) Included in current liabilities is $21.1 million of financial liabilities (December 31, 2018 - $8.2 million).

(3) Included in non-current liabilities is $557.3 million of financial liabilities (December 31, 2018 - $557.3 million).

Statements of comprehensive income (loss)

Canadian $ millions, 100% basis	For the three months ended 2019 September 30	2018 September 30	For the nine months ended 2019 September 30	2018 September 30
Earnings from operations(1)(2)	**27.1**	59.0	**7.7**	167.1
Financing income	**0.1**	0.3	**0.5**	0.7
Financing expense	**(10.9)**	(10.8)	**(33.1)**	(33.5)
Net finance expense	**(10.8)**	(10.5)	**(32.6)**	(32.8)
Earnings (loss) before tax	**16.3**	48.5	**(24.9)**	134.3
Income tax expense(3)	**(9.1)**	(7.3)	**(1.4)**	(37.2)
Net earnings (loss) and comprehensive income (loss) of Moa Joint Venture	**$ 7.2**	$ 41.2	**$ (26.3)**	$ 97.1
Proportion of Sherritt's ownership interest	**50%**	50%	**50%**	50%
Total	**3.6**	20.6	**(13.2)**	48.6
Intercompany elimination	**3.4**	4.1	**10.0**	9.4
Share of earnings (loss) of a joint venture, net of tax	**$ 7.0**	$ 24.7	**$ (3.2)**	$ 58.0

(1) Included in earnings from operations for the three and nine months ended September 30, 2019 is revenue of $212.2 million and $593.3 million, respectively ($258.4 million and $684.5 million for the three and nine months ended September 30, 2018, respectively).

(2) Included in earnings from operations for the three and nine months ended September 30, 2019 is depreciation and amortization of $22.4 million and $69.0 million, respectively ($18.3 million and $56.0 million for the three and nine months ended September 30, 2018, respectively).

(3) Included in income tax expense for the three and nine months ended September 30, 2019 is a recovery of nil and $2.6 million, respectively, reflecting a remeasurement of deferred tax liabilities as a result of the decrease in Alberta's general corporate income tax rate. Effective July 1, 2019, the corporate tax rate decreased from 12% to 11%, with a further decrease to 10% on January 1, 2020, 9% on January 1, 2021 and 8% on January 1, 2022. Income tax expense for the nine months ended September 30, 2019 decreased since the comparative period primarily due to lower taxable income at one of the operating companies in the Moa Joint Venture.

Joint operations

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	2019 September 30	2018 December 31
Current assets	**$ 99.0**	$ 89.4
Non-current assets	**87.9**	108.0
Current liabilities	**10.4**	13.3
Non-current liabilities	**110.3**	108.4
Net assets	**$ 66.2**	$ 75.7

Canadian $ millions, 33⅓% basis	For the three months ended 2019 September 30	2018 September 30	For the nine months ended 2019 September 30	2018 September 30
Revenue	**$ 12.1**	$ 11.7	**$ 33.9**	$ 36.0
Expenses	**(10.0)**	(14.7)	**(37.0)**	(31.8)
Net earnings (loss)	**$ 2.1**	$ (3.0)	**$ (3.1)**	$ 4.2

8. INVESTMENT IN AN ASSOCIATE

Deferral of principal repayment on Ambatovy Joint Venture financing

In September 2019, the Ambatovy Joint Venture financing lenders agreed to defer principal repayments until June 2022. The maximum amount eligible for deferral is US$1,130 million (100% basis) and is subject to an additional 2% accrued interest calculated from June 2019 onwards. If the maximum amount is deferred, semi-annual principal repayments of US$94.0 million (100% basis) will recommence in June 2022 through to June 2024, increasing to US$188.0 million (100% basis) semi-annually in December 2024 through to June 2027. The Ambatovy Joint Venture continues to pay semi-annual interest payments in June and December. Deferred principal and 2% accrued interest amounts may be repaid earlier based on Ambatovy Joint Venture cash flow generation.

The principal repayment deferrals resulted in a modification of the financial liability and a loss of US$30.7 million (100% basis) recognized in net financing expense at the Ambatovy Joint Venture. Transaction costs of US$18.7 million (100% basis), which were previously expensed, were capitalized within non-current liabilities at the Ambatovy Joint Venture during the three months ended September 30, 2019.

Total interest payments made to lenders were nil and US$44.2 million during the three and nine months ended September 30, 2019, respectively (nil and US$35.0 million for the three and nine months ended September 30, 2018, respectively).

Ambatovy Joint Venture funding

Ambatovy cash calls due during the nine months ended September 30, 2019 amounted to US$167.8 million (100% basis), with funding of US$147.7 million provided by Ambatovy Joint Venture partners Sumitomo and KORES. Sherritt did not fund its 12% share of the US$167.8 million cash calls during the nine months ended September 30, 2019. As a result, Sherritt is a defaulting shareholder and does not hold Ambatovy Joint Venture voting rights.

Sherritt's 12% share of the Ambatovy Joint Venture cash calls that have not been funded (US$20.1 million) will remain due from Sherritt to the Ambatovy Joint Venture. If a non-defaulting shareholder elects to fund on behalf of Sherritt, that shareholder will have the option to elect to collect the amount funded as a receivable from Sherritt, an equivalent amount of Sherritt's ownership interest in the Ambatovy Joint Venture, or an equivalent amount of Sherritt's loans receivable due from the Ambatovy Joint Venture. The Ambatovy Joint Venture will also have the option to elect to set off the outstanding cash call amount due against any loan payable due to Sherritt while it is a defaulting shareholder.

Critical accounting judgments

It is the Corporation's judgment that the Ambatovy Joint Venture continues to be an associate given the Corporation's ability to cure its event of default and reinstate its Ambatovy Joint Venture voting rights and representation at any time.

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

Statements of financial position

Canadian $ millions, 100% basis, as at	**2019 September 30**	2018 December 31
Current assets(1)	**$ 644.6**	$ 624.9
Non-current assets	**5,884.1**	6,210.9
Current liabilities	**482.3**	743.6
Non-current liabilities(2)	**4,389.3**	4,395.1
Net assets of Ambatovy Joint Venture	**$ 1,657.1**	$ 1,697.1
Proportion of Sherritt's ownership interest	**12%**	12%
Total	**198.9**	203.7
Intercompany elimination(2)	**(115.1)**	(55.6)
Carrying value of investment in an associate	**$ 83.8**	$ 148.1

(1) Included in current assets is $111.9 million of cash and cash equivalents (December 31, 2018 - $56.8 million).

(2) During the nine months ended September 30, 2019, US$374.8 million ($496.0 million) of the Ambatovy Joint Venture subordinated loans payable was converted to equity. The Corporation has recorded its share of the related subordinated loans receivable within advances, loans receivable and other financial assets (note 12). There was no change to the Corporation's ownership interest as a result of the conversion.

Statements of comprehensive income (loss)

Canadian $ millions, 100% basis	For the three months ended 2019 September 30	2018 September 30	For the nine months ended 2019 September 30	2018 September 30
Loss from operations[(1)(2)(3)]	**(34.5)**	(63.6)	**(291.5)**	(151.3)
Financing income	**0.4**	1.1	**1.6**	5.0
Financing expense[(4)]	**(116.5)**	(87.5)	**(195.5)**	(204.7)
Net finance expense	**(116.1)**	(86.4)	**(193.9)**	(199.7)
Loss before tax	**(150.6)**	(150.0)	**(485.4)**	(351.0)
Income tax expense	**(1.0)**	(1.5)	**(3.1)**	(4.0)
Net loss and comprehensive loss of Ambatovy Joint Venture	**$ (151.6)**	$ (151.5)	**$ (488.5)**	$ (355.0)
Proportion of Sherritt's ownership interest	**12%**	12%	**12%**	12%
Total	**(18.2)**	(18.2)	**(58.6)**	(42.6)
Intercompany elimination	**0.7**	0.8	**2.2**	2.3
Share of loss of an associate, net of tax	**$ (17.5)**	$ (17.4)	**$ (56.4)**	$ (40.3)

(1) Included in loss from operations for the three and nine months ended September 30, 2019 is revenue of $191.7 million and $520.8 million, respectively ($238.6 million and $647.6 million for the three and nine months ended September 30, 2018, respectively).

(2) Included in loss from operations for the three and nine months ended September 30, 2019 is cost of sales of $222.3 million and $788.1 million, respectively ($293.0 million and $791.8 million for the three and nine months ended September 30, 2018, respectively).

(3) Included in loss from operations for the three and nine months ended September 30, 2019 is depreciation and amortization of $109.3 million and $321.1 million, respectively ($88.8 million and $257.7 million for the three and nine months ended September 30, 2018, respectively).

(4) Included in financing expense for the three and nine months ended September 30, 2019 is a gain on the revaluation of long-term bonds of $3.3 million and $83.3 million, respectively ($1.8 million and $8.6 million gain for the three and nine months ended September 30, 2018, respectively).

9. NET FINANCE (EXPENSE) INCOME

Canadian $ millions	Note	For the three months ended 2019 September 30	2018 September 30	For the nine months ended 2019 September 30	2018 September 30
Net unrealized (loss) gain on financial instruments					
Revaluation of cobalt-linked warrants	13	**$ (0.2)**	$ 5.7	**$ 1.7**	$ 10.4
Revaluation of financial assets measured at fair value through profit or loss		**(1.5)**	0.3	**(0.7)**	0.6
Revaluation of allowance for expected credit losses:					
Trade accounts receivable, net	11	**(0.1)**	(1.2)	**(0.5)**	(1.4)
Ambatovy Joint Venture subordinated loans receivable	11	**(2.4)**	(1.1)	**(57.0)**	(3.2)
Interest income on cash, cash equivalents and short-term investments		**0.4**	0.8	**1.9**	2.4
Interest income on investments		**0.5**	0.2	**1.0**	0.6
Interest income on advances and loans receivable		**8.0**	9.5	**25.4**	27.0
Interest income on accretion of advances and loans receivable		**2.1**	2.0	**6.4**	5.9
Interest income on finance lease receivables		**0.1**	-	**0.3**	-
Gain on repurchase of debentures	13	**-**	-	**-**	2.3
Total financing income, net		**6.9**	16.2	**(21.5)**	44.6
Interest expense and accretion on loans and borrowings		**(14.8)**	(14.4)	**(43.8)**	(45.0)
Interest expense on other liabilities		**(0.1)**	-	**(0.1)**	-
Interest expense on lease liabilities		**(0.2)**	-	**(0.7)**	-
Unrealized foreign exchange gain (loss)		**7.7**	(6.1)	**(6.1)**	12.6
Realized foreign exchange (loss) gain	16	**(1.0)**	0.1	**(1.1)**	0.2
Other finance charges		**(0.4)**	(0.3)	**(1.4)**	(3.5)
Accretion expense on environmental rehabilitation provisions	14, 16	**(0.1)**	(0.3)	**(0.3)**	(0.6)
Total financing expense		**(8.9)**	(21.0)	**(53.5)**	(36.3)
Net finance (expense) income		**$ (2.0)**	$ (4.8)	**$ (75.0)**	$ 8.3

10. LOSS PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars	For the three months ended 2019 September 30	2018 September 30	For the nine months ended 2019 September 30	2018 September 30
Net loss from continuing operations	**$ (30.0)**	$ (13.3)	**$ (182.2)**	$ (11.1)
Earnings from discontinued operations, net of tax	**-**	-	**-**	-
Net loss - basic and diluted	**$ (30.0)**	$ (13.3)	**$ (182.2)**	$ (11.1)
Weighted-average number of common shares - basic and diluted[(1)]	**397.3**	397.3	**397.3**	388.8
Net loss from continuing operations per common share:				
Basic	**$ (0.08)**	$ (0.03)	**$ (0.46)**	$ (0.03)
Diluted	**$ (0.08)**	$ (0.03)	**$ (0.46)**	$ (0.03)
Earnings from discontinued operations per common share:				
Basic	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
Diluted	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
Net loss per common share:				
Basic	**$ (0.08)**	$ (0.03)	**$ (0.46)**	$ (0.03)
Diluted	**$ (0.08)**	$ (0.03)	**$ (0.46)**	$ (0.03)

(1) The determination of the weighted-average number of common shares - diluted excludes 9.4 million shares related to stock options, 10.4 million shares related to warrants from the 2016 debenture extension and 47.2 million shares related to cobalt-linked warrants that were anti-dilutive for the three and nine months ended September 30, 2019, respectively (10.5 million, 10.4 million and 49.6 million that were anti-dilutive for the three and nine months ended September 30, 2018, respectively).

11. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents consist of:

Canadian $ millions, as at	2019 September 30	2018 December 31
Cash equivalents	**$ 31.7**	$ 41.4
Cash held in banks	**137.6**	165.5
	$ 169.3	$ 206.9

The Corporation's cash balances are deposited with major financial institutions rated A- or higher by Standard and Poor's except for institutions located in Madagascar and Cuba that are not rated. The total cash held in Madagascan and Cuban bank deposit accounts was $0.2 million and $86.0 million, respectively, as at September 30, 2019 (December 31, 2018 - $0.3 million and $79.1 million, respectively).

As at September 30, 2019, $77.3 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2018 - $68.2 million).

Fair value measurement

The following table presents financial instruments with carrying values different from their fair values[1]:

Canadian $ millions, as at	Note	Hierarchy level	2019 September 30 Carrying value	2019 September 30 Fair value	2018 December 31 Carrying value	2018 December 31 Fair value
Liabilities:						
8.00% senior unsecured debentures due 2021[2]	13	1	**$ 163.8**	**$ 76.3**	$ 162.1	$ 127.2
7.50% senior unsecured debentures due 2023[2]	13	1	**187.3**	**67.2**	185.8	132.5
7.875% senior unsecured debentures due 2025[2]	13	1	**201.3**	**75.0**	199.6	136.8
Ambatovy Joint Venture partner loans[3]	13	3	**149.2**	**25.1**	150.2	65.4
Assets:						
Ambatovy Joint Venture subordinated loans receivable[4]	12	3	**105.4**	**109.6**	158.2	134.7
Ambatovy Joint Venture subordinated loans receivable - post-financial completion[4]	12	3	**72.4**	**80.9**	71.2	69.4

(1) The carrying values are net of financing costs and the fair values exclude financing costs.

(2) The fair values of the senior unsecured debentures are based on market closing prices.

(3) The fair value of the Ambatovy Joint Venture partner loans is calculated by discounting future cash flows using rates that are based on market rates adjusted for the borrowers' credit quality for instruments with similar maturity horizons.

(4) The fair values of the Ambatovy subordinated loans receivable and Ambatovy subordinated loans receivable - post-financial completion are calculated by discounting future cash flows using rates that are based on market rates adjusted for the borrowers' credit quality.

The following table presents financial instruments, measured at fair value through profit or loss and fair value through other comprehensive income (loss), on a recurring basis:

Canadian $ millions, as at	Hierarchy level	2019 September 30	2018 December 31
Fair value through profit or loss			
Assets:			
Ambatovy Joint Venture operator fee receivable	3	**$ 8.7**	$ 8.6
Liabilities:			
Cobalt-linked warrant liability[1]	1	**1.2**	2.8
Fair value through other comprehensive income (loss)			
Cash equivalents	1	**31.7**	41.4
Short-term investments	1	**-**	0.1

(1) The cobalt-linked warrants are measured at fair value using the closing market price as at each reporting date. As at September 30, 2019, the closing price of the cobalt-linked warrants was $0.025 per warrant (December 31, 2018 - $0.06 per warrant).

The following is a reconciliation of the beginning to ending balance for the Ambatovy Joint Venture operator fee receivable included in Level 3:

Canadian $ millions	For the nine months ended September 30 2019	For the year ended December 31 2018
Balance, beginning of the period	**$ 8.6**	$ 9.7
Additions	**1.1**	2.0
Revaluation included in net unrealized (loss) gain on financial instruments[1]	**(0.7)**	(3.9)
Effect of movements in exchange rates	**(0.3)**	0.8
Balance, end of the period	**$ 8.7**	$ 8.6

(1) The fair value of the Ambatovy Joint Venture operator fee receivable is calculated by discounting future cash flows using a rate that is based on a market rate adjusted for the borrowers' credit quality.

Trade accounts receivable, net, and unbilled revenue

Trade accounts receivable, net, and unbilled revenue consist of:

Canadian $ millions, as at	2019 September 30	2018 December 31
Trade accounts receivable, net	**$ 194.3**	$ 226.9
Unbilled revenue	**0.4**	0.6
	$ 194.7	$ 227.5

Aging of trade accounts receivable, net

Canadian $ millions, as at	2019 September 30	2018 December 31
Not past due	**$ 156.6**	$ 171.4
Past due no more than 30 days	**5.5**	9.0
Past due for more than 30 days but no more than 60 days	**2.0**	1.0
Past due for more than 60 days	**30.2**	45.5
	$ 194.3	$ 226.9

Trade accounts receivable, net

Canadian $ millions, as at	2019 September 30	2018 December 31
Trade accounts receivable	**$ 175.9**	$ 192.5
Allowance for expected credit losses	**(17.4)**	(17.9)
Accounts receivable from joint operations	**0.1**	0.1
Accounts receivable from joint venture	**9.8**	16.4
Accounts receivable from associate	**11.1**	10.2
Other	**14.8**	25.6
	$ 194.3	$ 226.9

Allowance for expected credit losses

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

		For the nine months ended September 30, 2019			
Canadian $ millions	As at 2018 December 31	Revaluation (note 9 and 12)	Debt-to-equity conversion (note 12)	Foreign exchange and other non-cash items	As at 2019 September 30
Lifetime expected credit losses					
Trade accounts receivable, net	$ (17.9)	**$ (0.5)**	**$ -**	**$ 1.0**	**$ (17.4)**
Ambatovy Joint Venture subordinated loans receivable	(44.9)	**(57.0)**	**59.5**	**1.5**	**(40.9)**

12. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	Note	2019 September 30	2018 December 31
Advances and loans receivable			
Ambatovy Joint Venture subordinated loans receivable[1]	11	**$ 105.4**	$ 158.2
Ambatovy Joint Venture subordinated loans receivable - post-financial completion	11	**72.4**	71.2
Ambatovy Joint Venture operator fee receivable	11	**8.7**	8.6
Energas conditional sales agreement		**229.0**	221.1
Moa Joint Venture expansion loans receivable		**259.8**	269.2
Other financial assets[2][3]		**10.2**	16.8
		685.5	745.1
Current portion of advances, loans receivable and other financial assets		**(13.3)**	(24.6)
		$ 672.2	$ 720.5

(1) During the nine months ended September 30, 2019, the Ambatovy Joint Venture converted US$374.8 million ($496.0 million) of its subordinated loans payable to equity (note 8) which, at the Corporation's 12% share, resulted in a US$45.0 million ($59.5 million) decrease in the Corporation's subordinated loans receivable and corresponding decrease in the Corporation's allowance for expected credit losses, resulting in a net nil change. There was no change to the Corporation's ownership interest as a result of the conversion. During the nine months ended September 30, 2019, the revaluation of the allowance for expected credit losses ("ECL") on the Ambatovy Joint Ventures subordinated loans receivable resulted from a change in expected debt-to-equity conversions, which resulted in an increase to the ECL allowance (note 11).

(2) During the nine months ended September 30, 2019, the Corporation received a $16.0 million insurance claim reimbursement, which resulted in a decrease in other financial assets and is included in cash provided (used) by discontinued operations in the condensed consolidated statements of cash flow.

(3) Included in other financial assets as at September 30, 2019 are finance lease receivables of $5.3 million (December 31, 2018 - nil).

13. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

			For the nine months ended September 30, 2019			
			Cash flows	Non-cash changes		
Canadian $ millions	Note	As at 2018 December 31	Repurchase	Effect of movement in exchange rates	Other	As at 2019 September 30
8.00% senior unsecured debentures due 2021[1]	11	$ 162.1	**$ -**	**$ -**	**$ 1.7**	**$ 163.8**
7.50% senior unsecured debentures due 2023[1]	11	185.8	**-**	**-**	**1.5**	**187.3**
7.875% senior unsecured debentures due 2025[1]	11	199.6	**-**	**-**	**1.7**	**201.3**
Ambatovy Joint Venture partner loans[2]	11	150.2	**-**	**(4.2)**	**3.2**	**149.2**
Syndicated revolving-term credit facility		8.0	**-**	**-**	**-**	**8.0**
		$ 705.7	**$ -**	**$ (4.2)**	**$ 8.1**	**$ 709.6**
Current portion of loans and borrowings		(8.0)				**(157.2)**
		$ 697.7	**$**			**$ 552.4**

(1) As at September 30, 2019, the outstanding principal amounts of the 8.00% senior unsecured debentures due 2021, 7.50% senior unsecured debentures due 2023 and 7.875% senior unsecured debentures due 2025 are $169.6 million, $197.8 million and $220.7 million, respectively. Other non-cash changes consists of accretion.

(2) Other non-cash changes on the Ambatovy Joint Venture partner loans consists of accretion and accrued interest. Accrued and unpaid interest on these loans is capitalized to the loan balance semi-annually in June and December.

Repurchase of senior unsecured debentures

During the nine months ended September 30, 2018, the Corporation repurchased $131.9 million total principal amount of the senior unsecured debentures at a total cost of $120.3 million. A gain on repurchase of debentures of $2.3 million, net of $9.4 million related to deferred financing costs and the impact of the adoption of IFRS 9, was recognized during the nine months ended September 30, 2018. The gain was recognized within net finance (expense) income in the condensed consolidated statements of comprehensive income (loss) (note 9). The Corporation also paid accrued interest of $3.2 million on these repurchased debentures during the nine months ended September 30, 2018.

Transaction costs for the repurchase of the senior unsecured debentures totalled nil and $1.3 million for the three and nine months ended September 30, 2018, respectively, of which nil and $1.3 million were paid during the three and nine months ended September 30, 2018, respectively.

Ambatovy Joint Venture partner loans

As at September 30, 2019, the Corporation is a defaulting shareholder of the Ambatovy Joint Venture (note 8), which results in the Ambatovy Joint Venture partner loans also being in default and being classified as current liabilities. Despite being in default on the Ambatovy Joint Venture partner loans, the Ambatovy Joint Venture partners' recourse against the Corporation is limited to the Corporation's ownership interest in, and future distributions to be paid by, the Ambatovy Joint Venture. These loans accrue interest at LIBOR + 1.125%. Given the limited recourse nature of these loans, the Corporation will not make cash payments on these loans prior to their 2023 maturity date. At maturity, Sherritt can elect to: (i) repay the loans in cash, (ii) repay the loans in shares or a combination of cash and shares at 105% of the amount then due, or (iii) repay in 10 equal semi-annual principal installments (plus interest) commencing in December 2024, at an interest rate of LIBOR + 5% applied from the original August 2023 maturity date.

The default of the Ambatovy Joint Venture partner loans would have also resulted in an event of default on the syndicated revolving-term credit facility; however, this potential default was waived prior to its occurrence through to the maturity of this facility on April 30, 2020.

Syndicated revolving-term credit facility

In September 2019, the financial covenants were amended as follows:

For the period up to but excluding December 31, 2019:

- EBITDA, as defined in the agreement, equal to or greater than $60.0 million;
- EBITDA-to-interest expense covenant of not less than 1.20:1; and
- Minimum cash covenant balance, as defined in the agreement, of $60.0 million, less undrawn credit. This amount is comprised of cash and cash equivalents and short-term investments of the Corporation and its wholly-owned subsidiaries held in Canada. The required minimum cash covenant balance as at September 30, 2019 is calculated to be $41.3 million.

As of December 31, 2019 through to April 2020 maturity:

- EBITDA, as defined in the agreement, equal to or greater than $100.0 million;
- EBITDA-to-interest expense covenant of not less than 1.75:1; and
- Minimum cash covenant balance, as defined in the agreement, of $70.0 million, less undrawn credit. This amount is comprised of cash and cash equivalents and short-term investments of the Corporation and its wholly-owned subsidiaries held in Canada.

The limits on capital expenditures and funding of the Ambatovy Joint Venture and Moa Joint Venture remain unchanged.

Covenants

As at September 30, 2019, there are no events of default on the Corporation's debentures or syndicated revolving-term credit facility. The Corporation did not meet the financial ratios required to remove limitations on the incurrence of debt or certain distributions under the senior unsecured debentures indenture agreement.

Other financial liabilities

Canadian $ millions, as at	**2019 September 30**	2018 December 31
Cobalt-linked warrant liability(1)	**$ 1.1**	$ 2.8
Stock-based compensation liability	**3.3**	5.7
Other financial liabilities(2)	**15.4**	4.6
	19.8	13.1
Current portion of other financial liabilities	**(5.6)**	(7.4)
	$ 14.2	$ 5.7

(1) As at September 30, 2019, 47.2 million cobalt-linked warrants related to the 2018 unit offering were outstanding (note 15) (December 31, 2018 - 47.2 million).

(2) Included in other financial liabilities as at September 30, 2019 are lease liabilities of $15.1 million (December 31, 2018 - $0.8 million).

14. PROVISIONS AND CONTINGENCIES

Provisions

Canadian $ millions, as at		2019 September 30		2018 December 31
Environmental rehabilitation provisions	**$**	**115.5**	$	107.7
Other provisions[(1)]		**4.7**		9.5
		120.2		117.2
Current portion of provisions		**(3.8)**		(8.6)
	$	**116.4**	$	108.6

(1) Other provisions relates to obligations retained by the Corporation after the disposition of the Coal operations in 2014.

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian $ millions	Note		For the nine months ended 2019 September 30		For the year ended 2018 December 31
Balance, beginning of the period		**$**	**107.7**	$	95.3
Change in estimates			**15.8**		9.1
Gain on settlement of environmental rehabilitation provision			**(0.7)**		-
Accretion	9		**0.3**		0.7
Effect of movement in exchange rates			**(7.6)**		2.6
Balance, end of the period		**$**	**115.5**	$	107.7

Contingencies

A number of the Corporation's subsidiaries have operations located in Cuba. The Corporation will continue to be affected by the difficult political relationship between the United States and Cuba. The incumbent U.S. administration has announced that it will no longer suspend the right of claimants to bring lawsuits under Title III of the Helms-Burton Act, effective May 2, 2019. The Corporation has received letters in the past from U.S. nationals claiming ownership of certain Cuban properties or rights in which the Corporation has an indirect interest, and explicitly or implicitly threatening litigation. However, Sherritt does not believe that its operations would be materially affected by any Helms-Burton Act lawsuits, because Sherritt's minimal contacts with the United States would likely deprive any U.S. court of personal jurisdiction over Sherritt. Furthermore, even if personal jurisdiction were exercised, any successful U.S. claimant would have to seek enforcement of the U.S. court judgment outside the U.S. in order to reach material Sherritt assets. The Corporation believes it unlikely that a court in any country in which Sherritt has material assets would enforce a Helms-Burton Act judgment.

15. SHAREHOLDERS' EQUITY

Capital stock

In January 2018, the Corporation completed a unit offering and issued units consisting of 94.5 million common shares and 47.2 million cobalt-linked warrants (note 13) at $1.40 per unit for gross proceeds of $132.3 million. The value of the common shares was determined to be $1.23 per common share which totaled $116.2 million after measuring the fair value of the cobalt-linked warrants. Transaction costs of $7.2 million were allocated to the common shares based on the relative fair values of the common shares and cobalt-linked warrants and were deducted from equity, resulting in a net increase to equity of $109.0 million.

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 2019 September 30**		For the year ended 2018 December 31
	Number	**Capital stock**	Number	Capital stock
Balance, beginning of the period	**397,281,686**	**$ 2,894.9**	301,758,665	$ 2,784.6
Stock options exercised	**-**	**-**	193,800	0.2
Equity issuance, net of transaction costs - 2018 unit offering	**-**	**-**	94,464,400	109.0
Warrants exercised - 2016 debenture extension[(1)]	**1,099**	**-**	864,821	1.1
Balance, end of the period	**397,282,785**	**$ 2,894.9**	397,281,686	$ 2,894.9

(1) During the year ended December 31, 2016, 19.1 million warrants were granted to holders of the senior unsecured debentures that elected to extend the maturity dates with a fair value of $0.43 per warrant which totaled $8.2 million. As at September 30, 2019, 10.4 million warrants related to the 2016 debenture extension were outstanding (December 31, 2018 - 10.4 million).

Reserves

Canadian $ millions	**For the nine months ended 2019 September 30**	For the year ended 2018 December 31
Stated capital reserve		
Balance, beginning of the period	**$ 222.2**	$ 222.6
Warrants exercised - 2016 debenture extension	**-**	(0.4)
Balance, end of the period	**$ 222.2**	$ 222.2
Stock-based compensation reserve		
Balance, beginning of the period	**$ 11.2**	$ 10.3
Stock options exercised	**-**	(0.1)
Stock option plan expense	**0.4**	1.0
Balance, end of the period	**11.6**	11.2
Total reserves, end of the period	**$ 233.8**	$ 233.4

Accumulated other comprehensive income

Canadian $ millions	**For the nine months ended 2019 September 30**	For the year ended 2018 December 31
Foreign currency translation reserve		
Balance, beginning of the period	**$ 541.8**	$ 470.9
Foreign currency translation differences on foreign operations	**(26.7)**	70.9
Balance, end of the period	**515.1**	541.8
Actuarial gains (losses) on pension plans		
Balance, beginning of the period	**$ (4.6)**	$ (4.4)
Actuarial gains (losses) on pension plans, net of tax	**0.6**	(0.2)
Balance, end of the period	**(4.0)**	(4.6)
Total accumulated other comprehensive income	**$ 511.1**	$ 537.2

16. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital

Canadian $ millions	For the three months ended 2019 September 30	2018 September 30	For the nine months ended 2019 September 30	2018 September 30
Trade accounts receivable, net, and unbilled revenue	**$ (27.5)**	$ (17.9)	**$ 29.2**	$ 49.4
Inventories	**(5.5)**	(2.7)	**(3.6)**	0.2
Prepaid expenses	**(0.5)**	0.3	**(0.9)**	(2.0)
Trade accounts payable and accrued liabilities	**28.1**	35.5	**(15.1)**	1.7
Deferred revenue	**3.5**	7.2	**(19.2)**	(6.1)
	$ (1.9)	$ 22.4	**$ (9.6)**	$ 43.2

Other operating items

Canadian $ millions	Note	For the three months ended 2019 September 30	2018 September 30	For the nine months ended 2019 September 30	2018 September 30
Add (deduct) non-cash items:					
Accretion expense on environmental rehabilitation provisions	9, 14	**$ 0.1**	$ 0.3	**$ 0.3**	$ 0.6
Stock-based compensation expense (recovery)	6	**1.7**	(4.7)	**1.6**	(6.8)
Other items		**0.5**	2.3	**1.4**	0.1
Cash flow arising from changes in:					
Other finance charges		**(0.4)**	(0.4)	**(1.4)**	(1.2)
Realized foreign exchange (loss) gain	9	**(1.0)**	0.1	**(1.1)**	0.2
		$ 0.9	$ (2.4)	**$ 0.8**	$ (7.1)

17. RELATED PARTY TRANSACTIONS

The Corporation enters into transactions related to its joint arrangements (note 7) and investment in an associate (note 8). 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.

18. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at September 30	2019
Property, plant and equipment commitments	**$ 11.4**
Joint venture:	
Property, plant and equipment commitments	**7.7**

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