sherritt

Q1

2015 FIRST QUARTER REPORT

Sherritt International Corporation

For the three months ended March 31, 2015

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

Sherritt Announces Q1 2015 Results

Nickel production increases 26% and Ambatovy achieves "90 for 90" production rate

Toronto, Ontario – April 28, 2015 – Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S), a world leader in the mining and refining of nickel from lateritic ores, today reported its financial results for the first quarter ended March 31, 2015.

"Our first quarter results are a good start to the year," said David Pathe, President and CEO. "Ambatovy's ramp up has progressed steadily, allowing us to meet our 90 for 90 production milestone ahead of schedule. Across our nickel business, we had strong production with cash costs at Moa below U.S.$5.00 per pound. In addition, Ambatovy cash costs were below U.S.$6.00 per pound for the first time which supports the correlation with improving cash costs as production edges closer to design capacity. This success positions us well as nickel and oil pricing continue to be weak."

"In Cuba, we drilled two oil wells in the quarter, one of which is producing and one being tested. In addition, the new Cuban foreign investment law will mean lower taxes across our operations there, and we look forward to the associated benefits."

Q1 HIGHLIGHTS(1)(2)(3)

- Finished nickel production from the Metals division reached its highest level in our history at 9,013 tonnes.
- Net direct cash costs decreased to U.S.$4.36 per pound at Moa and U.S.$5.74 per pound at Ambatovy
- Ambatovy achieved the "90 for 90" production milestone ahead of schedule.
- Adjusted EBITDA decreased 19% to $44.2 million, primarily due to lower oil prices.
- Combined adjusted operating cash flow per share increased 58% to $0.19 per share.
- Combined administration expenses declined by 24% to $17.7 million.
- A reduction in statutory tax rates in Cuba generated a tax recovery of approximately $30 million recognized in the quarter and will lead to lower taxes payable going forward in all three Cuba segments.

OUTLOOK AND SIGNIFICANT ITEMS

- We lowered production guidance in Oil and Gas to 19,000 bpd (see page 10 for full table).
- Nickel and oil prices remain under pressure; therefore, after a review of our capital plans, we are reducing capital guidance.

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

- Subsequent to the end of the quarter, a strike at the Ambatovy plant in Toamasina commenced in mid-April. The strike has since been resolved as announced on April 23, 2015. The strike follows a short strike at the Ambatovy mine in March. The plant operated during the strike, with a minor impact to production expected for the month of April.

Q1 2015 FINANCIAL HIGHLIGHTS

	For the three months ended		
	2015	2014	
$ millions, unless otherwise noted	**March 31**	March 31	Change
Combined Revenue[1]	**$ 278.3**	$ 250.7	11%
Adjusted EBITDA[1]	**44.2**	54.9	(19%)
Combined free cash flow[1]	**11.2**	(59.0)	119%
Net loss from continuing operations per share	**(0.19)**	(0.24)	21%
Combined adjusted operating cash flow per share[1]	**0.19**	0.12	58%

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

	2015	2014	
$ millions, except as noted, as at	**March 31**	December 31	Change
Cash, cash equivalents and short term investments	**477.7**	476.2	–
Total loans and borrowings	**1,965.4**	1,859.9	6%
Total debt-to-capital [1]	**37%**	38%	(1%)

(1) Calculated as total debt divided by the sum of total debt and shareholders' equity.

Adjusted earnings (loss) from continuing operations[1]

	For the three months ended			
	2015		2014	
	March 31		March 31	
	$ millions	$/share	$ millions	$/share
Net (loss) earnings from continuing operations	**$ (56.8)**	**$ (0.19)**	$ (70.5)	$(0.24)
Adjusting items – net of tax	**(14.2)**	**(0.05)**	12.1	0.04
Adjusted net (loss) earnings from continuing operations	**$ (71.0)**	**$ (0.24)**	$ (58.4)	$(0.20)

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

During the first quarter, $14.2 million ($0.05 per share) in adjusting items occurred that primarily included a $30.1 million ($0.10 per share) tax recovery due to the reduction in statutory tax rates in Cuba.

REVIEW OF OPERATIONS

METALS

$ millions, unless otherwise noted	For the three months ended 2015 March 31				For the three months ended 2014 March 31				
	Moa JV & Fort Site[1] (50%)	**Ambatov JV (40%)**	**Other[2]**	**Total**	Moa JV & Fort Site[1] (50%)	Ambatovy JV (40%)	Other[2]	Total	Change
Financial Highlights									
Revenue	**$ 104.5**	**$ 100.7**	**$ 18.5**	**$ 223.7**	$ 90.4	$ 50.8	$ 18.9	$ 160.1	40%
Adjusted EBITDA[3]	**18.3**	**4.3**	**0.1**	**22.7**	7.0	(4.4)	0.2	2.8	711%
Cash provided (used) by operations	**30.2**	**12.6**	**(0.5)**	**42.3**	6.3	(21.1)	(1.9)	(16.7)	353%
Spending on capital[4]	**8.1**	**6.4**		**14.5**	4.6	3.9		8.5	71%
Free cash flow[3]	**22.4**	**9.9**	**(0.5)**	**31.8**	1.9	(21.9)	(1.9)	(21.9)	245%
Production Volumes									
Mixed Sulphides (tonnes)	**4,876**	**5,522**	**-**	**10,398**	3,991	3,852	-	7,843	33%
Finished Nickel (tonnes)	**4,357**	**4,656**	**-**	**9,013**	3,639	3,513	-	7,152	26%
Finished Cobalt (tonnes)	**426**	**344**	**-**	**770**	356	277	-	633	22%
Nickel Recovery (%)	**88%**	**85%**			89%	81%			
Average Reference Prices									
Nickel (U.S.$ per pound)				**$ 6.50**				$ 6.64	(2%)
Cobalt (U.S.$ per pound)				**13.73**				13.90	(1%)
Average Realized Prices[3]									
Nickel ($ per pound)	**$ 7.91**	**$ 7.95**		**$ 7.93**	$ 7.11	$ 7.50	$	$ 7.27	9%
Cobalt ($ per pound)	**16.23**	**14.42**		**15.41**	14.86	15.97		15.20	1%
Unit Operating Costs[3] (U.S.$ per pound)									
Nickel - net direct cash cost	**$ 4.36**	**$ 5.74**			$ 5.30	$ 6.83			

(1) Includes results for certain 100% owned assets at Fort Saskatchewan plant.
(2) Includes results for Sherritt's marketing organization for certain Ambatovy sales.
(3) For additional information, see the Non-GAAP measures section of this release.
(4) Spending on capital includes accruals.

Metal markets

Average reference nickel prices for the first quarter of 2015 were approximately 9% lower than the fourth quarter of 2014 and similar to the average reference price in the same quarter a year ago. Nickel prices remain under pressure due to softer demand particularly from stainless steel mills combined with LME inventories rising by 5% in the quarter. The expectations of reductions in nickel pig iron production later in the year remain, with some evidence of this trend appearing in the reduced nickel ore inventory levels in China.

Moa Joint Venture (50% interest) and Fort Site

Adjusted EBITDA increased 161% to $18.3 million during the first quarter compared to $7.0 million in the same period in the prior year primarily due to lower fuel oil and energy prices combined with higher production and the effect of a weaker Canadian dollar as all of the sales are U.S. dollar denominated and only the Moa portion of operating costs are generally in U.S. dollars. Cash flow from continuing operations increased to $30.2 million compared to $6.3 million in the same period in the prior year primarily due to changes in working capital as well as higher Adjusted EBITDA.

Finished nickel production of 4,357 tonnes (50% basis) was 20% higher than the same period in the prior year primarily due to higher mixed sulphide availability from Moa and stable refinery operations. Finished cobalt production was also 20% higher in the first quarter than in the same period a year ago.

Nickel recoveries were 88% in the first quarter, in line with recoveries in the same period last year.

The net direct cash cost of nickel decreased to U.S.$4.36 per pound compared to the same period in the prior year primarily due to lower fuel oil prices, energy prices, mining, processing and refining unit costs, partially offset by higher sulphur and sulphuric acid prices. Lower mining, processing and refining unit costs were the result of lower labour costs and an improvement in unplanned maintenance leading to reduced maintenance costs.

Capital spending was $8.1 million in the first quarter compared to $4.6 million in the same period in the prior year. Higher sustaining capital was in line with expectations. Expansion capital of $2.4 million relates to the mobilization and commencement of construction of the 2,000 tonnes per day acid plant, which will eliminate the need to import acid.

Ambatovy Joint Venture (40% interest)

On March 23, 2015, the Corporation announced that Ambatovy successfully achieved a production rate equivalent to 54,000 tonnes of nickel (annualized), which is approximately 90% of name plate capacity, measured over 90 days in a 100-day continuous period. While we await the official verification of this milestone by the Independent Engineer, we are pursuing the remaining four completion certificates that must be delivered to the project’s senior lenders.

Adjusted EBITDA of $4.3 million was higher than the prior year period of negative $4.4 million primarily due to higher production. Cash flow from continuing operations increased to $12.6 million compared to negative $21.1 million in the same period in the prior year primarily due to changes in working capital and higher Adjusted EBITDA.

For the first quarter, finished nickel production was 4,656 tonnes, or approximately 79% of nameplate capacity, and finished cobalt production was 344 tonnes. Finished nickel and cobalt production were 33% and 24% higher, respectively for the first quarter compared to the same period in the prior year due to continued ramp up of operations and process control improvements achieved in the countercurrent decantation and raw liquor neutralization circuits, as well as extensive major maintenance carried out in 2014 which improved overall equipment availability leading to higher ore feed throughput. Production was negatively impacted by a two week shutdown following a hydrogen sulphide gas release incident at the plant site in Toamasina as well as a strike at the mine site in March which reduced production at the mine and curtailed ore feed to the plant. The strike was resolved at the end of the quarter. Separately, a strike at the Ambatovy plant in Toamasina commenced in mid-April. The strike has since been resolved as announced on April 23, 2015. The plant operated during the strike, with a minor impact to production expected for the month of April.

The average first quarter ore throughput in the PAL circuit was approximately 77.3% of nameplate capacity. Autoclave operating hours during the first quarter were 7,436, compared to 6,740 in the comparable period last year, reflecting the improved performance of downstream circuits, partly offset by the hydrogen sulphide gas release incident and the mine strike. Nickel recovery during the first quarter was 85%, compared to 81% during the first quarter of 2014. During the quarter, the second ore thickener was commissioned and is now operating. Subsequent to the end of the quarter, planned maintenance on the fifth autoclave was completed.

The net direct cash cost of nickel of U.S.$5.74 per pound decreased by 16% compared to the same period in the prior year primarily due to increased production and lower maintenance costs. Reductions in net direct cash costs are consistent with our expectations for the facility operating at current ore throughput levels.

Capital spending for Ambatovy is focused on sustaining capital for transportation infrastructure and the tailings facility.

For the first quarter, no funding was required by the Joint Venture partners.

OIL AND GAS

$ millions, except as otherwise noted,	For the three months ended 2015 March 31	2014 March 31	Change
Financial Highlights			
Revenue	**$ 42.3**	$ 76.9	(45%)
Adjusted EBITDA[1]	**21.5**	60.4	(64%)
Cash provided by operations	**6.6**	16.1	(59%)
Spending on capital[2]	**27.0**	15.8	(71%)
Free cash flow[1]	**(14.0)**	1.1	(1433%)
Production and Sales (bopd)[3]			
Gross working-interest – Cuba	**19,719**	20,200	(2%)
Total net working-interest Gulf Coast Fuel Oil No. 6	**10,938**	11,776	(7%)
Average Reference Price (U.S.$ per barrel)			
Gulf Coast Fuel Oil No. 6	**$ 44.32**	$ 89.30	(50%)
Brent	**$ 53.88**	$ 109.13	(51%)
Average Realized Prices[1]			
Cuba ($ per barrel)	**$ 41.44**	$ 71.80	(42%)
Unit Operating Costs[1][3]			
Cuba ($ per barrel)	**$ 8.26**	$ 6.70	23%

1) For additional information, see the Non-GAAP measures section of this release.
2) Spending on capital includes accruals.
3) Average unit operating costs are calculated by dividing operating costs incurred by gross working-interest production.

The average realized price for oil produced in Cuba decreased by $30.36 per barrel compared to the same period in the prior year primarily as a result of lower Gulf Coast Fuel Oil No. 6 reference prices, which followed the decline in global oil prices, partly offset by a weaker Canadian dollar relative to the U.S. dollar.

Adjusted EBITDA of $21.5 million in the first quarter decreased by 64% compared to the same period in the prior year due to lower average realized oil prices and increased unit operating costs. Cash flow from continuing operations decreased to $6.6 million compared to $16.1 million in the same period in the prior year due to lower Adjusted EBITDA.

Gross working interest (GWI) oil production in Cuba decreased 2% to 19,719 barrels of oil per day (bopd) compared to the same period in the prior year primarily due to lower than expected oil production from two of the six wells drilled to date under the Puerto Escondido–Yumuri Production Sharing Contract (PSC) extension. We expected higher initial production rates from these wells and will be monitoring production levels over the next quarter to provide a more definitive outlook.

Net oil production decreased 7% due to a lower cost recovery oil allocation and the slight decrease in gross oil production. The lower cost recovery oil allocation was due to limitations on the amount of eligible expenditures that can be claimed during a quarter for cost recovery purposes under the terms of the Puerto Escondido/Yumuri PSC. Any eligible expenditures not recovered in the current quarter remain eligible for the allocation of cost recovery oil in subsequent quarters.

Unit operating costs in Cuba increased by 23% in the first quarter compared to the same period in the prior year. Of the $1.56 per barrel increase in unit operating costs, the major items were an increase of approximately $0.50 per barrel related to the weaker Canadian dollar and approximately $0.30 per barrel related to higher routine maintenance, combined with lower production.

Capital spending was primarily due to development drilling activities, including deployment of a second drill rig, and equipment purchases. Two new development wells were drilled and completed in Cuba during the quarter.

POWER

$ millions (33 1/3% basis), except as otherwise noted		For the three months ended 2015 March 31		2014 March 31	Change
Financial Highlights					
Revenue	**$**	**11.8**	$	11.9	(1%)
Adjusted EBITDA[1]		**7.3**		4.9	49%
Cash provided by operations		**24.1**		0.9	2,578%
Spending on capital[2]		**0.4**		1.0	(60%)
Free cash flow[1]		**23.7**		(0.1)	25,336%
Production and Sales					
Electricity (GWh)		**210**		187	12%
Average Realized Prices[1]					
Electricity ($/MWh)	**$**	**52.63**	$	46.21	14%
Unit operating costs[1]					
Electricity ($/MWh)		**15.64**		17.43	(10%)
Net capacity factor (%)		**66**		56	18%

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

Adjusted EBITDA increased by 49% to $7.3 million compared to $4.9 million for the same period in the prior year due to increased electricity generation, and a weaker Canadian dollar. Cash provided by operations increased to $24.1 million compared to $0.9 million for the same period in the prior year primarily from $23.0 million in interest received from the outstanding conditional sales agreement balance and higher Adjusted EBITDA.

Electricity production increased by 12% for the first quarter due to the 150MW Boca de Jaruco Combined Cycle Project being fully operational for the entire quarter, compared to two months in the prior year period.

The average realized price of electricity was higher due to a weaker Canadian dollar.

Unit operating costs decreased by 10% for the first quarter compared to the same period in the prior year primarily due to no major inspections at the Boca de Jaruco or Puerto Escondido operations.

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

STRATEGIC PRIORITIES 2015

Sherritt's strategic plan for 2015 continues to build on its achievements in 2014. Specifically, our priorities as outlined in our fourth quarter 2014 press release and financial reporting are:

Strategic Priorities	2015 Targets	Status
FOCUSING ON OUR CORE NICKEL BUSINESS 1	Sustaining production and lowering costs at Moa	Moa finished nickel production is up 22% NDCC at Moa has improved by 18%
	Advancing the acid plant project at Moa	Construction commenced in Q1 2015
CONTINUING TO RAMP UP AMBATOVY 2	Targeting a production rate of 90% of nameplate capacity over a 90-day period within the first half of 2015	Achieved in Q1 2015, ahead of schedule
	Targeting financial completion by September 30, 2015	
EXTENDING THE LIFE OF OUR CUBAN ENERGY BUSINESS 3	Securing two additional exploration PSCs	
	Commencing drilling on extended Puerto Escondido/Yumuri PSC	6 new wells drilled in extension area since Q3 2014
BUILDING BALANCE SHEET STRENGTH 4	Maintaining a strong balance sheet and liquidity	Cash on hand of $478 million as at March 31, 2015
REDUCING COSTS 5	Optimizing operating and administrative costs	Unit operating costs in both Metals operations and Power decreased in Q1, with oil unit operating costs increasing
		Q1 combined administrative costs down 24%

OUTLOOK

Sherritt expects production volumes and spending on capital for 2015 as shown below.

We have lowered production guidance in Oil and Gas to 19,000 bpd from 20,000 bpd to largely reflect average production results to date from the wells drilled in the Puerto Escondido/Yumuri PSC extension area.

Nickel and oil prices remain under pressure; therefore, after a review of our capital plans, we are revising capital guidance downward. At this time, the drilling plan for Oil and Gas has been revised from drilling 10 wells to nine wells in 2015.

Production volumes and spending on capital	Initial Projected 2015 December 31	Actual 2015 March 31	Revised Projected 2015 December 31
Production volumes			
Mixed sulphides (tonnes, Ni+Co contained, 100% basis)			
Moa Joint Venture	36,500-38,000	9,751	No change
Ambatovy Joint Venture	50,500-56,000	13,806	No change
Total	87,000-94,000	23,557	No change
Nickel, finished (tonnes, 100% basis)			
Moa Joint Venture	33,000-34,000	8,714	No change
Ambatovy Joint Venture	47,000-52,000	11,640	No change
Total	80,000-86,000	20,354	No change
Cobalt, finished (tonnes, 100% basis)			
Moa Joint Venture	3,500-4,000	851	No change
Ambatovy Joint Venture	3,500-4,000	859	No change
Total	7,000-8,000	1,710	No change
Oil – Cuba (gross working-interest, bopd)	20,000	19,719	19,000
Oil and Gas – All operations (net working-interest, boepd)	12,000	10,937	No change
Electricity (GWh, 100% basis)	2,550	630	No change
Spending on capital ($ millions)			
Metals – Moa Joint Venture (50% basis), Fort Site (100% basis)	80	8	75
Metals – Ambatovy Joint Venture (40% basis)	40	6	35
Oil and Gas	107	27	96
Power (33 1/3% basis)	4	-	4
Spending on capital (excluding Corporate)	231	41	210

NON-GAAP MEASURES

Management uses combined results, adjusted EBITDA, average realized price, unit operating cost, adjusted earnings, combined adjusted operating cash flow per share and combined free cash flow to monitor the performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and evaluate the results of its underlying business. These measures do not have a standard definition under the International Financial Reporting Standards (IFRS) and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies. See Sherritt's Management's Discussion and Analysis for the period ended March 31, 2015 for further information.

CONFERENCE CALL AND WEBCAST

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

Conference call and webcast:	April 29, 2015, 10:00 a.m. ET
Speakers:	David Pathe, President and CEO
	Dean Chambers, EVP and CFO
North American callers, please dial:	1-866-530-1553
International callers, please dial:	416-847-6330
Live webcast:	www.sherritt.com

An archive of the webcast will also be available on the website. The conference call will be available for replay until May 4, 2015 by calling 647-436-0148 or 1-888-203-1112, access code 7621662#.

COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's complete unaudited consolidated financial statements, and MD&A for the first quarter of 2015 are available at www.sherritt.com and should be read in conjunction with this news release.

ABOUT SHERRITT

Sherritt is a world leader in the mining and refining of nickel from lateritic ores with operations in Canada, Cuba, and Madagascar. The Corporation is the largest independent energy producer in Cuba, with extensive oil and power operations on the island. Sherritt licenses its proprietary technologies and provides metallurgical services to commercial metals operations worldwide. The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol "S".

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as “believe”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “likely”, “may”, “will”, “could”, “should”, “suspect”, “outlook”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements set out in the “Outlook” sections of this press release; certain expectations about capital costs and expenditures; capital project completion dates; Ambatovy’s production rate achievement date, sufficiency of working capital and capital project funding; completion of development and exploration wells.

Forward-looking statements are not based on historic facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; realized prices for production; earnings and revenues; development and exploratory wells and enhanced oil recovery in Cuba; environmental rehabilitation provisions; availability of regulatory approvals; compliance with applicable environmental laws and regulations; the impact of regulations related to greenhouse gas emissions and credits; debt repayments; collection of accounts receivable; and certain corporate objectives, goals and plans for 2015. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that those assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. The Corporation cautions readers of this press release not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

Key factors that may result in material differences between actual results and developments and those contemplated by this press release include global economic and market conditions, and business, economic and political conditions in Canada, Cuba, Madagascar, and the principal markets for the Corporation’s products. Other such factors include, but are not limited to, uncertainties in the development, construction, ramp-up and operation of large mining, processing and refining projects; risks related to the availability of capital to undertake capital initiatives; changes in capital cost estimates in respect of the Corporation’s capital initiatives; risks associated with the Corporation’s joint-venture partners; expectations of the timing of financial completion at the Ambatovy Joint Venture; risk of future non-compliance with financial covenants; potential interruptions in transportation; political, economic and other risks of foreign operations; the Corporation’s reliance on key personnel and skilled workers; the possibility of equipment and other unexpected failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainty of gas supply for electrical generation; uncertainties in oil and gas exploration; risks related to foreign exchange controls on Cuban government enterprises to transact in foreign currency; risks associated with the United States embargo on Cuba and the Helms-Burton legislation; risks related to the Cuban government’s and Malagasy government’s ability to make certain payments to the Corporation; risks related to exploration and development programs; uncertainties in reserve estimates; risks associated with access to reserves and resources;

uncertainties in environmental rehabilitation provisions estimates; risks related to the Corporation's reliance on partners and significant customers; risks related to the Corporation's corporate structure; foreign exchange and pricing risks; uncertainties in commodity pricing; credit risks; competition in product markets; the Corporation's ability to access markets; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; risks associated with future acquisitions; uncertainty in the ability of the Corporation to obtain government permits; risks associated with governmental regulations regarding greenhouse gas emissions; risks associated with government regulations and environmental, health and safety matters; uncertainties in growth management; interest rate risk; risks related to political or social unrest or change and those in respect of indigenous and community relations; risks associated with rights and title claims; and certain corporate objectives, goals and plans for 2014; and the Corporation's ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this press release and in the Corporation's other documents filed with the Canadian securities authorities.

The Corporation may, from time to time, make oral forward-looking statements. The Corporation advises that the above paragraph and the risk factors described in this press release and in the Corporation's other documents filed with the Canadian securities authorities including, but not limited to, the Corporation's Annual Information Form for the year ended December 31, 2013 should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from those in the oral forward-looking statements. The forward-looking information and statements contained in this press release are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any oral or written forward-looking information or statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

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

For the three months ended March 31, 2015

This Management's Discussion and Analysis (MD&A) is intended to help the reader understand Sherritt International Corporation's operations, financial performance and the present and future business environment. This MD&A, which has been prepared as of April 28, 2015, should be read in conjunction with Sherritt's interim condensed consolidated financial statements for the three months ended March 31, 2015 and the MD&A for the year ended December 31, 2014. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com or on the Corporation's website at www.sherritt.com.

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

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

The business we manage

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

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

Update on 2015 strategic priorities

Sherritt's strategic plan for 2015 continues to build on its achievements in 2014. Specifically, our priorities as outlined in our 2014 Management Discussion & Analysis are:

Strategic Priorities	2015 Targets	Status
FOCUSING ON OUR CORE NICKEL BUSINESS **1**	Sustaining production and lowering costs at Moa	Moa finished nickel production is up 20% NDCC at Moa has improved by 18%
	Advancing the acid plant project at Moa	Construction commenced in Q1 2015
CONTINUING TO RAMP UP AMBATOVY **2**	Targeting a production rate of 90% of nameplate capacity over a 90-day period within the first half of 2015	Achieved in Q1 2015, ahead of schedule
	Targeting financial completion by September 30, 2015	
EXTENDING THE LIFE OF OUR CUBAN ENERGY BUSINESS **3**	Securing two additional exploration PSCs	
	Commencing drilling on extended Puerto Escondido/Yumuri PSC	6 new wells drilled in extension area since Q4 2014
BUILDING BALANCE SHEET STRENGTH **4**	Maintaining a strong balance sheet and liquidity	Cash, cash equivalents and short term investments of $478 million as at March 31, 2015
REDUCING COSTS **5**	Optimizing operating and administrative costs	Unit operating costs in both Metals operations and Power decreased in Q1, with oil unit operating costs increasing
		Q1 combined administrative costs down 24%

Highlights

AMBATOVY OPERATIONS UPDATE

On March 23, 2015, the Corporation announced that Ambatovy successfully reached a production rate equivalent to 54,000 tonnes of nickel on an annualized basis (approximately 90% of nameplate capacity), measured over 90 days in a 100-day continuous period. While the Corporation awaits the official verification of this milestone by the Independent Engineer, the Corporation is pursuing the remaining four completion certificates which are expected to be achieved by September 30, 2015.

Finished nickel production was 4,656 tonnes (Sherritt's share) during the quarter, representing a 33% increase compared to the first quarter of 2014. Production in the quarter was impacted by a two week shutdown following a hydrogen sulphide gas release incident at the plant site in Toamasina as well as a strike at the mine in Moramanga which reduced capacity and curtailed ore feed to the plant. The strike at the mine was resolved at the end of the quarter. Separately, in mid-April, a strike involving a portion of the plant site workforce occurred. The strike action was subsequently resolved with a minor impact to production expected for the month of April.

TAX RATE REDUCTIONS IN CUBA

During the quarter, the Corporation confirmed that due to a new foreign investment law in Cuba, the statutory tax rates for its Cuban operations will be reduced.

Operation	Prior Statutory Tax Rate	Revised Statutory Tax Rate
Oil and Gas	30%	22.5%
Power	30%	15%
Metals - Moa	45%	22.5%

As a result of these changes, the Corporation recognized a tax recovery of approximately $30 million during the quarter.

Financial results

$ millions, except as otherwise noted, for the three months ended March 31		2015		2014	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**82.9**	$	120.9	(31%)
Combined revenue[1]		**278.3**		250.7	11%
Adjusted EBITDA[1]		**44.2**		54.9	(19%)
Loss from operations, associate and joint venture		**(50.1)**		(16.3)	(207%)
Loss from continuing operations		**(56.8)**		(70.5)	19%
Earnings from discontinued operations, net of tax		**-**		22.3	(100%)
Net loss for the period		**(56.8)**		(48.2)	(18%)
Adjusted earnings from continuing operations		**(71.0)**		(58.4)	(22%)
Loss per common share (basic and diluted) ($ per share):					
Net loss from continuing operations	**$**	**(0.19)**	$	(0.24)	21%
Net loss for the period		**(0.19)**		(0.16)	(19%)
CASH FLOW					
Cash provided (used) by continuing operations	**$**	**26.3**	$	(9.7)	371%
Combined free cash flow[1]		**11.2**		(59.0)	119%
Combined adjusted operating cash flow per share ($ per share)[1]		**0.19**		0.12	58%
OPERATIONAL DATA					
SPENDING ON CAPITAL AND INTANGIBLE ASSETS[2]	**$**	**42.3**	$	25.6	65%
PRODUCTION VOLUMES					
Finished nickel (tonnes)					
Moa Joint Venture (50% basis)		**4,357**		3,639	20%
Ambatovy Joint Venture (40% basis)		**4,656**		3,513	33%
Finished cobalt (tonnes)					
Moa Joint Venture (50% basis)		**426**		356	20%
Ambatovy Joint Venture (40% basis)		**344**		277	24%
Oil (boepd, net working-interest production)[3]		**10,938**		11,776	(7%)
Electricity (gigawatt hours) (33⅓% basis)		**210**		187	12%
AVERAGE-REALIZED PRICES[1]					
Nickel ($ per pound)	**$**	**7.93**	$	7.27	9%
Cobalt ($ per pound)		**15.41**		15.20	1%
Oil ($ per net boe)[3]		**41.79**		71.24	(41%)
Electricity ($ per megawatt hour)		**52.63**		46.21	14%
UNIT OPERATING COSTS[1]					
Nickel (US$ per pound)					
Moa Joint Venture	**$**	**4.36**	$	5.30	(18%)
Ambatovy Joint Venture		**5.74**		6.83	(16%)
Oil ($ per gross boe)[3]		**10.16**		7.30	39%
Electricity ($ per megawatt hour)		**15.64**		17.43	(10%)

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

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

(3) Barrels of oil equivalent per day (boepd); barrel of oil equivalent (boe).

REVENUE

$ millions, for the three months ended March 31		2015		2014	Change
Revenue by segment					
Metals	**$**	**223.7**	$	160.1	40%
Oil and Gas		**42.3**		76.9	(45%)
Power		**11.8**		11.9	(1%)
Corporate and Other		**0.5**		1.8	(72%)
Combined revenue(1)	**$**	**278.3**	$	250.7	11%
Adjust joint venture and associate		**(195.4)**		(129.8)	
Financial statement revenue	**$**	**82.9**	$	120.9	(31%)

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

Combined revenue for the three months ended March 31, 2015 was higher compared to the same period in the prior year due to higher sales volumes at Metals, primarily at Ambatovy, as a result of the continued ramp-up of operations, as well as higher production at the Moa Joint Venture reflecting stable operations. These increases were partly offset by lower revenue at Oil and Gas as a result of lower oil prices and lower production due to natural reservoir declines. Revenue was also higher due to the weaker Canadian dollar relative to the U.S. dollar experienced during the quarter.

COST OF SALES

$ millions, for the three months ended March 31		2015		2014	Change
Cost of sales by segment					
Metals	**$**	**253.4**	$	186.5	36%
Oil and Gas		**41.3**		30.5	35%
Power		**11.4**		8.5	34%
Corporate and other		**1.1**		5.8	(81%)
Combined cost of sales(1)	**$**	**307.2**	$	231.3	33%
Adjust joint venture and associate		**(224.5)**		(157.9)	
Financial statement cost of sales	**$**	**82.7**	$	73.4	13%

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

Combined cost of sales for the three months ended March 31, 2015 was higher compared to the same periods in the prior year primarily due to higher production costs at Ambatovy as a result of the continued ramp-up of operations, higher workover costs and depletion, depreciation and amortization expense at Oil and Gas related to operations in Spain, and higher depletion, depreciation and amortization at Power. Cost of sales was also higher due to the weaker Canadian dollar relative to the U.S. dollar experienced during the quarter.

ADMINISTRATIVE EXPENSES

$ millions, for the three months ended March 31		2015		2014	Change
Administrative expenses by segment					
Metals	**$**	**6.8**	$	7.7	(12%)
Oil and Gas		**1.9**		2.9	(34%)
Power		**1.4**		2.5	(44%)
Corporate and other		**7.6**		10.2	(25%)
Combined administrative expenses(1)	**$**	**17.7**	$	23.3	(24%)
Adjust joint venture and associate		**(5.7)**		(6.4)	
Financial statement administrative expenses	**$**	**12.0**	$	16.9	(29%)

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

Combined administrative expenses for the three months ended March 31, 2015 was lower than the same period in the prior year primarily due to lower employee costs following the restructuring plan initiated by the Corporation in the fourth quarter of 2014, as well as higher legal fees in 2014 attributable to the Coal transaction.

NET FINANCE EXPENSE

$ millions, for the three months ended March 31	2015	2014	Change
Financial statement net finance expense	**$ 36.1**	$ 40.8	(12%)
Moa Joint Venture net finance expense	**5.5**	2.8	96%
Ambatovy Joint Venture net finance expense	**5.2**	11.7	(56%)
Combined net finance expense(1)	**$ 46.8**	$ 55.3	(15%)

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

Financial statement net finance expense for the three months ended March 31, 2015 was lower compared to the same period in the prior year primarily related to lower interest expense due to lower outstanding loans and borrowings and higher interest income related to the Ambatovy subordinated debt, partly offset by higher unrealized foreign exchange losses recognized and higher interest expense related to the Ambatovy additional partner loans.

Combined net finance expense was impacted by lower Ambatovy Joint Venture net finance expense for the three months ended March 31, 2015 compared to the same period in the prior year primarily due to lower discounting recorded on receivables and the impact of foreign exchange on translation of transactions denominated in Malagasy Ariary to its U.S. dollar functional currency. Net finance expense related to the Moa Joint Venture was higher compared to the same period in the prior year primarily due to higher unrealized foreign exchange losses recognized.

INCOME TAXES

$ millions, for the three months ended March 31	2015	2014	Change
Income tax (recovery) expense by segment			
Metals	**$ (7.2)**	$ (2.0)	(257%)
Oil and Gas	**(29.1)**	14.8	(297%)
Power	**(0.3)**	0.5	(157%)
Corporate and other	**-**	(1.9)	100%
Combined income taxes(1)	**$ (36.6)**	$ 11.4	(421%)
Adjust joint venture and associate	**7.2**	2.0	
Financial statement income taxes	**$ (29.4)**	$ 13.4	(319%)

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

In the first quarter of 2015, clarification was received from the Cuban government regarding the application of tax rate reductions in Cuba due to a new foreign investment law. As a result, the Corporation recorded an income tax recovery of $30.1 million. This recovery includes a non-cash adjustment of $13.0 million to reflect re-measurement of deferred tax liabilities and a current tax recovery of $17.1 million. The new foreign investment law in Cuba resulted in the following rate changes:

Operation	Prior Statutory Tax Rate	Revised Statutory Tax Rate
Oil and Gas	30%	22.5%
Power	30%	15%
Metals - Moa	45%	22.5%

Combined tax expense for the three months ended March 31, 2015 was lower than the prior year largely due to Metals and Oil and Gas. Income tax expense at Oil and Gas was lower due to the income tax recovery of $27.5 million as a result of the tax rate change in Cuba, and lower earnings in 2015.

At the Metals operations, the increase in the net tax recovery for the three months ended March 31, 2015 was partly due to an income tax recovery of $2.6 million in the Moa Joint Venture as a result of the tax rate change in Cuba in 2015.

CHANGE IN NET LOSS

For the three months ended March 31, 2015, net loss from continuing operations was $56.8 million, or $0.19 per share, compared to a loss of $70.5 million, or $0.24 per share in the prior-year period.

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

$ millions, for the three months ended March 31		2015
Lower U.S. dollar denominated nickel and cobalt prices	$	(4.9)
Higher fertilizer prices		0.7
Lower oil and gas prices		(28.7)
Higher electricity volumes		1.4
Higher total nickel, cobalt and fertilizer sales volumes		22.4
Lower Cuba oil and gas gross working-interest volumes		(1.3)
Higher Spain oil and gas volumes		3.2
Lower Oil and Gas cost recovery revenue		(8.1)
Lower mining, processing and refining, third-party feed and fertilizer unit costs		7.0
Higher Oil and Gas cost of sales		(4.4)
Lower administrative expenses		5.6
Higher depletion, depreciation and amortization		(21.2)
Foreign exchange impact on operations		(2.4)
January 2014 earnings at Ambatovy capitalized prior to commercial production		(10.2)
Lower combined net finance expense		8.5
Lower combined income tax expense, excluding Cuban tax recovery		17.9
Cuban tax recovery		30.1
Other		(1.9)
Change in net loss, compared to 2014	$	13.7

CONSOLIDATED FINANCIAL POSITION

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

$ millions, except as noted, as at		2015 March 31		2014 December 31	Change
Financial Condition					
Cash, cash equivalents and short-term investments	$	477.7	$	476.2	-
Net working capital balance		700.9		661.5	6%
Current ratio		4.42:1		4.42:1	-
Total assets		5,619.8		5,283.2	6%
Total loans and borrowings		1,965.4		1,859.9	6%
Shareholders' equity		3,281.5		3,058.7	7%

At March 31, 2015, total available liquidity was $546.7 million, including undrawn credit facilities. Total debt at March 31, 2015, was $2.0 billion, including $1.1 billion related to non-recourse Ambatovy Partner Loans.

Outlook

Production volumes and spending on capital	Initial Projected 2015 December 31	Actual 2015 March 31	Revised Projected 2015 December 31
Production volumes			
Mixed sulphides (tonnes, Ni+Co contained, 100% basis)			
Moa Joint Venture	36,500-38,000	9,751	No change
Ambatovy Joint Venture	50,500-56,000	13,806	No change
Total	87,000-94,000	23,557	No change
Nickel, finished (tonnes, 100% basis)			
Moa Joint Venture	33,000-34,000	8,714	No change
Ambatovy Joint Venture	47,000-52,000	11,640	No change
Total	80,000-86,000	20,354	No change
Cobalt, finished (tonnes, 100% basis)			
Moa Joint Venture	3,500-4,000	851	No change
Ambatovy Joint Venture	3,500-4,000	859	No change
Total	7,000-8,000	1,710	No change
Oil – Cuba (gross working-interest, bopd)	20,000	19,719	19,000
Oil and Gas – All operations (net working-interest, boepd)	12,000	10,937	No change
Electricity (GWh, 100% basis)	2,550	630	No change
Spending on capital ($ millions)			
Metals – Moa Joint Venture (50% basis), Fort Site (100% basis)	80	8	75
Metals – Ambatovy Joint Venture (40% basis)	40	6	35
Oil and Gas	107	27	96
Power (33⅓ % basis)	4	-	4
Spending on capital (excluding Corporate)	231	41	210

PRODUCTION VOLUMES

The Corporation lowered production guidance in Oil and Gas to 19,000 bopd from 20,000 bopd to largely reflect average production results to date from the wells drilled in the Puerto Escondido/Yumuri PSC extension area.

CAPITAL SPENDING

Nickel and oil prices remain under pressure; therefore, after a review of capital plans, the Corporation has revised its capital guidance downward. At this time, the drilling plan for Oil and Gas has been revised from drilling 10 wells to nine wells in 2015.

Market update

The average reference price for nickel declined in the first quarter of 2015 compared to the same period in the prior year as nickel prices remain under pressure due to softer demand particularly from stainless steel mills combined with LME inventories rising by 5% in the quarter. The expectations of reductions in nickel pig iron production later in the year remain, with some evidence of this trend appearing in the reduced nickel ore inventory levels in China. The average reference price for cobalt decreased in the first quarter of 2015 compared to the same period in the prior year reflecting high supply relative to market demand.

The average reference price for oil in the first quarter of 2015 declined relative to the fourth quarter of 2014, as concern of oversupply of oil in the market continued as no significant production reductions have occurred.

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

Review of operations

METALS

Financial Review

$ millions, for the three months ended March 31	2015				2014				
	Moa JV and Fort Site	**Ambatovy JV**	**Other[2]**	**Total**	Moa JV and Fort Site	Ambatovy JV[3]	Other[2]	Total	Change
FINANCIAL HIGHLIGHTS[1]									
Revenue	**$ 104.5**	**$ 100.7**	**$ 18.5**	**$ 223.7**	$ 90.4	$ 50.8	$ 18.9	$ 160.1	40%
Earnings (loss) from operations	**7.0**	**(43.8)**	**0.3**	**(36.5)**	(2.4)	(31.9)	0.2	(34.1)	(7%)
Adjusted EBITDA[4]	**18.3**	**4.3**	**0.1**	**22.7**	7.0	(4.4)	0.2	2.8	711%
Cash provided (used) by operations	**30.2**	**12.6**	**(0.5)**	**42.3**	6.3	(21.1)	(1.9)	(16.7)	353%
Free cash flow[4]	**22.4**	**9.9**	**(0.5)**	**31.8**	1.9	(21.9)	(1.9)	(21.9)	245%
PRODUCTION VOLUMES[1] (tonnes)									
Mixed Sulphides	**4,876**	**5,522**	**-**	**10,398**	3,991	3,852	-	7,843	33%
Finished Nickel	**4,357**	**4,656**	**-**	**9,013**	3,639	3,513	-	7,152	26%
Finished Cobalt	**426**	**344**	**-**	**770**	356	277	-	633	22%
Fertilizer	**60,529**	**11,662**	**-**	**72,191**	59,853	8,337	-	68,190	6%
NICKEL RECOVERY (%)	**88%**	**85%**			89%	81%			
SALES VOLUMES[1] (tonnes)									
Finished Nickel	**4,275**	**4,944**	**-**	**9,219**	3,823	2,603	-	6,426	43%
Finished Cobalt	**409**	**342**	**-**	**751**	389	193	-	582	29%
Fertilizer	**30,842**	**13,127**	**-**	**43,969**	36,882	4,628	-	41,510	6%
AVERAGE REFERENCE PRICES (US$ per pound)									
Nickel				**$ 6.50**				$ 6.64	(2%)
Cobalt[5]				**13.73**				13.90	(1%)
AVERAGE-REALIZED PRICES[4]									
Nickel ($ per pound)	**$ 7.91**	**$ 7.95**		**$ 7.93**	$ 7.11	$ 7.50		$ 7.27	9%
Cobalt ($ per pound)	**16.23**	**14.42**		**15.41**	14.86	15.97		15.20	1%
Fertilizer ($ per tonne)	**375**	**190**		**318**	358	197		344	(8%)
UNIT OPERATING COSTS[4] (US$ per pound)									
Nickel - net direct cash cost	**$ 4.36**	**$ 5.74**			$ 5.30	$ 6.83			
SPENDING ON CAPITAL[1]									
Sustaining	**$ 5.7**	**$ 6.4**	**$ -**	**$ 12.1**	$ 3.8	$ 3.9	$ -	$ 7.7	57%
Expansion	**2.4**	**-**	**-**	**2.4**	0.8	-	-	0.8	200%
	$ 8.1	**$ 6.4**	**$ -**	**$ 14.5**	$ 4.6	$ 3.9	$ -	$ 8.5	71%

(1) The Moa Joint Venture and Ambatovy Joint Venture are accounted for using the equity method of accounting for financial statement purposes which recognizes the Corporation's share of earnings (loss) from joint venture and associate, respectively. Financial information provided for the Moa Joint Venture and Fort Site in the above table represents the Corporation's 50% interest in the Moa Joint Venture and its 100% interest in the utility and fertilizer operations in Fort Saskatchewan, as applicable. Financial information provided for Ambatovy represents the Corporation's 40% interest in the Ambatovy Joint Venture.

(2) "Other" primarily consists of revenue and costs by a subsidiary of the Corporation established to buy, market and sell certain Ambatovy nickel production. The metals marketing company is reimbursed by Ambatovy for administration and selling costs.

(3) Represents the post-commercial production period except for production volumes and nickel recovery.

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

(5) Average low-grade cobalt published price per Metals Bulletin.

Moa Joint Venture and Fort Site

Revenue is composed of the following:

$ millions, for the three months ended March 31		2015		2014	Change
Nickel	$	**74.5**	$	60.0	24%
Cobalt		**14.6**		12.7	15%
Fertilizers		**14.1**		16.2	(13%)
Other		**1.3**		1.5	(13%)
	$	**104.5**	$	90.4	16%

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

$ millions, for the three months ended March 31		2015
Lower U.S. dollar denominated realized nickel prices	$	**(0.7)**
Lower U.S. dollar denominated realized cobalt prices		**(0.4)**
Higher fertilizer prices		**0.7**
Higher metals sales volumes		**1.6**
Lower fertilizer sales volumes		**(0.5)**
Lower mining, processing and refining, third-party feed and fertilizer unit costs		**7.0**
Weaker Canadian dollar relative to the U.S. dollar		**3.0**
Other		**(1.3)**
Change in earnings from operations, compared to 2014	$	**9.4**

Average-realized prices of nickel and cobalt for the three months ended March 31, 2015 were affected by lower nickel and cobalt reference prices in the quarter. The impact of these decreases was more than offset by a weaker Canadian dollar relative to the U.S. dollar.

Production of contained mixed sulphides for the three months ended March 31, 2015 was higher than the same period in the prior year reflecting continued stable plant operation. Production in the first half of 2014 was limited by poor ore characteristics as well as unplanned maintenance on one of the HPAL trains.

Finished nickel and cobalt production for the three months ended March 31, 2015 was higher than the same period in the prior year primarily due to higher mixed sulphide availability from Moa and stable refinery operations.

Finished nickel and cobalt sales volumes were higher in the first quarter of 2015 compared to the same period in the prior year, in line with production. Fertilizer sales volumes were lower for the three months of 2015 compared to the same periods in the prior year due to the timing of spring season sales.

Cost of sales(1) is composed of the following:

$ millions, for the three months ended March 31		2015		2014	Change
Mining, processing and refining	$	**63.4**	$	61.8	3%
Third-party feed costs		**3.7**		2.1	76%
Fertilizers		**11.2**		11.8	(5%)
Selling costs		**3.6**		3.8	(5%)
Other		**2.9**		1.6	81%
	$	**84.8**	$	81.1	5%

(1) Excludes depletion, depreciation and amortization

Net direct cash cost(1) is composed of the following:

$ millions, for the three months ended March 31		2015		2014	Change
Mining, processing and refining costs	$	**5.28**	$	6.59	(20%)
Third-party feed costs		**0.32**		0.23	39%
Cobalt by-product credits		**(1.25)**		(1.37)	9%
Other(2)		**0.01**		(0.15)	107%
Net direct cash cost (US$ per pound of nickel)	$	**4.36**	$	5.30	(18%)

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

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

Net direct cash cost of nickel in the first quarter of 2015 decreased compared to the same period in the prior year primarily due to lower fuel oil prices, energy prices, mining, processing and refining unit costs, partially offset by higher sulphur and sulphuric acid prices. Lower mining, processing and refining unit costs were the result of lower labour costs and an improvement in unplanned maintenance leading to reduced maintenance costs.

Sustaining capital spending for the Moa Joint Venture was higher in the three months ended March 31, 2015 compared to the same period in the prior year reflecting higher planned spending. Higher expansion capital relates to the mobilization and construction of the 2,000 tonnes per day acid plant at Moa, with construction commencing during the quarter.

Ambatovy

Revenue is composed of the following:

$ millions, for the three months ended March 31		2015		2014[(1)]	Change
Nickel	$	**86.7**	$	43.0	102%
Cobalt		**10.9**		6.8	60%
Fertilizers		**2.5**		1.0	150%
Other		**0.6**		-	-
	$	**100.7**	$	50.8	98%

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

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

$ millions, for the three months ended March 31		2015
Lower US dollar denominated realized nickel prices	**$**	**(1.4)**
Lower US dollar denominated realized cobalt prices		**(2.4)**
Earnings Impact higher metals sales volumes		**20.1**
Higher fertilizer sales volumes		**1.2**
Lower administrative expense		**1.0**
Higher depreciation expense		**(14.0)**
Weaker Canadian dollar relative to the U.S. dollar		**(4.3)**
January 2014 losses capitalized prior to commercial production		**(10.2)**
Other		**(1.9)**
Change in earnings from operations, compared to 2014	**$**	**(11.9)**

Average-realized prices of nickel and cobalt for the three months ended March 31, 2015 were affected by lower nickel and cobalt reference prices in the quarter. The impact of these decreases was generally offset by a weaker Canadian dollar relative to the US dollar.

On March 23, 2015, the Corporation announced that Ambatovy successfully achieved a production test milestone when it reached a production rate equivalent of 54,000 tonnes of nickel on an annualized basis (approximately 90% of name plate capacity), measured over 90 days in a 100-day continuous period.

Production of nickel and cobalt was higher for the three months ended March 31, 2015 compared to the same period in the prior year due to continued ramp-up of operations and process control improvements achieved in the countercurrent decantation and raw liquor neutralization circuits, as well as extensive major maintenance carried out in 2014 which improved overall equipment availability leading to higher ore feed throughput. Production in the quarter was impacted by a two week shutdown following a hydrogen sulphide gas release incident at the plant site in Toamasina as well as a strike at the mine site in Moramanga which reduced production at the mine and curtailed ore feed to the plant. The strike was resolved at the end of the quarter.

Separately, a strike at the Ambatovy plant site commenced in mid-April. The strike was subsequently resolved with a minor impact to production expected for the month of April.

Sales of nickel and cobalt for the three months ended March 31, 2015 were higher compared to the same period in the prior year primarily due to higher production achieved. Sales of nickel and cobalt in the prior-year period exclude revenue for January 2014 which was capitalized for accounting purposes prior to commercial production.

Depletion, depreciation, and amortization expense for the three months ended March 31, 2014 was $14.0 million higher compared to the same period in the prior year due to depreciation expense in the prior-year period only being recognized for the two month period subsequent to commercial production.

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

$ millions, for the three months ended March 31		2015		2014[2]	Change
Mining, processing and refining	**$**	**86.1**	$	46.8	84%
Selling costs		**4.0**		2.3	74%
Other		**1.4**		1.0	40%
	$	**91.5**	$	50.1	83%

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

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

$ millions, for the three months ended March 31		2015		2014[2]	Change
Mining, processing and refining costs	$	**6.38**	$	7.42	(14%)
Cobalt by-product credits		**(0.90)**		(0.98)	(8%)
Other[3]		**0.26**		0.39	(33%)
Net direct cash cost (US$ per pound of nickel)		**5.74**	$	6.83	(16%)

(1) For additional information see the Non-GAAP measures section.
(2) Represents the post-commercial production period.
(3) Includes selling costs, discounts, and other by-product credits.

Net direct cash cost of nickel decreased compared to the same period in the prior year primarily due to increased production in the current quarter and lower maintenance work performed. Net direct cash costs have been consistent with expectations for the facility when operating at its recently experienced ore throughput levels.

Capital spending for Ambatovy is focused on sustaining capital for transportation infrastructure and the tailings facility. During the quarter, the second ore thickener was commissioned and is now operating. Subsequent to the end of the quarter, planned maintenance on the fifth autoclave was completed.

For the three months ended March 31, 2015, no funding was required by the Joint Venture partners.

OIL AND GAS

Financial review

$ millions, except as otherwise noted, for the three months ended March 31		2015		2014	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**42.3**	$	76.9	(45%)
(Loss) earnings from operations		**(0.9)**		43.6	(102%)
Adjusted EBITDA[1]		**21.5**		60.4	(64%)
Cash provided by operations		**6.6**		16.1	(59%)
Free cash flow[1]		**(14.0)**		1.1	(1433%)
PRODUCTION AND SALES[2]					
Gross working-interest - Cuba		**19,719**		20,200	(2%)
Total net working-interest		**10,938**		11,776	(7%)
AVERAGE REFERENCE PRICES (US$ per barrel)					
Gulf Coast Fuel Oil No. 6	**$**	**44.32**	$	89.30	(50%)
Brent		**53.88**		109.13	(51%)
AVERAGE-REALIZED PRICES[1]					
Cuba ($ per barrel)	**$**	**41.44**	$	71.80	(42%)
Spain ($ per barrel)		**65.33**		118.75	(45%)
Pakistan ($ per boe)[2]		**10.59**		9.13	16%
Weighted-average		**41.79**		71.24	(41%)
UNIT OPERATING COSTS[1][2] ($ per gross working-interest boe)					
Cuba	**$**	**8.26**	$	6.70	23%
Spain		**79.52**		49.43	61%
Pakistan		**8.17**		5.97	37%
Weighted-average		**10.16**		7.30	39%
SPENDING ON CAPITAL					
Development, facilities and other	**$**	**27.0**	$	15.4	75%
Exploration		**-**		0.4	(100%)
	$	**27.0**	$	15.8	71%

(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 (boe), 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).

Oil and Gas revenue is composed of the following:

$ millions, for the three months ended March 31		2015		2014	Change
Cuba	**$**	**37.6**	$	72.3	(48%)
Spain		**3.2**		3.0	7%
Pakistan		**0.3**		0.2	50%
Processing		**1.2**		1.4	(14%)
	$	**42.3**	$	76.9	(45%)

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

$ millions, for the three months ended March 31		2015
Lower realized oil and gas prices, denominated in U.S. dollars	$	(28.7)
Lower Cuba gross working-interest volumes		(1.3)
Higher Spain volumes		3.2
Lower cost recovery revenue		(8.1)
Lower administrative costs		0.9
Higher depletion, depreciation and amortization		(3.1)
Foreign exchange impact on operations		(2.5)
Higher operating costs		(4.4)
Other		(0.5)
Change in earnings from operations, compared to 2014	$	(44.5)

The average-realized price for oil produced in Cuba decreased by $30.36 per barrel compared to the same period in the prior year primarily as a result of lower Gulf Coast Fuel Oil No. 6 reference prices, partly offset by a weaker Canadian dollar relative to the U.S. dollar.

The average-realized price for oil produced in Spain decreased by $53.42 per barrel compared to the same period in the prior year primarily as a result of lower Brent references prices, partly offset by a weaker Canadian dollar relative to the U.S. dollar.

Production and sales volumes were as follows:

Daily production volumes, for the three months ended March 31[1]	2015	2014	Change
Gross working-interest oil production in Cuba	**19,719**	20,200	(2%)
Net working-interest oil production			
Cuba (heavy oil)			
Cost recovery	**2,229**	3,844	(42%)
Profit oil	**7,872**	7,341	7%
Total	**10,101**	11,185	(10%)
Spain (light oil)	**542**	278	95%
Pakistan (natural gas)	**295**	313	(6%)
	10,938	11,776	(7%)

(1) Refer to Oil and Gas production and sales volume on page 27 for further detail.

Gross working interest (GWI) oil production in Cuba decreased in the three months ended March 31, 2015 compared to the same period in the prior year primarily due to lower than expected oil production from two of the six wells drilled to date under the Puerto Escondido/Yumuri Production Sharing Contract (PSC) extension.

Cost-recovery oil production in Cuba for the three months ended March 31, 2015 decreased compared to the same period in the prior year primarily due to limitations on the amount of eligible expenditures that can be claimed during the quarter for cost recovery purposes under the terms of the Puerto Escondido/Yumuri PSC. Any eligible expenditures not recovered in the current quarter remain eligible for the allocation of cost recovery oil in subsequent quarters. Profit oil production, which represents Sherritt's share of production after cost recovery volumes are deducted from GWI volumes, increased as a result of lower cost recovery oil volumes during the quarter.

Unit operating cost in Cuba increased in the three months ended March 31, 2015 compared to the same period in the prior year primarily as a result of a weaker Canadian dollar relative to the U.S. dollar, representing an increase of approximately $0.50 per barrel, and higher routine maintenance costs combined with lower production volumes, representing an increase of $0.30 per barrel.

Unit operating cost in Spain increased in the three months ended March 31, 2015 compared to the same period in the prior year primarily as a result of $2.8 million in major workover costs incurred partly offset by a stronger Canadian dollar relative to the Euro and higher production in the current quarter due to a successful workover performed in the Rodaballo field. Major workover costs accounted for an increase of $56.43 per barrel for the three months ended March 31, 2015.

Spending on capital increased for the three months ended March 31, 2014 compared to the same period in the prior year primarily due to the increase in development drilling activities, including deployment of a second drilling rig, and equipment purchases. Two new development wells were drilled and completed in Cuba during the quarter.

POWER

Financial review

$ millions (33⅓% basis), except as otherwise noted, for the three months ended March 31	2015	2014	Change
FINANCIAL HIGHLIGHTS			
Revenue	**$ 11.8**	$ 11.9	(1%)
(Loss) earnings from operations	**(1.0)**	0.9	(211%)
Adjusted EBITDA[1]	**7.3**	4.9	49%
Cash provided by operations	**24.1**	0.9	2,578%
Free cash flow[1]	**23.7**	(0.1)	25,336%
PRODUCTION AND SALES			
Electricity (GWh[2])	**210**	187	12%
AVERAGE-REALIZED PRICES[1]			
Electricity (per MWh[2])	**$ 52.63**	$ 46.21	14%
UNIT OPERATING COSTS[1] (per MWh)			
Base	**$ 15.55**	$ 14.93	4%
Non-base[3]	**0.09**	2.50	(96%)
	15.64	17.43	(10%)
SPENDING ON CAPITAL AND SERVICE CONCESSION ARRANGEMENTS			
Sustaining	**$ 0.4**	$ 0.3	33%
Growth	**-**	0.7	(100%)
Spending on Capital	**$ 0.4**	$ 1.0	(60%)
Service concession arrangements	**-**	1.2	(100%)
	$ 0.4	$ 2.2	(82%)

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

Power revenue is composed of the following:

$ millions (33⅓% basis), for the three months ended March 31	2015	2014	Change
Electricity sales	**$ 11.1**	$ 8.6	29%
By-products and other	**0.7**	2.1	(67%)
Construction activity[1]	**-**	1.2	(100%)
	$ 11.8	$ 11.9	(1%)

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

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

$ millions (33⅓% basis), for the three months ended March 31		2015
Higher electricity volumes	$	1.4
Weaker Canadian dollar relative to the U.S. dollar		1.4
Lower realized by-product prices		(0.8)
Lower by-product volumes		(0.5)
Lower administrative expenses		1.1
Higher depletion, depreciation and amortization		(4.2)
Other		(0.3)
Change in earnings from operations, compared to 2014	$	(1.9)

Production and electricity sales were higher for the three months ended March 31, 2015 compared to the same period in the prior year primarily due to the 150MW Boca de Jaruco Combined Cycle Project being fully operational for the entire quarter, compared to two months in the prior year period as a result of being online effective February 2, 2014.

The average-realized price of electricity was higher for the three months ended March 31, 2015 compared to the same period in the prior year primarily due to a weaker Canadian dollar relative to the U.S. dollar.

Higher depletion, depreciation and amortization expense for the three months ended March, 31, 2015 compared to the same period in the prior year is due to depreciation at the Boca de Jaruco Combined Cycle Project being recognized for the full quarter compared to two months in the same period in the prior year. In addition, the residual value estimate of the Varadero facility was revised.

Unit operating cost decreased for the three months ended March 31, 2015 compared to the same period in the prior year primarily due to the absence of major inspections during the quarter at Boca de Jaruco or Puerto Escondido which reduced non-base unit operating costs compared to the same period in the prior year.

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

Liquidity and capital resources

Total available liquidity at March 31, 2015 was $546.7 million which includes cash, cash equivalents and short term investments of $477.7 million and available credit facilities of $69.0 million.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

Canadian $ millions, as at March 31, 2015	Total	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$ 129.9	$ 129.9	$ -	$ -	$ -	$ -	$ -
Income taxes payable	16.3	16.3	-	-	-	-	-
Loans and borrowings(1)	3,434.2	59.7	109.8	161.5	423.3	165.8	2,514.1
Provisions	192.0	19.6	5.1	9.0	0.8	-	157.5
Operating leases	21.8	2.6	2.9	2.9	3.0	3.0	7.4
Capital commitments	14.9	14.3	0.6	-	-	-	-
Total	$ 3,809.1	$ 242.4	$ 118.4	$ 173.4	$ 427.1	$ 168.8	$ 2,679.0

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

OTHER COMMITMENTS

The following commitments are not reflected in the table above:

Moa Joint Venture

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

- Environmental rehabilitation commitments of $73.2 million, with no significant repayments due in the next four years;
- Advances and loans payable of $179.9 million; and
- Other commitments of $1.3 million.

Ambatovy Joint Venture

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

- Environmental rehabilitation commitments of $186.4 million, with no significant repayments due in the next four years;
- Other contractual commitments of $35.0 million; and
- Ambatovy Joint Venture senior debt financing of US$715.8 million ($907.8 million). On an undiscounted basis, principal and interest repayments are $1.0 billion.

INVESTMENT LIQUIDITY

At March 31, 2015 cash and cash equivalents and investments were located in the following countries:

$ millions, as at March 31, 2015		Cash		Cash equivalents and short-term investments		Total
Canada	$	7.6	$	442.6	$	450.2
Cuba		7.0		-		7.0
Other		20.5		-		20.5
	$	35.1	$	442.6	$	477.7

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 Spain (BBB) and Madagascar (BB or higher) and with banks in Cuba that are not rated.

At March 31, 2015 cash equivalents included $259.7 million in Government of Canada treasury bills having original maturity dates of less than three months and short-term investments included $183.0 million in Government of Canada treasury bills having original maturity dates of greater than three months and less than one year.

The table above does not include cash and cash equivalents of $53.3 million (100% basis) held by the Moa Joint Venture, nor $66.9 million (100% basis) held by the Ambatovy Joint Venture. The Corporation's share is included as part of the investment in a joint venture and associate balances in the consolidated statement of financial position.

AVAILABLE CREDIT FACILITIES

At March 31, 2015, the Corporation and its related entities had borrowed $2.0 billion under available credit facilities and through the issuance of debentures.

The following table outlines the maximum amounts undrawn and available to the Corporation for credit facilities that had amounts undrawn at March 31, 2015 and December 31, 2014. A detailed description of these facilities is provided in the Loans, borrowings and other liabilities note in the Corporation's audited consolidated financial statements for the year ended December 31, 2014.

$ millions, as at				**2015 March 31**				2014 December 31
		Maximum		**Undrawn and Available**(1)		Maximum		Undrawn and Available(1)
Short-term								
Syndicated 364-day revolving-term credit facility(2)	**$**	**90**	**$**	**49**	$	90	$	33
Line of credit		**20**		**20**		20		20
Total	**$**	**110**	**$**	**69**	$	110	$	53

(1) The Corporation's credit facilities are available to the extent amounts are undrawn and financial covenants or restrictions have not been exceeded.
(2) Established for general corporate purposes. Total available draw is based on eligible receivables and inventory. At March 31, 2015, the Corporation had $40.7 million of letters of credit outstanding on this facility. Letters of credit at March 31, 2015 are primarily in place to support Oil and Gas reclamation obligations in Spain and exploration activities in Cuba.

Covenants

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

At March 31, 2015, there are no events of default on the Corporation's borrowings or debentures.

SOURCES AND USES OF CASH

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

$ millions, for the three months ended March 31		2015		2014	Change
Cash provided (used) by operating activities					
Oil and Gas operating cash flow	**$**	**6.6**	$	16.1	(59%)
Power operating cash flow (excluding interest received on Energas CSA loan)		**1.1**		0.9	22%
Fort Site operating cash flow		**13.5**		13.0	4%
Dividends received from Moa Joint Venture		**12.5**		-	-
Interest received on Moa Joint Venture loans		**2.9**		2.0	47%
Interest received on Energas CSA loan		**23.0**		-	-
Interest paid on debentures		**(9.4)**		(19.3)	51%
Other Corporate operating costs		**(23.4)**		(20.5)	(15%)
Other		**(0.5)**		(1.9)	74%
Cash provided by continuing operations		**26.3**		(9.7)	371%
Cash provided by discontinued operations		**(3.5)**		36.5	(110%)
	$	**22.8**	$	26.8	(15%)
Cash (used) provided by investing and financing					
Property, plant, equipment and intangible expenditures	**$**	**(23.8)**	$	(18.3)	(30%)
Repayment of loans, borrowings and other financial liabilities		**(0.4)**		(0.1)	(300%)
Increase of loans, borrowings and other financial liabilities		**-**		0.3	(100%)
Loans to Ambatovy Joint Venture		**-**		(39.4)	100%
Receipt from investments		**-**		6.2	(100%)
Dividends paid on common shares		**(3.0)**		(12.9)	77%
Cash used by discontinued operations		**-**		(20.5)	100%
Other		**5.9**		10.0	(41%)
	$	**(21.3)**	$	(74.7)	71%
		1.5		(47.9)	103%
Cash, cash equivalents and short-term investments:					
Beginning of the period		**476.2**		651.8	(27%)
End of the period	**$**	**477.7**	$	603.9	(21%)
Combined adjusted operating cash flow[2]	**$**	**56.1**	**$**	34.7	62%
Combined free cash flow[2]		**11.2**		(59.0)	119%

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

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

The significant items affecting the sources and uses of cash during the three months ended March 31, 2015 are described below:

- Cash from continuing operating activities for the three months ended March 31, 2015 was higher compared to the same period in the prior year primarily due to interest received on loans to Energas of approximately $23 million, dividends received from the Moa Joint Venture of $12.5 million and lower interest payments of approximately $10 million as a result of timing of payments and reducing outstanding debt in the fourth quarter of 2014. This increase was largely offset by lower cash flows from operating activities at Oil and Gas as a result of lower earnings in the period;
- The Corporation made no payments to the Ambatovy Joint venture in the quarter; and
- Combined adjusted operating cash flow and combined free cash flow for the three months ended March 31, 2015 was higher compared to the same period in the prior year primarily due to higher operating cash flow, as discussed above, and higher cash flows at the Moa Joint Venture and Ambatovy Joint Venture due to higher nickel sales volume.

COMMON SHARES

As at April 28, 2015, the Corporation had 293,558,591 common shares outstanding. An additional 7,100,552 common shares are issuable upon exercise of outstanding stock options granted to employees and directors pursuant to the Corporation's stock option plan.

On February 11, 2015, the Corporation's Board of Directors approved a quarterly dividend of $0.01 per common share, paid on April 14, 2015 to shareholders of record as of the close of business on March 31, 2015.

Normal Course Issuer Bid

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

For the three months ended March 31, 2015, the Corporation did not purchase or cancel any common shares under the NCIB. To date, the Corporation has purchased and cancelled 3,960,300 shares under the NCIB at an average cost of $2.52 per share, for an aggregate cost of $10.0 million.

Managing risk

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

Accounting Pronouncements

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

Summary of quarterly results

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

$ millions, except per share amounts, for the three months ended	**2015 Mar 31**	2014 Dec 31	2014 Sept 30	2014 June 30	2014 Mar 31	2013 Dec 31	2013 Sept 30	2013 June 30
Revenue								
Metals	**$ 223.7**	$ 216.5	$ 221.2	$ 216.0	$ 160.1	$ 101.6	$ 104.8	$ 120.6
Oil and Gas	**42.3**	49.6	68.1	74.7	76.9	74.9	74.2	71.2
Power	**11.8**	11.7	12.7	12.7	11.9	10.6	14.7	13.5
Corporate and Other	**0.5**	0.5	0.7	1.2	1.8	2.0	1.6	1.7
Combined Revenue[2]	**$ 278.3**	$ 278.3	$ 302.7	$ 304.6	$ 250.7	$ 189.1	$ 195.3	$ 207.0
Adjust joint venture and associate revenue	**(195.4)**	(176.7)	(199.8)	(174.4)	(129.8)	(80.5)	(84.1)	(85.3)
Financial statement revenue	**$ 82.9**	$ 101.6	$ 102.9	$ 130.2	$ 120.9	$ 108.6	$ 111.2	$ 121.7
Net (loss) earnings from continuing operations	**(56.8)**	(147.7)	(51.3)	(49.0)	(70.5)	(142.6)	1.9	(15.2)
(Loss) earnings from discontinued operations, net of tax	**-**	(12.7)	-	18.9	22.3	(531.2)	(0.8)	4.5
Net (loss) earnings for the period	**$ (56.8)**	$ (160.4)	$ (51.3)	$ (30.1)	$ (48.2)	$ (673.8)	$ 1.1	$ (10.7)
Net (loss) earnings per share, basic and diluted ($ per share)								
Net (loss) earnings from continuing operations	**$ (0.19)**	$ (0.50)	$ (0.17)	$ (0.16)	$ (0.24)	$ (0.48)	$ 0.01	$ (0.05)
Net (loss) earnings for the period	**(0.19)**	(0.54)	(0.17)	(0.10)	(0.16)	(2.27)	0.00	(0.04)

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

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

In general, net (loss) earnings for the Corporation are primarily affected by commodity prices, sales volumes and exchange rates that impact revenue and costs. The average Canadian dollar cost to purchase one U.S. dollar for the above quarters has ranged between $1.01 to $1.24. In addition to the impact of commodity prices, sales volumes and exchange rates, net (loss) earnings were impacted by the following significant items (pre-tax):

- The first quarter of 2015 includes the Corporation's share of losses of the Ambatovy Joint Venture of $42.3 million partly offset by a tax recovery of approximately $30 million related to tax rate reductions in Cuba;
- the fourth quarter of 2014 includes the Corporation's share of losses of the Ambatovy Joint Venture of $65.0 million, $33.8 million of fees related to the repurchase and redemption of debentures, $7.5 million related to restructuring costs and unrealized foreign exchange losses partly offset by a $3.3 million gain on sale of the Corporate assets and a $1.3 million gain on arbitration settlement;
- the third quarter of 2014 includes the Corporation's share of losses of the Ambatovy Joint Venture of $49.4 million partly offset by a $12.8 million gain on arbitration settlement;
- the second quarter of 2014 includes the Corporation's share of losses of the Ambatovy Joint Venture of $50.9 million partly offset by a $13.0 million gain recognized on the sale of the Coal operations;
- the first quarter of 2014 includes the Corporation's share of losses of the Ambatovy Joint Venture of $40.1 million partly offset by a reduction in depletion, depreciation, and amortization as a result of classifying Coal as a discontinued operation;
- the fourth quarter of 2013 included total impairments of $577.7 million recognized in Coal (discontinued operation), Metals and Power. Net finance expense included a $13.6 million non-cash downward adjustment in the fair value of the Ambatovy call option;
- the third quarter of 2013 included a $12.4 million non-cash upward adjustment in the fair value of the Ambatovy call option; and
- the second quarter of 2013 included a non-cash provision on accounts receivable and impairment on Madagascar assets of $17.2 million.

Off-balance sheet arrangements

The Corporation has no foreign exchange or commodity options, futures or forward contracts. The Corporation has made a completion guarantee to the Ambatovy Joint Venture lenders.

Transactions with related parties

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

Canadian $ millions, as at		**2015 March 31**		2014 December 31
Accounts receivable from joint operations	**$**	**0.1**	$	0.1
Accounts receivable from joint venture		**21.4**		20.6
Accounts receivable from associate		**59.0**		37.5
Accounts payable to joint operations		**0.1**		0.1
Accounts payable to joint venture		**13.8**		34.2
Accounts payable to associate		**5.7**		2.5
Advances and loans receivable from associate		**1,628.9**		1,489.9
Advances and loans receivable from joint operations		**219.5**		239.3
Advances and loans receivable from joint venture		**267.7**		250.3

Canadian $ millions		For the three months ended **2015 March 31**		2014 March 31
Total value of goods and services:				
Provided to joint operations	**$**	**5.5**	**$**	5.7
Provided to joint venture		**35.2**		38.1
Provided to associate		**0.6**		0.6
Purchased from joint operations		**-**		0.7
Purchased from joint venture		**28.6**		40.2
Purchased from associate		**17.0**		17.2
Net financing income from joint operations		**4.3**		5.1
Net financing income from associate		**15.3**		7.6
Net financing income from joint venture		**2.1**		1.7

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

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

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

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

As at March 31, 2015, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the quarter ended March 31, 2015, the Corporation did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Supplementary information

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation's net earnings and earnings per share from continuing operations for the three months ended March 31, 2015 from a change in selected key variables. The impact is measured changing one variable at a time and may not necessarily be indicative of sensitivities on future results.

Factor		Increase	Approximate change in quarterly net earnings ($ millions) Increase/(decrease)	Approximate change in quarterly basic EPS Increase/(decrease)
Prices				
Nickel - LME price per pound[1]	US$	0.50	$ 10	$ 0.04
Cobalt - Metal Bulletin price per pound[1]	US$	5.00	7	0.03
Oil -U.S. Gulf Coast Fuel Oil No. 6 price per barrel	US$	5.00	2	0.01
Exchange rate				
Weakening of the Canadian dollar relative to the U.S. dollar	US$	0.05	(15)	(0.05)
Operating costs[1]				
Natural gas - per gigajoule (Moa Joint Venture)	$	1.00	(1)	(0.00)
Sulphur - per tonne (Moa Joint Venture and Ambatovy)	US$	25.00	(2)	(0.01)
Sulphuric acid - per tonne (Moa Joint Venture)	US$	25.00	(1)	(0.00)
Coal - per tonne (Ambatovy)	US$	20.00	(1)	(0.00)
Limestone - per tonne (Ambatovy)	US$	5.00	(1)	(0.00)

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

OIL AND GAS PRODUCTION AND SALES VOLUME

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

	For the three months ended		
	2015	2014	
Daily production volumes[1]	**March 31**	March 31	Change
Gross working-interest oil production in Cuba[2][3]	**19,719**	20,200	(2%)
Net working-interest oil production[4]			
Cuba (heavy oil)			
Cost recovery	**2,229**	3,844	(42%)
Profit oil	**7,872**	7,341	7%
Total	**10,101**	11,185	(10%)
Spain (light oil)[4]	**542**	278	95%
Pakistan (natural gas)[4]	**295**	313	(6%)
	10,938	11,776	(7%)

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

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

(3) Gross working-interest oil production is allocated between Oil and Gas and CUPET in accordance with production-sharing contracts. The Corporation's share, referred to as net working-interest production, includes (i) cost recovery oil (based upon the recoverable capital and operating costs incurred by Oil and Gas under each production-sharing contract) and (ii) a percentage of profit oil (gross working-interest production remaining after cost recovery oil is allocated to Oil and Gas). Cost recovery pools for each production-sharing contract include cumulative recoverable costs, subject to certification by CUPET, less cumulative proceeds from cost recovery oil allocated to Oil and Gas. Cost recovery revenue equals capital and operating costs eligible for recovery under the production-sharing contracts.

(4) Net working-interest production (equivalent to net sales volume) represents the Corporation's share of gross working-interest production.

NON-GAAP MEASURES

Management uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, adjusted earnings, combined adjusted operating cash flow per share and combined free cash flow to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and evaluate the results of its underlying business. These measures do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies.

The Ambatovy Joint Venture achieved commercial production on January 22, 2014 and commenced recognizing revenues and costs within the statement of comprehensive income (loss) effective February 1, 2014. Consistent with the Corporation's financial results, the following non-GAAP measures reflect prior year results, including sales volumes, for the post-commercial production period.

Combined results

The Corporation presents combined revenue, combined cost of sales, combined administrative expenses, combined net finance expense, and combined income taxes (together, combined results) as measures which help management assess the Corporation's financial performance across its business units. The combined results include the Corporation's consolidated financial results, and the results of its 50% share of the Moa Joint Venture and its 40% share of the Ambatovy Joint Venture, both of which are accounted for using the equity method for accounting purposes. Management uses these measures to reflect the Corporation's economic interest in its business units prior to the application of equity accounting. Refer to page 5 and 6 for the reconciliations of the combined results.

Adjusted EBITDA

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

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

$ millions, for the three months ended March 31	Metals							Adjustment for Joint Venture and Associate	**2015**
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	**Total**
(Loss) earnings from operations, associate and joint venture per financial statements (note 4)	**$ 7.0**	**$ (43.8)**	**$ 0.3**	**$ (36.5)**	**$ (0.9)**	**$ (1.0)**	**$ (8.2)**	**$ (3.5)**	**$ (50.1)**
Add (deduct):									
Depletion, depreciation and amortization	**2.3**	**-**	**(0.1)**	**2.2**	**22.4**	**8.3**	**0.9**	**-**	**33.8**
Adjustments for share of associate and joint venture:									
Depletion, depreciation and amortization	**9.0**	**48.1**	**(0.1)**	**57.0**	**-**	**-**	**-**	**-**	**57.0**
Net finance expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10.7**	**10.7**
Income tax recovery	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7.2)**	**(7.2)**
Adjusted EBITDA	**$ 18.3**	**$ 4.3**	**$ 0.1**	**$ 22.7**	**$ 21.5**	**$ 7.3**	**$ (7.3)**	**$ -**	**$ 44.2**

$ millions, for the three months ended March 31	Metals							Adjustment for Joint Venture and Associate	2014
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	Adjustment for Joint Venture and Associate	Total
(Loss) earnings from operations, associate and joint venture per financial statements (note 4)	$ (2.4)	$ (31.9)	$ 0.2	$ (34.1)	$ 43.6	$ 0.9	$ (14.2)	$ (12.5)	$ (16.3)
Add (deduct):									
Depletion, depreciation and amortization	2.4	-	-	2.4	16.8	4.0	1.0	-	24.2
Adjustments for share of associate and joint venture:									
Depletion, depreciation and amortization	7.0	27.5	-	34.5	-	-	-	-	34.5
Net finance expense	-	-	-	-	-	-	-	14.5	14.5
Income tax recovery	-	-	-	-	-	-	-	(2.0)	(2.0)
Adjusted EBITDA	$ 7.0	$ (4.4)	$ 0.2	$ 2.8	$ 60.4	$ 4.9	$ (13.2)	$ -	$ 54.9

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given division. The average-realized price for nickel, cobalt, and fertilizer excludes the impact of by-product revenue and the metals marketing company. The average-realized price for oil and gas includes natural gas production stated in barrels of oil equivalent (boe), which is converted at 6,000 cubic feet per barrel.

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 March 31	Metals						**2015**
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements (note 4)	$ **161.2**	$ **25.5**	$ **16.6**	$ **20.4**	$ **223.7**	$ **42.3**	$ **11.8**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**(2.6)**			**-**	**(0.7)**
Processing revenue	**-**	**-**	**-**			**(1.2)**	**-**
Revenue for purposes of average-realized price calculation	**161.2**	**25.5**	**14.0**			**41.1**	**11.1**
Sales volume for the period	**20.3**	**1.7**	**44.0**			**1.0**	**210**
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels[1]	Gigawatts
Average-realized price[2][3]	$ **7.93**	$ **15.41**	$ **318**			$ **41.79**	$ **52.63**

(1) Net working-interest oil production.
(2) Average-realized price may not calculate based on amounts presented due to rounding.
(3) Power, average-realized price per MWh.

$ millions, except average-realized price and sales volume, for the three months ended March 31							**2014**
	Metals						
	Nickel	Cobalt	Fertilizer	Other revenue	Total	Oil and Gas	Power
Revenue per financial statements (note 4)	$ 103.0	$ 19.5	$ 17.2	$ 20.4	$ 160.1	$ 76.9	$ 11.9
Adjustments to revenue:							
By-product revenue	-	-	(2.9)			-	(2.1)
Processing revenue	-	-	-			(1.4)	-
Service concession arrangement revenue	-	-	-			-	(1.2)
Revenue for purposes of average-realized price calculation	103.0	19.5	14.3			75.5	8.6
Sales volume for the period	14.2	1.3	41.5			1.1	187
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes			Millions of barrels(1)	Gigawatts
Average-realized price(2)(3)	$ 7.27	$ 15.20	$ 344			$ 71.24	$ 46.21

(1) Net working-interest oil production.
(2) Average-realized price may not calculate based on amounts presented due to rounding.
(3) Power, average-realized price per MWh.

Unit operating cost

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

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

In the third quarter of 2014 the Corporation commenced reporting average unit operating costs for Cuba on a gross barrel basis. The Corporation believes this approach is more relevant as the operating costs reported by the Corporation represent costs incurred to produce gross volumes. Therefore, average unit operating costs for Cuba are now determined by dividing operating costs incurred by gross working-interest production instead of net working-interest production. The comparative period has been adjusted accordingly.

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

$ millions, except unit cost and sales volume, for the three months ended March 31						**2015**
	Metals					
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power
Cost of sales per financial statements (note 4)	**$ 96.1**	**$ 139.5**	**$ 17.8**	**$ 253.4**	**$ 41.3**	**$ 11.4**
Less:						
Depletion, depreciation and amortization in cost of sales	**(11.3)**	**(48.0)**	**0.2**	**(59.1)**	**(22.3)**	**(8.3)**
	84.8	**91.5**	**18.0**	**194.3**	**19.0**	**3.1**
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	**(30.0)**	**(15.3)**			**-**	**-**
Impact of opening/closing inventory and other	**(3.7)**	**1.0**			**-**	**-**
Cost of sales for purposes of unit cost calculation	**51.1**	**77.2**			**19.0**	**3.1**
Sales volume for the period	**9.4**	**10.9**			**1.9**	**210**
Volume units	Millions of pounds	Millions of pounds			Millions of barrels(1)	Gigawatts
Unit operating cost(2)(3)	**$ 5.42**	**7.08**			**$ 10.16**	**$ 15.64**
Unit operating cost (U.S. dollars)	**$ 4.36**	**5.74**				

(1) Gross working-interest oil production is allocated between Oil and Gas and CUPET in accordance with production-sharing contracts. The Corporation's share, referred to as net working-interest production, includes (i) cost recovery oil (based upon the recoverable capital and operating costs incurred by Oil and Gas under each production-sharing contract) and (ii) a percentage of profit oil (gross working-interest production remaining after cost recovery oil is allocated to Oil and Gas). Cost recovery pools for each production-sharing contract include cumulative recoverable costs, subject to certification by CUPET, less cumulative proceeds from cost recovery oil allocated to Oil and Gas. Cost recovery revenue equals capital and operating costs eligible for recovery under the production-sharing contracts.
(2) Unit operating costs may not calculate based on amounts presented due to rounding.
(3) Power, unit operating cost per MWh.

$ millions, except unit cost and sales volume, for the three months ended March 31						2014
	Metals					
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power
Cost of sales per financial statements (note 4)	$ 90.5	$ 77.6	$ 18.4	$ 186.5	$ 30.5	$ 8.5
Less:						
Depletion, depreciation and amortization in cost of sales	(9.4)	(27.5)	-	(36.9)	(16.8)	(4.0)
	81.1	50.1	18.4	149.6	13.7	4.5
Adjustments to cost of sales:						
Cobalt by-product, fertilizer and other revenue	(30.4)	(7.3)			-	-
Impact of opening/closing inventory and other	(1.6)	0.3			-	-
Service concession arrangements – Cost of construction	-	-			-	(1.2)
Cost of sales for purposes of unit cost calculation	49.1	43.1			13.7	3.3
Sales volume for the period	8.4	5.7			1.9	187
Volume units	Millions of pounds	Millions of pounds			Millions of barrels(1)	Gigawatts
Unit operating cost(2)(3)	$ 5.83	7.51			$ 7.30	$ 17.43
Unit operating cost (U.S. dollars)	$ 5.30	6.83				

(1) Gross working-interest oil production is allocated between Oil and Gas and CUPET in accordance with production-sharing contracts. The Corporation's share, referred to as net working-interest production, includes (i) cost recovery oil (based upon the recoverable capital and operating costs incurred by Oil and Gas under each production-sharing contract) and (ii) a percentage of profit oil (gross working-interest production remaining after cost recovery oil is allocated to Oil and Gas). Cost recovery pools for each production-sharing contract include cumulative recoverable costs, subject to certification by CUPET, less cumulative proceeds from cost recovery oil allocated to Oil and Gas. Cost recovery revenue equals capital and operating costs eligible for recovery under the production-sharing contracts.
(2) Unit operating costs may not calculate based on amounts presented due to rounding.
(3) Power, unit operating cost per MWh.

Adjusted earnings from continuing operations

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

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

$ millions, for the three months ended March 31		2015		2014
Net (loss) earnings from continuing operations	$	**(56.8)**	$	(70.5)
Adjusting items:				
Corporate - Call option fair value adjustment		**2.8**		2.2
Ambatovy Joint Venture VAT discounting adjustment		**(4.5)**		-
Unrealized FX (gain) loss from continuing operations		**17.6**		9.9
Total adjustments, before tax	$	**15.9**	$	12.1
Moa Joint Venture and Oil and Gas tax recovery		**(30.1)**		-
Adjusted net (loss) earnings from continuing operations	$	**(71.0)**	$	(58.4)

Combined adjusted operating cash flow per share

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

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

$ millions, except per share amounts, for the three months ended March 31	Metals									**2015**
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**	Adjustment for Joint Venture and Associate	**Total per financial statements**
Cash provided (used) by continuing operations	$ **30.2**	$ **12.6**	$ **(0.5)**	$ **42.3**	$ **6.6**	$ **24.1**	$ **(29.9)**	$ **43.1**	$ **(16.8)**	$ **26.3**
Adjust: net change in non-cash working capital	**(18.3)**	**(8.0)**	**0.7**	**(25.6)**	**15.3**	**6.3**	**17.0**	**13.0**	**13.3**	**26.3**
Adjusted continuing operating cash	**11.9**	**4.6**	**0.2**	**16.7**	**21.9**	**30.4**	**(12.9)**	**56.1**	**(3.5)**	**52.6**
Combined adjusted operating cash flow per share(1)	$ **0.04**	$ **0.02**	$ **-**	$ **0.06**	$ **0.07**	$ **0.10**	$ **(0.04)**	$ **0.19**	$ **(0.01)**	$ **0.18**

(1) Combined adjusted operating cash flow per share is calculated by dividing adjusted operating cash flow per share by the weighted average number of common shares – basic. The weighted average number of common shares for the quarter was 293.4 million shares.

$ millions, except per share amounts, for the three months ended March 31										2014
	Metals								Adjustment for Joint Venture and Associate	
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**		**Total per financial statements**
Cash provided (used) by continuing operations	$ 6.3	$ (21.1)	$ (1.9)	$ (16.7)	$ 16.1	$ 0.9	$ (37.8)	**$ (37.5)**	$ 27.8	**$ (9.7)**
Adjust: net change in non-cash working capital	(1.9)	16.1	2.0	16.3	44.5	2.3	9.1	**72.2**	(25.0)	**47.2**
Adjusted continuing operating cash flow	4.4	(5.0)	0.1	(0.4)	60.6	3.2	(28.7)	**34.7**	2.8	**37.5**
Combined adjusted operating cash flow per share(1)	$ 0.01	$ (0.01)	$ -	$ -	$ 0.20	$ 0.02	$ (0.10)	**$ 0.12**	$ 0.01	**$ 0.13**

(1) Combined adjusted operating cash flow per share is calculated by dividing adjusted operating cash flow per share by the weighted average number of common shares – basic. The weighted average number of common shares for the quarter was 297.0 million shares.

Combined free cash flow

The Corporation defines combined free cash flow as cash flow provided (used) from continuing operations, associate, and joint venture as reported in the financial statements for the period adjusted for spending on property plant and equipment, exploration and evaluation, and intangible expenditures.

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

$ millions, for the three months ended March 31										**2015**
	Metals								Adjustment for Joint Venture and Associate	
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**		**Total per financial statements**
Cash provided (used) by continuing operations	**$ 30.2**	**$ 12.6**	**$ (0.5)**	**$ 42.3**	**$ 6.6**	**$ 24.1**	**$ (29.9)**	**$ 43.1**	**$ (16.8)**	**$ 26.3**
Less:										
Property, plant and equipment expenditures	**(7.8)**	**(2.7)**	**-**	**(10.5)**	**(20.6)**	**(0.4)**	**(0.4)**	**(31.9)**	**8.1**	**(23.8)**
Free Cash Flow	**$ 22.4**	**$ 9.9**	**$ (0.5)**	**$ 31.8**	**$ (14.0)**	**$ 23.7**	**$ (30.3)**	**11.2**	**$ (8.7)**	**$ 2.5**

$ millions, for the three months ended March 31										**2014**
	Metals								Adjustment for Joint Venture and Associate	
	Moa JV and Fort Site	Ambatovy JV	Other	Total	Oil and Gas	Power	Corporate and Other	**Combined total**		**Total per financial statements**
Cash provided (used) by continuing operations	$ 6.3	$ (21.1)	$ (1.9)	$ (16.7)	$ 16.1	$ 0.9	$ (37.8)	**$ (37.5)**	$ 27.8	**$ (9.7)**
Less:										
Property, plant and equipment expenditures	(4.4)	(0.8)	-	(5.2)	(14.6)	(0.3)	(0.3)	**(20.4)**	3.2	**(17.2)**
Intangible expenditures	-	-	-	-	(0.4)	(0.7)	-	**(1.1)**	-	**(1.1)**
Free Cash Flow	$ 1.9	$ (21.9)	$ (1.9)	$ (21.9)	$ 1.1	$ (0.1)	$ (38.1)	**(59.0)**	$ 31.0	**$ (28.0)**

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as "believe", "expect", "anticipate", "intend", "plan", "forecast", "likely", "may", "will", "could", "should", "suspect", "outlook", "projected", "continue" or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements set out in the "Outlook" sections of this MD&A and certain expectations about capital costs and expenditures; capital project completion dates; Ambatovy production rate achievement date; sales volumes; revenue, costs, and earnings; sufficiency of working capital and capital project funding; completion of development and exploration wells; restructuring plan cost savings; and amounts of certain joint venture commitments.

Forward-looking statements are not based on historic facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; realized prices for production; earnings and revenues; development and exploratory wells and enhanced oil recovery in Cuba; environmental rehabilitation provisions; availability of regulatory approvals; compliance with applicable environmental laws and regulations; the impact of regulations related to greenhouse gas emissions and credits; debt repayments; collection of accounts receivable; and certain corporate objectives, goals and plans for 2015. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that those assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. The Corporation cautions readers of this MD&A not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

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

The Corporation may, from time to time, make oral forward-looking statements. The Corporation advises that the above paragraph and the risk factors described in this MD&A and in the Corporation's other documents filed with the Canadian securities authorities including, but not limited to, the Corporation's Annual Information Form for the year ended December 31, 2014 should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from those in the oral forward-looking statements.

The forward-looking information and statements contained in this MD&A are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any oral or written forward-looking information or statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2015 and 2014

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statements of comprehensive income (loss)

Unaudited, Canadian $ millions, except per share amounts, for the three months ended March 31	Note	2015	2014
Revenue		**$ 82.9**	$ 120.9
Cost of sales	5	**82.7**	73.4
Gross profit		**0.2**	47.5
Administrative expenses	5	**12.0**	16.8
Operating (loss) profit		**(11.8)**	30.7
Share of loss of an associate, net of tax	6	**(42.3)**	(40.1)
Share of earnings (loss) of a joint venture, net of tax	7	**4.0**	(6.9)
Loss from operations, associate and joint venture		**(50.1)**	(16.3)
Financing income	8	**(15.7)**	(8.1)
Financing expense	8	**51.8**	48.9
Net finance expense		**36.1**	40.8
Loss before tax		**(86.2)**	(57.1)
Income tax (recovery) expense	9	**(29.4)**	13.4
Net loss from continuing operations		**(56.8)**	(70.5)
Earnings from discontinued operations, net of tax	10	**–**	22.3
Net loss for the period		**$ (56.8)**	$ (48.2)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences on foreign operations	19	**281.6**	119.2
Items that will not be subsequently reclassified to profit or loss:			
Actuarial gains on pension plans, net of tax			
Continuing operations	19	**0.7**	0.5
Discontinued operations		**–**	0.5
Other comprehensive income		**282.3**	120.2
Total comprehensive income		**$ 225.5**	$ 72.0
Net loss from continuing operations per common share, basic and diluted	12	**$ (0.19)**	$ (0.24)
Net loss per common share, basic and diluted	12	**$ (0.19)**	$ (0.16)

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

Condensed consolidated statements of financial position

Unaudited, Canadian $ millions, as at	Note		2015 March 31		2014 December 31
ASSETS					
Current assets					
Cash and cash equivalents	13	$	**294.7**	$	160.6
Restricted cash			**1.0**		1.0
Short-term investments	13		**183.0**		315.6
Advances, loans receivable and other financial assets	14		**78.2**		75.6
Trade accounts receivable, net	13		**301.1**		264.9
Inventories	15		**37.3**		30.6
Prepaid expenses			**10.7**		6.8
			906.0		855.1
Non-current assets					
Advances, loans receivable and other financial assets	14		**2,054.6**		1,922.4
Other non-financial assets	14		**1.9**		1.2
Property, plant and equipment	16		**458.0**		422.1
Investment in an associate	6		**1,638.6**		1,548.5
Investment in a joint venture	7		**398.3**		380.1
Intangible assets			**156.6**		149.4
Deferred income taxes			**3.7**		2.3
			4,711.7		4,426.0
Assets held for sale	11		**2.1**		2.1
Total assets		$	**5,619.8**	$	5,283.2
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Loans and borrowings	17	$	**1.2**	$	1.6
Trade accounts payable and accrued liabilities			**129.9**		131.6
Income taxes payable			**16.3**		22.0
Other financial liabilities	17		**3.3**		3.2
Other non-financial liabilities	17		**36.1**		17.2
Provisions	18		**18.3**		18.0
			205.1		193.6
Non-current liabilities					
Loans and borrowings	17		**1,964.2**		1,858.3
Other financial liabilities	17		**2.2**		4.2
Other non-financial liabilities	17		**3.9**		4.0
Provisions	18		**123.0**		108.8
Deferred income taxes			**39.9**		55.6
			2,133.2		2,030.9
Total liabilities			**2,338.3**		2,224.5
Shareholders' equity					
Capital stock	19		**2,774.5**		2,772.9
Deficit			**(319.7)**		(259.9)
Reserves	19		**223.9**		225.2
Accumulated other comprehensive income	19		**602.8**		320.5
			3,281.5		3,058.7
Total liabilities and shareholders' equity		$	**5,619.8**	$	5,283.2

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

Condensed consolidated statements of cash flow

Unaudited, Canadian $ millions, for the three months ended March 31	Note	2015	2014
Operating activities			
Net loss from continuing operations		$ (56.8)	$ (70.5)
Add (deduct):			
Depletion, depreciation and amortization		33.8	24.2
Share of loss of an associate, net of tax	6	42.3	40.1
Share of (earnings) loss of a joint venture, net of tax	7	(4.0)	6.9
Finance costs (less accretion expense)	8	35.9	40.6
Income tax (recovery) expense	9	(29.4)	13.4
Service concession arrangement		–	(1.2)
Net change in non-cash working capital	21	(26.3)	(47.2)
Interest received		27.0	2.7
Interest paid		(9.4)	(19.3)
Income tax paid		(0.1)	(0.4)
Dividends received from joint venture	7	12.5	-
Other operating items	21	0.8	1.0
Cash provided (used) by continuing operations		26.3	(9.7)
Cash (used) provided by discontinued operations	10	(3.5)	36.5
Cash provided by operating activities		22.8	26.8
Investing activities			
Property, plant and equipment expenditures	4	(23.8)	(17.2)
Intangible expenditures	4	–	(1.1)
Increase in advances, loans receivable and other financial assets		–	(1.7)
Repayment of advances, loans receivable and other financial assets		3.5	9.8
Investments		–	6.2
Loans to an associate		–	(39.4)
Net proceeds from sale of property, plant and equipment		0.1	0.2
Short-term investments		132.6	(40.8)
Cash provided (used) by continuing operations		112.4	(84.0)
Cash used by discontinued operations	10	–	(13.7)
Cash provided (used) by investing activities		112.4	(97.7)
Financing activities			
Repayment of loans and borrowings and other financial liabilities		(0.4)	(0.1)
Increase in loans, borrowings and other financial liabilities		–	0.3
Dividends paid on common shares	19	(3.0)	(12.9)
Cash used by continuing operations		(3.4)	(12.7)
Cash used by discontinued operations	10	–	(6.8)
Cash used by financing activities		(3.4)	(19.5)
Effect of exchange rate changes on cash and cash equivalents		2.3	1.7
Increase (decrease) in cash and cash equivalents		134.1	(88.7)
Cash and cash equivalents at beginning of the period		160.6	324.2
Cash and cash equivalents at end of the period		$ 294.7	$ 235.5

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

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian $ millions

	Note	Capital stock (note 19)	Retained earnings (deficit) (note 19)	Reserves (note 19)	Accumulated other comprehensive income (loss) (note 19)	Total
Balance as at December 31, 2013		**$ 2,808.5**	**$ 40.2**	**$ 196.5**	**$ 62.0**	**$ 3,107.2**
Total comprehensive income (loss):						
Net loss for the period		-	(48.2)	-	-	(48.2)
Foreign currency translation differences on foreign operations	19	-	-	-	119.2	119.2
Actuarial gains on defined benefit obligations, net of tax	19	-	-	-	1.0	1.0
		-	(48.2)	-	120.2	72.0
Shares issued for:						
Restricted stock plan (vested)	19	0.6	-	(0.6)	-	-
Restricted stock plan expense	20	-	-	0.3	-	0.3
Employee share purchase plan expense	20	-	-	0.1	-	0.1
Stock option plan expense	20	-	-	0.1	-	0.1
Dividend declared to common shareholders		-	(3.0)	-	-	(3.0)
Balance as at March 31, 2014		**$ 2,809.1**	**$ (11.0)**	**$ 196.4**	**$ 182.2**	**$ 3,176.7**
Total comprehensive income (loss):						
Net loss for the period		-	(241.8)	-	-	(241.8)
Foreign currency translation differences on foreign operations	19	-	-	-	141.6	141.6
Actuarial loss on defined benefit obligations, net of tax	19	-	-	-	(1.5)	(1.5)
		-	(241.8)	-	140.1	(101.7)
Shares issued for:						
Restricted stock plan (vested)	19	0.1	-	(0.1)	-	-
Employee share purchase plan (vested)	19	1.2	-	(0.2)	-	1.0
Share repurchase	19	(37.5)	-	27.5	-	(10.0)
					-	
Restricted stock plan expense	20	-	-	0.4	-	0.4
Stock option plan expense	20	-	-	1.2	-	1.2
Reclassification on settlement of pension obligation	19	-	1.8	-	(1.8)	-
Dividend declared to common shareholders		-	(8.9)	-	-	(8.9)
Balance as at December 31, 2014		**2,772.9**	**(259.9)**	**225.2**	**320.5**	**3,058.7**
Total comprehensive income (loss):						
Net loss for the period		-	(56.8)	-	-	(56.8)
Foreign currency translation differences on foreign operations	19	-	-	-	281.6	281.6
Actuarial gains on defined benefit obligations, net of tax	19	-	-	-	0.7	0.7
		-	(56.8)	-	282.3	225.5
Shares issued for:						
Restricted stock plan (vested)	19	1.6	-	(1.6)	-	-
Restricted stock plan expense	20	-	-	0.1	-	0.1
Stock option plan expense	20	-	-	0.2	-	0.2
Dividend declared to common shareholders		-	(3.0)	-	-	(3.0)
Balance as at March 31, 2015		**$ 2,774.5**	**$ (319.7)**	**$ 223.9**	**$ 602.8**	**$ 3,281.5**

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

Notes to the interim condensed consolidated financial statements

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

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

The Corporation is domiciled in Ontario, Canada and its registered office is 1133 Yonge Street, Toronto, Ontario, M4T 2Y7. These consolidated financial statements were approved and authorized for issuance by the Audit Committee on behalf of the Board of Directors of Sherritt on April 27, 2015. The Corporation is listed on the Toronto Stock Exchange.

2. BASIS OF PRESENTATION

The interim condensed consolidated financial statements of the Corporation are prepared in accordance with IAS 34, "Interim Financial Reporting" (IAS 34), as issued by the International Accounting Standards Board (IASB). Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB, have been omitted or condensed. These consolidated financial statements include the financial results of the Corporation's interest in its subsidiaries, joint arrangements and an associate.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

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

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

4. SEGMENTED INFORMATION

Business segments

Canadian $ millions, for the three months ended March 31	Metals(1)	Oil and Gas	Power	Corporate and Other(2)	Adjustments for Joint Venture and Associate(3)	Total 2015
Revenue	$ 223.7	$ 42.3	$ 11.8	$ 0.5	$ (195.4)	$ 82.9
Cost of sales	253.4	41.3	11.4	1.1	(224.5)	82.7
Gross (loss) profit	(29.7)	1.0	0.4	(0.6)	29.1	0.2
Administrative expenses	6.8	1.9	1.4	7.6	(5.7)	12.0
Operating (loss) profit	(36.5)	(0.9)	(1.0)	(8.2)	34.8	(11.8)
Share of loss of associate, net of tax	–	–	–	–	(42.3)	(42.3)
Share of earnings of a joint venture, net of tax	–	–	–	–	4.0	4.0
Loss from operations, associate and joint venture	(36.5)	(0.9)	(1.0)	(8.2)	(3.5)	(50.1)
Financing income						(15.7)
Financing expense						51.8
Net finance expense						36.1
Loss before tax						(86.2)
Income tax recovery						(29.4)
Net loss from continuing operations						(56.8)
Net loss for the period						$ (56.8)
Supplementary information						
Depletion, depreciation and amortization	$ 59.2	$ 22.4	$ 8.3	$ 0.9	$ (57.0)	$ 33.8
Property, plant and equipment expenditures	10.5	20.6	0.4	0.4	(8.1)	23.8
Intangible asset expenditures	–	–	–	–	–	–

Canadian $ millions, as at March 31	Metals	Oil and Gas	Power	Corporate and Other	Adjustments for Joint Venture and Associate	2015
Non-current assets(4)	$ 4,974.4	$ 239.2	$ 206.5	$ 11.3	$ (4,816.8)	$ 614.6
Total assets	7,258.2	1,313.1	498.1	(188.8)	(3,260.8)	5,619.8

(1) Included in the Metals segment are the operations of the Corporation's 50% interest in the Moa Joint Venture, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan, its 40% interest in the Ambatovy Joint Venture and wholly-owned subsidiaries of the Corporation established to finance the Ambatovy Joint Venture. Also included in the Metals segment are revenues and costs of $17.5 million for the three months ended March 31, 2015, recognized by a wholly-owned subsidiary of the Corporation established to buy, market and sell certain of Ambatovy's nickel production.

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

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

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

Canadian $ millions, for the three months ended March 31	Metals[1]	Oil and Gas	Power	Corporate and Other[2]	Adjustments for Joint Venture and Associate[3]	Total 2014
Revenue	$ 160.1	$ 76.9	$ 11.9	$ 1.8	$ (129.8)	$ 120.9
Cost of sales	186.5	30.5	8.5	5.8	(157.9)	73.4
Gross (loss) profit	(26.4)	46.4	3.4	(4.0)	28.1	47.5
Administrative expenses	7.7	2.8	2.5	10.2	(6.4)	16.8
Operating profit (loss)	(34.1)	43.6	0.9	(14.2)	34.5	30.7
Share of loss of associate, net of tax	-	-	-	-	(40.1)	(40.1)
Share of loss of a joint venture, net of tax	-	-	-	-	(6.9)	(6.9)
(Loss) earnings from operations, associate and joint venture	(34.1)	43.6	0.9	(14.2)	(12.5)	(16.3)
Financing income						(8.1)
Financing expense						48.9
Net finance expense						40.8
Loss before tax						(57.1)
Income tax expense						13.4
Net loss from continuing operations						(70.5)
Earnings from discontinued operations, net of tax						22.3
Net loss for the period						$ (48.2)
Supplementary information						
Depletion, depreciation and amortization	$ 36.9	$ 16.8	$ 4.0	$ 1.0	$ (34.5)	$ 24.2
Property, plant and equipment expenditures	5.2	14.6	0.3	0.3	(3.2)	17.2
Intangible asset expenditures	-	0.4	0.7	-	-	1.1
Canadian $ millions, as at December 31						2014
Non-current assets[4]	$ 4,602.8	$ 210.6	$ 199.2	$ 11.1	$ (4,452.2)	$ 571.5
Total assets	6,675.1	1,264.9	484.5	(177.9)	(2,963.4)	5,283.2

(1) Included in the Metals segment are the operations of the Corporation's 50% interest in the Moa Joint Venture, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan, its 40% interest in the Ambatovy Joint Venture and wholly-owned subsidiaries of the Corporation established to finance the Ambatovy Joint Venture. Also included in the Metals segment are revenues and costs of $17.6 million for the three months ended March 31, 2014, recognized by a wholly-owned subsidiary of the Corporation established to buy, market and sell certain of Ambatovy's nickel production.

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

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

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

Geographic segments

Canadian $ millions, as at	**2015 March 31 Non-current assets[1]**	**2015 March 31 Total assets[2]**	2014 December 31 Non-current assets[1]	2014 December 31 Total assets[2]
North America	**$ 176.6**	**$ 1,100.6**	$ 169.8	$ 1,114.2
Cuba	**412.6**	**1,092.7**	382.3	1,019.4
Madagascar	**1.6**	**3,323.9**	1.7	3,044.3
Europe	**22.6**	**50.2**	16.8	36.3
Asia	**1.2**	**2.4**	0.9	2.3
Other	**–**	**50.0**	-	66.7
	$ 614.6	**$ 5,619.8**	$ 571.5	$ 5,283.2

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

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

Canadian $ millions, for the three months ended March 31	**2015 Total revenue[1]**	2014 Total revenue[1]
North America	**$ 28.1**	$ 30.4
Cuba	**50.5**	85.5
Madagascar	**0.5**	0.8
Europe	**3.1**	3.0
Asia	**0.3**	0.9
Other	**0.4**	0.3
	$ 82.9	$ 120.9

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

Revenue components

Revenue includes the following significant categories:

Canadian $ millions, for the three months ended March 31	2015	2014
Commodity and electricity	$ 80.3	$ 115.2
Other	2.6	5.7
	$ 82.9	$ 120.9

5. EXPENSES

Cost of sales include the following select information:

Canadian $ millions, for the three months ended March 31	2015	2014
Employee costs	$ 15.6	$ 15.6
Depletion, depreciation and amortization of property, plant and equipment and intangible assets	33.1	23.5
Exploration and evaluation expenses(1)	–	3.3

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

Administrative expenses include the following select information:

Canadian $ millions, for the three months ended March 31	2015	2014
Employee costs	$ 9.5	$ 11.8
Stock-based compensation (recovery) expense	(0.4)	0.9

6. INVESTMENT IN AN ASSOCIATE

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

Statement of financial position

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

Canadian $ millions, 100% basis, as at	2015 March 31	2014 December 31
Assets		
Cash and cash equivalents[1]	$ **66.9**	$ 47.7
Other current assets	**15.3**	23.1
Trade accounts receivable, net	**80.7**	67.9
Inventories	**491.8**	456.3
Deferred income taxes[2]	**65.2**	46.4
Other non-current assets	**6.9**	4.7
Property, plant and equipment	**11,453.7**	10,575.8
Total assets	**12,180.5**	11,221.9
Liabilities		
Trade accounts payable and accrued liabilities	**415.9**	332.2
Other financial liabilities	**13.1**	12.0
Current portion of loans and borrowings[3]	**238.9**	218.5
Loans and borrowings:		
Ambatovy revolving credit facility[4]	**44.1**	44.7
Ambatovy Joint Venture financing[3]	**2,001.1**	1,829.0
Ambatovy Subordinated loan payable[5]	**4,072.2**	3,724.8
Environmental rehabilitation provision	**117.1**	100.7
Other long-term liabilities	**0.4**	0.7
Deferred income taxes	**355.2**	327.4
Total liabilities	**7,258.0**	6,590.0
Net assets	$ **4,922.5**	$ 4,631.9

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

(2) A deferred tax asset has been recognized on temporary differences on property, plant and equipment, as such differences do not expire. As at March 31, 2015, the Ambatovy Joint Venture has earned investment tax credits which management has estimated to be $652.3 million (December 31, 2014 - $595.0 million) for which a deferred tax asset has not been recognized. The investment tax credits have an indefinite carry forward period and may be used to partially offset Malagasy income tax otherwise payable by the Ambatovy Joint Venture in subsequent years. A deferred tax asset of $26.5 million was not recognized on operating losses incurred during the period as it is not probable that these losses can be utilized prior to their 5 year expiry.

(3) The Ambatovy Joint Venture financing is limited recourse project financing with a group of international lenders that matures on June 15, 2024. For the period ended March 31, 2015, total repayments were $nil. The project financing is guaranteed by the partners until the project passes certain completion tests at which point the project financing is solely secured by the project assets. Failure to pass such completion tests by September 30, 2015 would be an event of default. Interest is payable based on LIBOR rates plus applicable margins, depending on the lender. Interest is currently payable based on LIBOR rates plus applicable margins ranging from 0.9% to 1.9% until financial completion. As at March 31, 2015, the Ambatovy Joint Venture had borrowed US$1,789.5 million (December 31, 2014 - US$1,789.5 million) under the project financing.

(4) The Ambatovy revolving credit facility is comprised of a MGA 100 billion ($44.1 million) revolving and MGA 20 billion ($8.8 million) overdraft credit facility agreement with local financial institutions. The facilities bear interest rates between 9.00% and 11.85% and mature on December 20, 2015. The facilities are subordinated to the Ambatovy Joint Venture financing. As at March 31, 2015, MGA 100 billion ($44.1 million) revolving and MGA nil were drawn on the revolving and overdraft credit facilities (December 31, 2014 - MGA 100 billion ($44.7 million) and MGA nil).

(5) The subordinated loan payable is comprised of pro-rata contributions provided by the Ambatovy Joint Venture partners. The debt bears interest at LIBOR plus 6%. Repayments of principal or interest will not be made prior to certain conditions of the finance agreements being satisfied. Unpaid interest is accrued monthly and capitalized to the principal balance semi-annually. The Corporation has recorded its share of the related subordinated loan receivable in advances, loans receivable and other financial assets (note 14).

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

Canadian $ millions, as at		2015 March 31		2014 December 31
Net assets of Ambatovy Joint Venture	$	**4,922.5**	$	4,631.9
Proportion of Sherritt's ownership interest		**40%**		40%
Total		**1,969.0**		1,852.8
Intercompany capitalized interest elimination		**(330.4)**		(304.3)
Carrying value of investment in associate	$	**1,638.6**	$	1,548.5

Results of operations

Canadian $ millions, 100% basis, for the three months ended March 31		2015		2014
Revenue	$	**251.7**	$	127.1
Cost of sales[1]		**348.7**		194.6
Gross loss		**(97.0)**		(67.5)
Administrative expenses		**12.4**		12.6
Operating loss		**(109.4)**		(80.1)
Financing income		**–**		-
Financing expense		**38.2**		41.9
Net financing expense		**38.2**		41.9
Loss before tax		**(147.6)**		(122.0)
Income tax recovery		**(16.7)**		(9.5)
Net loss and comprehensive loss for the period	$	**(130.9)**	$	(112.5)

(1) Included in cost of sales for the three months ended March 31, 2015 is depreciation and amortization of $120.0 million ($68.8 for the three months ended March 31, 2014).

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

Canadian $ millions, for the three months ended March 31		2015		2014
Net loss and comprehensive loss for the period of Ambatovy Joint	$	**(130.9)**	$	(112.5)
Proportion of Sherritt's ownership interest		**40%**		40%
Total		**(52.4)**		(45.0)
Intercompany interest expense elimination		**10.1**		4.9
Share of loss of an associate, net of tax	$	**(42.3)**	$	(40.1)

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

7. JOINT ARRANGEMENTS

Investment in a joint venture

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

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

Statement of financial position

Canadian $ millions, 100% basis, as at	2015 March 31	2014 December 31
Assets		
Cash and cash equivalents	**$ 53.3**	$ 48.3
Income taxes receivable	**19.7**	3.7
Other current assets	**8.0**	2.8
Trade accounts receivable, net	**87.2**	107.7
Inventories	**209.1**	197.4
Other non-current assets	**4.1**	4.4
Property, plant and equipment	**1,222.3**	1,135.1
Deferred income taxes	**1.0**	1.3
Total assets	**1,604.7**	1,500.7
Liabilities		
Trade accounts payable and accrued liabilities	**82.1**	81.9
Other current financial liabilities	**71.9**	73.1
Other current liabilities	**1.4**	-
Loans and borrowings	**21.9**	13.7
Environmental rehabilitation provision	**75.7**	65.9
Other long-term financial liabilities	**435.5**	396.7
Deferred income taxes	**26.0**	23.4
Total liabilities	**714.5**	654.7
Net assets	**$ 890.2**	$ 846.0

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

Canadian $ millions, as at	2015 March 31	2014 December 31
Net assets of Moa Joint Venture	**$ 890.2**	$ 846.0
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**445.1**	423.0
Intercompany capitalized interest elimination	**(46.8)**	(42.9)
Carrying value of investment in joint venture	**$ 398.3**	$ 380.1

Results of operations

Canadian $ millions, 100% basis, for the three months ended March 31	2015	2014
Revenue	**$ 189.6**	$ 158.0
Cost of sales[1]	**170.4**	160.2
Gross profit (loss)	**19.2**	(2.2)
Administrative expenses	**1.5**	2.5
Operating profit (loss)	**17.7**	(4.7)
Financing income	**(0.2)**	(0.1)
Financing expense	**15.3**	9.2
Net finance expense	**15.1**	9.1
Earnings (loss) before tax	**2.6**	(13.8)
Income tax (recovery) expense [2]	**(1.0)**	3.6
Net earnings (loss) and comprehensive income (loss) for the period	**$ 3.6**	$ (17.4)

(1) Included in cost of sales for the three months ended March 31, 2015 is depreciation and amortization of $18.1 million (for the three months ended March 31, 2014 - $14.2 million).

(2) Due to a new foreign investment law, statutory tax rates for Cuba have been reduced, resulting in tax rate reductions at the Moa Joint Venture (note 9).

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

Canadian $ millions, for the three months ended March 31		**2015**		2014
Net earnings (loss) and comprehensive income (loss) for the period of Moa Joint Venture	**$**	**3.6**	$	(17.4)
Proportion of Sherritt's ownership interest		**50%**		50%
Total		**1.8**		(8.7)
Intercompany interest expense elimination		**2.2**		1.8
Share of earnings (loss) of a joint venture, net of tax	**$**	**4.0**	$	(6.9)

For the three months ended March 31, 2015, the Moa Joint Venture (50% basis) paid $12.5 million of dividends ($nil for the three months ended March 31, 2014).

Joint operations

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

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

(1) As of April 28, 2014 the Corporation no longer had an interest in the Carbon Development Partnership and Bienfait Activated Carbon as a result of the completion of the sale of the Coal operations (note 10). The results of operations of Bienfait Activated Carbon and Carbon Development Partnership up to the date of the sale are included in earnings from discontinued operations The Corporation had a 50% economic interest in these operations prior to completion of the Coal sale.

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

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

Canadian $ millions, as at March 31		**2015**
		Energas
		33⅓%
Current assets	$	**27.4**
Non-current assets		**176.1**
Current liabilities		**13.9**
Non-current liabilities		**99.8**
Net assets	$	**89.8**

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

Canadian $ millions, for the three months ended March 31	2015
	Energas
	33⅓%
Revenue	**$ 11.3**
(Recovery) expense	**(3.9)**
Net earnings	**$ 15.2**

Canadian $ millions, for the three months ended March 31			2014
	Carbon Development Partnership	Bienfait Activated Carbon	Energas
	50%	50%	33⅓%
Revenue	$ 0.4	$ 3.9	$ 11.8
Expense	-	2.5	6.0
Net earnings	$ 0.4	$ 1.4	$ 5.8

8. NET FINANCE EXPENSE

Canadian $ millions, for the three months ended March 31	Note	2015	2014
Net unrealized loss on financial instruments	13	**$ (2.8)**	$ (2.2)
Interest income on cash, cash equivalents and short-term investments		**1.0**	0.8
Interest income on investments		**0.2**	-
Interest income on advances and loans receivable		**17.3**	9.5
Total financing income		**15.7**	8.1
Interest expense and accretion on loans and borrowings		**31.2**	35.6
Unrealized foreign exchange loss		**17.6**	9.9
Realized foreign exchange gain		**(0.6)**	-
Other finance charges		**3.4**	3.2
Accretion expense on environmental rehabilitation provisions	18,21	**0.2**	0.2
Total financing expense		**51.8**	48.9
Net finance expense		**$ 36.1**	$ 40.8

9. INCOME TAXES

Canadian $ millions, for the three months ended March 31	2015	2014
Current income tax (recovery) expense		
Current period	**$ 6.2**	$ 14.0
Effect of tax rate change in Cuba	**(14.0)**	-
	(7.8)	14.0
Deferred income tax (recovery) expense		
Origination and reversal of temporary differences	**(12.3)**	(5.4)
Non-recognition of tax assets	**4.2**	4.8
Effect of tax rate change in Cuba	**(13.5)**	-
	(21.6)	(0.6)
Income tax (recovery) expense	**$ (29.4)**	$ 13.4

Tax rate change in Cuba

In the first quarter of 2015, clarification was received from the Cuban government regarding the application of tax rate reductions in Cuba due to a new foreign investment law. As a result, the Corporation recorded an income tax recovery of $27.5 million. This recovery includes a non-cash adjustment of $13.5 million to reflect re-measurement of deferred tax liabilities and a current tax recovery of $14.0 million. In addition, a tax recovery of $2.9 million (50% basis) was recognized at the Moa Joint Venture, the impact of which is included in the Corporation's share of earnings of joint venture. The new foreign investment law in Cuba resulted in the following rate changes:

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

10. DISCONTINUED OPERATIONS

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

For the three months ended March 31, 2014, earnings from Coal are reported in earnings from discontinued operations and cash provided (used) by Coal is reported in cash provided (used) by discontinued operations.

The net earnings from Coal for the three months ended March 31, 2014 is as follows:

Canadian $ millions, for the three months ended March 31	2014
Revenue	$ 203.6
Cost of sales[(1)]	165.9
Gross profit	37.7
Administrative expenses	5.7
Operating profit	32.0
Financing income	(3.7)
Financing expense	6.8
Net finance expense	3.1
Earnings before tax	28.9
Income tax expense	6.6
Earnings from discontinued operations	$ 22.3

(1) Following the classification of the Coal operations as discontinued operations, effective January 1, 2014, depreciation was no longer recognized.

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

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

The following table provides details of the operating, investing and financing activities of the Coal operations for the three months ended March 31, 2015 and 2014.

Canadian $ millions, for the three months ended March 31	2015	2014
Operating activities		
Net earnings from discontinued operations	$ –	$ 22.3
Add (deduct):		
Finance costs (less accretion expenses)	–	2.6
Income tax expense	–	6.6
Loss on settlement of environmental rehabilitation provisions	–	1.0
Change in provision	(0.9)	(8.4)
Net change in non-cash working capital	(2.6)	3.1
Interest received	–	2.7
Interest paid	–	(3.3)
Liabilities settled for environmental rehabilitation provisions	–	(3.2)
Other operating items	–	13.1
Cash (used) provided by operating activities	(3.5)	36.5
Investing activities		
Property, plant and equipment expenditures	–	(14.2)
Increase in advances, loans receivable and other financial assets	–	(0.5)
Repayment of advances, loans receivable and other financial assets	–	0.9
Net proceeds from sale of property, plant and equipment	–	0.1
Cash used by investing activities	–	(13.7)
Financing activities		
Repayment of other financial liabilities	–	(10.4)
Increase in finance lease receivables	–	(0.9)
Repayment of finance lease receivables	–	4.5
Cash used by financing activities	–	(6.8)
(Decrease) increase in cash and cash equivalents	$ (3.5)	$ 16.0

11. DISPOSAL OF CORPORATE ASSETS

During the fourth quarter of 2014, the Corporation reached an agreement to sell the Corporation's corporate offices in Toronto for $21.5 million. In classifying the land and building as held for sale, the Corporation is required to measure the assets at the lower of carrying amount and fair value less cost to sell. The expected purchase consideration was used as the basis for determining the fair value. In performing this assessment, the Corporation concluded that the fair value less cost to sell of the assets significantly exceeded the carrying amount. As a result, no adjustment was required. The transaction is expected to be completed in the second quarter of 2015, at which time the Corporation expects to record a gain of approximately $19 million.

12. LOSS PER SHARE

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

Canadian $ millions, except share amounts in millions and per share amounts in dollars, for the three months ended March 31	2015	2014
Net loss from continuing operations	$ (56.8)	$ (70.5)
Earnings from discontinued operations, net of tax	–	22.3
Net loss – basic and diluted	$ (56.8)	$ (48.2)
Weighted-average number of common shares – basic and diluted(1)	293.4	297.0
Net loss from continuing operations per common share, basic and diluted	$ (0.19)	$ (0.24)
Earnings from discontinued operations per common share, basic and diluted	$ –	$ 0.08
Net loss per common share, basic and diluted	$ (0.19)	$ (0.16)

(1) The determination of the weighted-average number of common shares - diluted excludes 7.1 million shares related to stock options that were anti-dilutive for the three months ended March 31, 2015 (5.6 million for the three months ended March 31, 2014). There were 0.3 million shares related to the employee share purchase plan that were anti-dilutive for the three months ended March 31, 2015 (0.7 million shares for the three months ended March 31, 2014). There were nil shares related to the restricted stock plan that were anti-dilutive for the three months ended March 31, 2015 (0.3 million shares for the three months ended March 31, 2014).

13. FINANCIAL INSTRUMENTS

Financial instrument hierarchy

Canadian $ millions, as at	Note	Hierarchy level	2015 March 31	2014 December 31
Recurring financial assets held for trading, measured at fair value:				
Cash equivalents		1	$ 259.7	$ 112.8
Short-term investments		1	183.0	315.6
Restricted cash		1	1.0	1.0
Ambatovy call option	14	3	14.2	15.5

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

Canadian $ millions	Note	For the three months ended March 31 2015	For the year ended December 2014
Balance, beginning of the period		$ 15.5	$ 22.1
Loss included in net finance expense	8	(2.8)	(8.5)
Effect of movements in exchange rates		1.5	1.9
Balance, end of the period		$ 14.2	$ 15.5

During the three months ended March 31, 2015, the Corporation recognized downward fair value adjustments of $2.8 million (downward fair value adjustment of $2.2 million for the three months ended March 31, 2014) in financing income related to the Ambatovy call option primarily as a result of changes in various inputs in the Black-Scholes model, including volatility, which is based on a blend of historical commodity prices and publicly traded stock prices of companies with comparable projects, the estimated fair value of the Ambatovy project based on forecasted cash flows, and the time until expiration of the option.

Fair values

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

Canadian $ millions, as at	Note			2015 March 31		2014 December 31
		Hierarchy value	**Carrying value**	**Fair value**	Carrying value	Fair Value
8.00% senior unsecured debentures due 2018	17	1	$ **246.7**	$ **243.1**	$ 246.5	$ 247.5
7.50% senior unsecured debentures due 2020	17	1	**246.1**	**230.0**	246.0	237.5
7.875% senior unsecured debentures due 2022	17	1	**239.5**	**228.8**	239.2	235.0
Ambatovy Joint Venture Additional Partner loans[(2)]	17	2	**1,109.2**	**1,002.3**	1,014.3	970.9
Ambatovy Joint Venture Partner loans[(2)]	17	2	**121.4**	**102.0**	111.0	93.5

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

(2) The fair value for the Ambatovy Partner loans and Ambatovy Additional Partner loans is calculated by discounting future cash flows by 9.40% and11.84% respectively. These rates are based on market rates adjusted for the Corporation's credit quality for instruments with similar maturity horizons.

As at March 31, 2015, the carrying amounts of cash and cash equivalents, restricted cash, short-term investments, trade accounts receivable, current portion of advances and loans receivable, current portion of other financial assets, current portion of loans and borrowings, current portion of other financial liabilities, trade accounts payable and accrued liabilities are at fair value or approximate fair value due to their immediate or short terms to maturity.

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

The Corporation's 2022 notes include an option for the Corporation to redeem all or part of the notes outstanding prior to the expiration date at a determinable price. The fair value of the embedded derivative was insignificant at March 31, 2015.

As at March 31, 2015, the carrying amount of the lenders' conversion option under the Ambatovy Joint Venture additional partner loan agreements is approximately equal to its fair value.

Cash, cash equivalents and short-term investments

Cash and cash equivalents consist of:

Canadian $ millions, as at	2015 March 31	2014 December 31
Cash equivalents	$ **259.7**	$ 112.8
Cash on hand and balances with banks	**35.0**	47.8
	$ **294.7**	$ 160.6

The Corporation's cash balances are deposited with major financial institutions rated A or higher by Standard and Poor's and with banks in Cuba that are not rated. The total cash held in Cuban bank deposit accounts was $7.0 million at March 31, 2015 (December 31, 2014 – $11.7 million).

As at March 31, 2015, $5.4 million of cash on the Corporation's interim condensed consolidated statements of financial position was held by Energas (December 31, 2014 – $7.5 million). These funds are for the use of the joint operation.

The Corporation's cash equivalents consist of Government of Canada treasury bills with maturities of 90 days or less. As at March 31, 2015, the Corporation had $259.7 million in Government of Canada treasury bills (December 31, 2014 - $112.8 million) included in cash and cash equivalents and $183.0 million in short-term investments (December 31, 2014 - $315.6 million).

Trade accounts receivable, net

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

Canadian $ millions, as at	Note	2015 March 31	2014 December 31
Trade accounts receivable		**$ 210.3**	$ 196.4
Allowance for doubtful accounts		**(12.0)**	(12.2)
Accounts receivable from joint operations	23	**0.1**	0.1
Accounts receivable from joint venture	23	**21.4**	20.6
Accounts receivable from associate	23	**59.0**	37.5
Other		**22.3**	22.5
		$ 301.1	$ 264.9

Aging of receivables not impaired:

Canadian $ millions, as at	2015 March 31	2014 December 31
Not past due	**$ 239.3**	$ 250.8
Past due no more than 30 days	**51.9**	5.1
Past due for more than 30 days but no more than 60 days	**0.6**	0.8
Past due for more than 60 days	**9.3**	8.2
	$ 301.1	$ 264.9

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

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

14. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Advances, loans receivable and other financial assets

Canadian $ millions, as at	Note	2015 March 31	2014 December 31
Advances, loans receivable			
Ambatovy subordinated loans receivable	23	**$ 1,628.9**	$ 1,489.9
Energas conditional sales agreement	23	**219.5**	239.3
Moa Joint Venture loans receivable	23	**267.7**	250.3
Other		**2.5**	3.0
Other financial assets			
Ambatovy call option	13	**14.2**	15.5
		2,132.8	1,998.0
Current portion of advances, loans receivable and other financial assets		**(78.2)**	(75.6)
		$ 2,054.6	$ 1,922.4

Other non-financial assets

Canadian $ millions, as at	2015 March 31	2014 December 31
Pension asset	**$ 1.1**	$ 0.4
Other	**0.8**	0.8
	$ 1.9	$ 1.2

15. INVENTORIES

Canadian $ millions, as at	2015 March 31	2014 December 31
Materials in process	**$ 0.6**	$ 0.1
Finished products	**8.9**	4.9
	9.5	5.0
Spare parts and operating materials	**27.8**	25.6
	$ 37.3	$ 30.6

For the three months ended March 31, 2015, the cost of inventories included in cost of sales was $15.1 million ($11.8 million for the three months ended March 31, 2014).

16. PROPERTY, PLANT AND EQUIPMENT

Canadian $ millions, for the three months ended March 31				2015
	Note	Oil and Gas properties	Plant, equipment and land	Total
Cost				
Balance, beginning of the period		$ 1,303.6	$ 649.9	$ 1,953.5
Additions		19.8	10.9	30.7
Capitalized closure costs		9.2	7.3	16.5
Disposals and derecognition		–	(2.0)	(2.0)
Effect of movements in exchange rates		94.5	31.7	126.2
Balance, end of the period		$ 1,427.1	$ 697.8	$ 2,124.9
Depletion, depreciation and impairment losses				
Balance, beginning of the period		$ 1,227.5	$ 303.9	$ 1,531.4
Depletion and depreciation		20.7	8.0	28.7
Disposals and derecognition		–	(1.6)	(1.6)
Effect of movements in exchange rates		91.9	16.5	108.4
Balance, end of the period		1,340.1	326.8	1,666.9
Net book value		$ 87.0	$ 371.0	$ 458.0

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

Canadian $ millions	Plant, equipment and land
Assets under construction, included in above	
As at March 31, 2015	**$ 18.8**
As at December 31, 2014	17.5

17. LOANS, BORROWINGS AND OTHER LIABILITIES

Loans and borrowings

Canadian $ millions, as at	Note	2015 March 31	2014 December 31
Long-term loans			
8.00% senior unsecured debentures due 2018	13	**246.7**	246.5
7.50% senior unsecured debentures due 2020	13	**246.1**	246.0
7.875% senior unsecured debentures due 2022	13	**239.5**	239.2
Ambatovy Joint Venture Additional Partner loans	13	**1,109.2**	1,014.3
Ambatovy Joint Venture Partner loans	13	**121.4**	111.0
Senior credit facility		**–**	-
3-year non-revolving term loan		**–**	-
Vendor financing		**2.5**	2.9
		1,965.4	1,859.9
Current portion of loans and borrowings		**(1.2)**	(1.6)
		$ 1,964.2	$ 1,858.3

Covenants

At March 31, 2015, there are no events of default on the Corporation's borrowings or debentures.

Other financial liabilities

Canadian $ millions, as at	Note	2015 March 31	2014 December 31
Other long-term financial liabilities		**$ 0.6**	$ 0.6
Stock compensation liability	20	**4.9**	6.8
		5.5	7.4
Current portion of other financial liabilities		**(3.3)**	(3.2)
		$ 2.2	$ 4.2

Other non-financial liabilities

Canadian $ millions, as at	2015 March 31	2014 December 31
Deferred revenue	**$ 40.0**	$ 21.2
	40.0	21.2
Current portion of other non-financial liabilities	**(36.1)**	(17.2)
	$ 3.9	$ 4.0

18. PROVISIONS, CONTINGENCIES AND GUARANTEES

Canadian $ millions, as at	2015 March 31	2014 December 31
Environmental rehabilitation provisions	**$ 117.1**	$ 101.7
Other provisions	**24.2**	25.1
	141.3	126.8
Current portion of provisions	**(18.3)**	(18.0)
	$ 123.0	$ 108.8

Environmental rehabilitation provisions

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian $ millions	Note	For the three months ended March 31 2015	For the year ended December 31 2014
Balance, beginning of the period		**$ 101.7**	$ 83.6
Additions		**0.2**	0.3
Change in estimates		**16.3**	18.3
Accretion	8	**0.2**	1.4
Foreign exchange translation		**(1.3)**	(1.9)
Balance, end of the period		**$ 117.1**	$ 101.7

The change in estimates in the period is the result of discount rates decreasing by approximately 0.5%, primarily due to lower government bond yields.

Other provisions

On October 31, 2013 a breach of an onsite water containment pond occurred at the Coal operations' Obed Mountain mine near Hinton, Alberta.

The release consisted of 670,000 cubic meters of process water, containing water mixed with clay, mud, slate and coal particles. There were no injuries resulting from this incident and remedial work on the containment pond and the affected downstream area is ongoing. The Corporation continues to be subject to financial obligations relating to the Obed breach subsequent to the sale of the Coal operations (note 10).

The following is a reconciliation of other provisions:

Canadian $ millions	For the three months ended March 31 2015	For the year ended December 31 2014
Balance, beginning of the period	**$ 25.1**	$ 41.3
Change in estimates	**–**	9.7
Utilized during the period	**(0.9)**	(25.9)
Balance, end of the period	**$ 24.2**	$ 25.1

19. SHAREHOLDERS' EQUITY

Normal Course Issuer Bid

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

For the three months ended March 31, 2015, the Corporation did not purchase or cancel any common shares under the NCIB. To date, the Corporation has purchased and cancelled 3,960,300 under the NCIB at an average cost of $2.52 per share, for an aggregate cost of $10.0 million.

Capital Stock

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

Canadian $ millions, except share amounts	Note		For the three months ended March 31 2015		For the year ended December 31 2014
		Number	**Capital stock**	Number	Capital stock
Balance, beginning of the period		**293,271,191**	**$ 2,772.9**	296,939,426	$ 2,808.5
Restricted stock plan (vested)	20	**260,400**	**1.6**	73,500	0.7
Employee share purchase plan	20	–	–	218,565	1.2
Share repurchase		–	–	(3,960,300)	(37.5)
Balance, end of the period		**293,531,591**	**$ 2,774.5**	293,271,191	$ 2,772.9

The following dividends were paid or were declared but unpaid:

Canadian $ millions, except per share amounts		For the three months end March 31 2015		For the year ended December 31 2014
	Per share	**Total**	Per share	Total
Dividends paid during the period	**$ 0.010**	**$ 3.0**	$ 0.074	$ 21.9
Dividends declared but unpaid	**0.010**	**3.0**	0.010	3.0

On February 11, 2015 the Corporation's Board of Directors approved a quarterly dividend of $0.01 per common share, payable on April 14, 2015 to shareholders of record as of the close of business on March 31, 2015.

Reserves

Canadian $ millions	Note	For the three months ended March 31 2015	For the year ended December 31 2014
Stated capital reserve			
Balance, beginning of the period		**$ 217.8**	$ 190.3
Share repurchase		–	27.5
Balance, end of the period		**217.8**	217.8
Stock-based compensation reserve(1)			
Balance, beginning of the period		**$ 7.4**	$ 6.2
Restricted stock plan (vested)	20	**(1.6)**	(0.7)
Restricted stock plan expense	20	**0.1**	0.7
Employee share purchase plan (vested)	20	–	(0.2)
Employee share purchase plan expense	20	–	0.1
Stock option plan expense	20	**0.2**	1.3
Balance, end of the period		**6.1**	7.4
Total reserves, end of the period		**$ 223.9**	$ 225.2

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

Accumulated other comprehensive income

Canadian $ millions	Note	For the three months ended March 31 2015	For the year ended December 31 2014
Foreign currency translation reserve			
Balance, beginning of the period		**$ 323.8**	$ 63.0
Foreign currency translation differences on foreign operations		**281.6**	260.8
Balance, end of the period		**605.4**	323.8
Actuarial gains (losses) on defined benefit obligation			
Balance, beginning of the period		**$ (3.3)**	$ (1.0)
Actuarial gains (losses) on defined benefit obligation, net of tax			
Continuing operations		**0.7**	(1.1)
Discontinued operations		**–**	0.6
Reclassification due to settlement of pension obligation		**–**	(1.8)
Balance, end of the period		**$ (2.6)**	$ (3.3)
Total accumulated other comprehensive income		**$ 602.8**	$ 320.5

20. STOCK-BASED COMPENSATION PLANS

Stock options and options with tandem stock appreciation rights

The following is a summary of stock option activity:

Canadian $, except number of options, for the three months ended March 31	2015 Number of options	2015 Weighted-average exercise price	2014 Number of options	2014 Weighted-average exercise price
Outstanding, beginning of the period	**5,518,752**	**$ 7.52**	4,868,249	$ 8.70
Granted	**1,805,000**	**2.11**	1,233,200	3.02
Forfeited	**(198,200)**	**6.19**	(542,697)	7.32
Outstanding, end of the period	**7,125,552**	**$ 6.19**	5,558,752	$ 7.57
Options exercisable, end of the period	**4,305,615**	**$ 8.52**	3,637,221	$ 9.53

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

As at March 31					2015
Range of exercise prices	**Number outstanding**	**Weighted-average remaining contractual life (years)**	**Weighted-average exercise price**	**Number exercisable**	**Exercisable weighted-average exercise price**
$2.11 - $5.05	**3,013,700**	**9.5**	**$ 2.48**	**429,565**	**$ 3.08**
$5.06 - $9.77	**2,685,185**	**5.9**	**6.58**	**2,449,383**	**6.72**
$9.78 - $11.64	**521,667**	**0.7**	**10.27**	**521,667**	**10.27**
$11.65 - $15.23	**905,000**	**2.3**	**14.99**	**905,000**	**14.99**
Total	7,125,552	**6.6**	**$ 6.19**	**4,305,615**	**$ 8.52**

As at March 31, 2015, 2,545,552 options with tandem SARs (March 31, 2014 – 2,615,552) and 4,580,000 options without tandem SARs (March 31, 2014 – 2,943,200) remained outstanding for which the Corporation has recognized a compensation recovery of $0.1 million for the three months ended March 31, 2015 (compensation expense of $nil for the three months ended March 31, 2014 of which $nil is included in earnings from discontinued operations). The carrying amount of liabilities associated with cash-settled stock option compensation arrangements is $0.2 million as at March 31, 2015 (December 31, 2014 – $0.5 million).

Inputs for measurement of grant date fair values

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

Canadian $, except as noted, for the three months ended March 31	2015	2014
Share price at grant date	$ **2.11**	$ 3.04
Exercise price	$ **2.11**	$ 3.02
Risk-free interest rates (based on 10-year Government of Canada bonds)	**1.47%**	2.39%
Expected volatility	**51.65%**	49.10%
Expected dividend yield	**1.89%**	1.41%
Expected life of options	**10 years**	10 years
Weighted-average fair value of options granted during the period	$ **1.01**	$ 1.55

Other stock-based compensation

A summary of the Share Purchase Plan units, RSUs, DSUs and RSP units outstanding as at March 31, 2015 and 2014 and changes during the three months ended is as follows:

For the three months ended March 31				2015
	Share Purchase Plan	RSU	DSU	RSP
Outstanding, beginning of the period	**293,280**	**4,696,518**	**375,314**	**287,400**
Issued	**–**	**3,229,795**	**85,455**	**–**
Dividends credited	**–**	**15,641**	**1,239**	**–**
Exercised	**–**	**–**	**–**	**–**
Forfeited	**(17,890)**	**(1,505)**	**–**	**–**
Vested	**–**	**(628,404)**	**–**	**(260,400)**
Outstanding, end of the period	**275,390**	**7,312,045**	**462,008**	**27,000**
Units exercisable, end of the period	**n/a**	**n/a**	**462,008**	**n/a**

For the three months ended March 31				2014
	Share Purchase Plan	RSU	DSU	RSP
Outstanding, beginning of the period	774,560	2,838,197	422,961	360,900
Issued	58,595	2,453,100	28,400	-
Dividends credited	-	36,768	5,480	-
Forfeited	(94,545)	(15,362)	-	-
Vested	-	(493,759)	-	(56,700)
Outstanding, end of the period	738,610	4,818,944	456,841	304,200
Units exercisable, end of the period	n/a	n/a	456,841	n/a

For other stock-based compensation plans the Corporation recorded a compensation recovery of $0.3 million for the three months ended March 31, 2015 (compensation expense of $1.0 million for the three months ended March 31, 2014 of which $0.1 million is included in earnings from discontinued operations). The carrying amount of liabilities associated with cash-settled compensation arrangements is $4.7 million as at March 31, 2015 (December 31, 2014 - $6.3 million).

Measurement of fair values at grant date

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

The number of units subject to the RSU performance conditions outstanding at March 31, 2015 was 7,236,801 (March 31, 2014 – 4,018,414).

The following summarizes the fair value measurement factor for the Share Purchase Plan, RSU and DSU grants during the period:

Canadian $, for the three months ended March 31	2015	2014
Employee Share Purchase Plan	$ –	$ 3.31
RSU	**2.11**	3.04
DSU	**2.37**	3.55

The intrinsic value of cash-settled stock-based compensation awards vested and outstanding as at March 31, 2015 was $5.1 million (December 31, 2014 - $7.0 million).

Employee share ownership plan

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

The Corporation accounts for its contributions as compensation and benefits expense when the amounts are contributed to the plan. Compensation and benefits expense related to this plan was $0.2 million for the three months ended March 31, 2015 ($nil for the three months ended March 31, 2014).

21. CASH FLOWS

Other operating items

Canadian $ millions, for the three months ended March 31	Note	2015	2014
Add (deduct) non-cash items:			
Accretion expense on environmental rehabilitation provisions	8, 18	$ **0.2**	$ 0.2
Stock-based compensation (recovery) expense, net	20	**(0.4)**	0.9
Other items		**3.8**	3.1
Cash flow arising from changes in:			
Other finance charges	8	**(3.4)**	(3.2)
Realized foreign exchange gain	8	**0.6**	-
		$ **0.8**	$ 1.0

Net change in non-cash working capital

Canadian $ millions, for the three months ended March 31	2015	2014
Trade accounts receivable	$ **7.5**	$ (59.8)
Inventories	**(4.9)**	1.3
Prepaid expenses	**(6.7)**	(3.2)
Trade accounts payable and accrued liabilities	**(41.1)**	4.4
Deferred revenue	**18.9**	10.1
	$ **(26.3)**	$ (47.2)

22. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Credit risk

Cuba

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

Canadian $ millions, as at	Note	2015 March 31	2014 December 31
Cash		$ 10.4	$ 19.0
Trade accounts receivable, net		164.9	140.7
Advances and loans receivable		596.8	609.3
Total		$ 772.1	$ 769.0

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

Madagascar

The Corporation has credit risk exposure in Madagascar related to its share (40% basis) of cash and cash equivalents of $26.8 million and net accounts receivable of $32.3 million associated with the Ambatovy Joint Venture including value added tax (VAT) receivables of $12.0 million from the government of Madagascar. Of a total VAT receivable provision of $87.9 million (40% basis), $10.1 million (40% basis) was recorded during the three months ended March 31, 2015 ($37.4 million for the year ended December 31, 2014 (40% basis)) to reflect the diminished likelihood of receipt of these amounts. Total overdue accounts receivable including VAT (net of provision) for the Ambatovy Joint Venture amount to $1.4 million (40% basis).

Liquidity risk

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

Financial obligation maturity analysis

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

Canadian $ millions, as at March 31, 2015	Total	Falling due within 1 year	Falling due between 1–2 years	Falling due between 2–3 years	Falling due between 3–4 years	Falling due between 4–5 years	Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$ 129.9	$ 129.9	$ –	$ –	$ –	$ –	$ –
Income taxes payable	16.3	16.3	–	–	–	–	–
Loans and borrowings(1)	3,434.2	59.7	109.8	161.5	423.3	165.8	2,514.1
Provisions	192.0	19.6	5.1	9.0	0.8	–	157.5
Operating leases(2)	21.8	2.6	2.9	2.9	3.0	3.0	7.4
Total	$ 3,794.2	$ 228.1	$ 117.8	$ 173.4	$ 427.1	$ 168.8	$ 2,679.0

(1) Loans and borrowings is composed primarily of $732.3 million in senior unsecured debentures and note having interest rates of between 7.5% and 8.0% and maturities in 2018, 2020 and 2022, and $1,109.2 million and $121.4 million in loans provided by the Ambatovy Joint Venture partners to finance Sherritt's portion of the funding requirements of the Joint Venture, bearing interest of LIBOR plus a margin of 7.0% and 1.125%, respectively. These partner loans are to be repaid from the Corporation's share of cash distributions from the Ambatovy Joint Venture (note 17). The amounts above are based on management's best estimate of future cash flows including estimating assumptions such as commodity prices, production levels, cash costs of production, capital and reclamation costs. The Ambatovy joint venture additional partner loans are non-recourse to Sherritt unless there is a direct breach of certain restrictions stipulated in the loan documents. The maturity analysis table includes an estimate of interest repayments.

(2) Operating lease payments recognized as an expense in the interim condensed consolidated statements of comprehensive income (loss) were $0.5 million for the three months ended March 31, 2015 ($0.5 million for the three months ended March 31, 2014).

As a result of the Corporation's 40% interest in the Ambatovy Joint Venture, its proportionate share of significant undiscounted commitments of the Joint Venture include environmental rehabilitation commitments of $186.4 million, other contractual commitments of $35.0 million and senior debt financing of $1,032.3 million.

As a result of the Corporation's 50% interest in the Moa Joint Venture, its proportionate share of significant undiscounted commitments of the Joint Venture include advances and loans payable of $179.9 million, environmental rehabilitation commitments of $73.2 million and other commitments of $1.3 million.

Market risk

Foreign exchange risk

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

Based on financial instrument balances as at March 31, 2015, a strengthening or weakening of $0.05 of the Canadian dollar to the U.S. dollar with all other variables held constant could have a favourable or unfavourable impact of approximately $14.2 million, respectively, on net earnings.

Based on financial instrument balances as at March 31, 2015, a strengthening or weakening of $0.05 of the Canadian dollar to the U.S. dollar with all other variables held constant could have an unfavourable or favourable impact of approximately $41.0 million, respectively, on other comprehensive income (loss).

Interest rate risk

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

Based on the balance of short-term and long-term loans and borrowings, cash equivalents, short-term and long-term investments, and advances and loans receivable at March 31, 2015, excluding interest capitalized to project costs, a 1.0% decrease or increase in the market interest rate could decrease or increase the Corporation's net earnings by approximately $2.3 million, respectively. The Corporation does not engage in hedging activities to mitigate its interest rate risk.

Capital risk management

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

Canadian $ millions, as at	**2015 March 31**	2014 December 31
Capital stock	**$ 2,774.5**	$ 2,772.9
Deficit	**(319.7)**	(259.9)
Un-drawn credit facilities	**69.3**	53.4

23. RELATED PARTY TRANSACTIONS

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

Canadian $ millions, for the three months ended March 31	2015	2014
Total value of goods and services:		
Provided to joint operations	$ 5.5	$ 5.7
Provided to joint venture	35.2	38.1
Provided to associate	0.6	0.6
Purchased from joint operations	–	0.7
Purchased from joint venture	28.6	40.2
Purchased from associate	17.0	17.2
Net financing income from joint operations	4.3	5.1
Net financing income from associate	15.3	7.6
Net financing income from joint venture	2.1	1.7

Canadian $ millions, as at	Note	2015 March 31	2014 December 31
Accounts receivable from joint operations	13	$ 0.1	$ 0.1
Accounts receivable from joint venture	13	21.4	20.6
Accounts receivable from associate	13	59.0	37.5
Accounts payable to joint operations		0.1	0.1
Accounts payable to joint venture		13.8	34.2
Accounts payable to associate		5.7	2.5
Advances and loans receivable from associate	14	1,628.9	1,489.9
Advances and loans receivable from joint operations	14	219.5	239.3
Advances and loans receivable from joint venture	14	267.7	250.3

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

24. OPERATING LEASE ARRANGEMENTS

Corporation acts as a lessor

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

All operating lease payments related to the Varadero facility are contingent on power generation. The terms of the leases are for 20 years, ending in February 2017 and March 2018. For the three months ended March 31, 2015, contingent revenue was $3.1 million ($3.6 million for the three months ended March 31, 2014).

Corporation acts as a lessee

Operating lease payments recognized as an expense in the interim condensed consolidated statement of comprehensive income (loss) for the three months ended March 31, 2015 were $0.5 million ($0.5 million for the three months ended March 31, 2014).

25. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at March 31		2015
Property, plant and equipment commitments	$	**14.9**
Joint venture:		
Property, plant and equipment commitments		**25.9**
Other commitments		**0.4**

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