2022 Annual Information Form

For the year ended December 31, 2022

Sherritt International Corporation

March 31, 2023

sherritt

2022 ANNUAL INFORMATION FORM

This Annual Information Form contains important information that will help you make an informed decision about investing in Sherritt International Corporation. It describes Sherritt International Corporation, its businesses and activities as well as risks and other factors that affect its business.

What's inside

In this document:
- *AIF* means this 2022 Annual Information Form
- *Corporation* and *Sherritt* mean Sherritt International Corporation together with its subsidiaries, and its proportionate interest in joint ventures
- *management* means Sherritt senior management unless indicated otherwise
- information is in Canadian dollars and as of December 31, 2022, unless indicated otherwise.

Please see Schedule 'A' for a glossary of other terms and abbreviations used in this document.

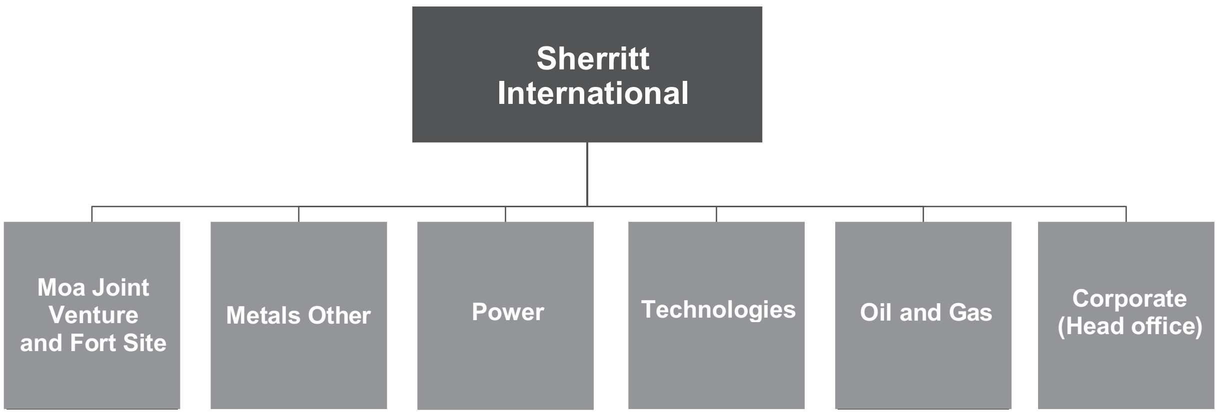
Exchange rates
As reported by the Bank of Canada:
- US$0.7383/Cdn.$1.00 as of December 30, 2022
- US$1.3533/Cdn.$1.00 as of March 31, 2023

Scientific and technical information
Proven and Probable Mineral Reserves and Measured, Indicated and Inferred Mineral Resources have been estimated in accordance with the *Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines* published in November 2019 by the Canadian Institute of Mining, Metallurgy and Petroleum (the **"CIM"**) and with the *CIM Definition Standard* published in May 2014 and incorporated in National Instrument 43-101– *Standards of Disclosure for Mineral Projects* (**"NI 43-101"**) by Canadian securities regulatory authorities.

Forward-looking information
Please see page 66 to read about forward-looking statements in this AIF. Readers are cautioned not 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.

OVERVIEW OF THE BUSINESS

Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals essential for an electric future. Its Technologies Group creates innovative, proprietary solutions for natural resource-based industries around the world to improve environmental performance and increase economic value. Sherritt has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by 20% or 6,500 tonnes of contained nickel and cobalt (100% basis) and extending the life of mine at Moa beyond 2040. The Corporation is also the largest independent energy producer in Cuba. The common shares of the Corporation are listed on the Toronto Stock Exchange under the symbol "S".



Moa Joint Venture and Fort Site

Sherritt is an industry leader in the mining, hydrometallurgical processing and refining of nickel and cobalt. Sherritt has a 50/50 partnership with General Nickel Company S.A. ("GNC") of Cuba (the "Moa Joint Venture" or the "Moa JV"). In addition, Sherritt has a wholly-owned fertilizer business, sulphuric acid, utilities, fertilizer storage and administrative facilities in Fort Saskatchewan, Alberta, Canada (Fort Site) that provide additional sources of income.

The Moa Joint Venture mines, processes and refines nickel and cobalt for sale worldwide (except in the United States). The Moa Joint Venture is a vertically-integrated joint venture that mines lateritic ore by open pit methods and processes them at its facilities at Moa, Cuba into mixed sulphide precipitate ("MSP") containing nickel and cobalt. The MSP is transported to the refining facilities in Fort Saskatchewan, Alberta. The resulting nickel and cobalt products are sold to various markets, primarily in Europe, Japan and China. At the current depletion rates, the concessions of the Moa Joint Venture are planned to be mined until at least 2045. The refinery facilities in Fort Saskatchewan have an annual combined production capacity of approximately 38,200 tonnes (100% basis) of nickel and cobalt.

In 2021, Sherritt embarked on an expansion program that was advanced in 2022 focused on increasing annual MSP production by 20% of 2021 production or 6,500 tonnes of contained nickel and cobalt (100% basis). The expansion program capitalizes on the growing demand for high purity nickel and cobalt being driven by the accelerated adoption of electric vehicles and the energy transition in general and builds on the 26-year successful track record of the Moa Joint Venture. In addition, Sherritt is focused on implementing a new mine plan at Moa which will extend the life of mine to beyond 2040 through the conversion of mineral resources into reserves using an economic cut-off grade ("ECOG") and optimized life of mine ("LOM") plan.

The Fort Site provides inputs (ammonia, sulphuric acid and utilities) for the Moa Joint Venture's metals refinery, produces agricultural fertilizer for sale in Western Canada and provides additional fertilizer storage and administrative facilities.

Metals Other

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

Power

Sherritt's power generating assets are located in Cuba at Varadero, Boca de Jaruco and Puerto Escondido. These assets are held by Sherritt through its one-third interest in Energas S.A. ("Energas"), which is a Cuban joint venture established to process raw natural gas and generate electricity for sale to the Cuban national electrical grid. Cuban government agencies Unión Eléctrica

("UNE") and Unión Cubapetróleo ("CUPET") hold the remaining two-thirds interest in Energas. In 2022, Cuba's Executive Committee of the Council of Ministers approved the twenty-year extension of the Energas Joint Venture contract with the Cuban government to March 2043.

Raw natural gas is supplied free of charge to Energas by CUPET. The processing of raw natural gas produces clean natural gas, used to generate electricity, as well as by-products such as condensate and liquefied petroleum gas. All of Energas' electrical generation is purchased by UNE under long-term fixed-price contracts while the by-products are purchased by other agencies of the Cuban government. Sherritt provided the financing for the construction of the Energas facilities and was being repaid from the cash flows generated by the facilities. Sherritt and its Cuban counter parts entered the Cobalt Swap (see below for details) agreements in 2022 whereby GNC assumed the liabilities of Energas to repay the construction financing by way of cobalt dividends commencing in 2023. The Cobalt Swap effectively advanced the repayment of and transferred the construction financing into a new financial instrument to be repaid over a five-year term. Future profits from the Energas business, commencing 2024, may now be distributed as dividends to its joint venture partners.

The Energas facilities are comprised of two combined cycle plants at Varadero and Boca de Jaruco that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba using steam generated from the waste heat captured from the gas turbines. Energas' installed electrical generating capacity is 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba in 2022.

Technologies

Sherritt's Technologies group ("Technologies") is a provider of technical services to both the Moa Joint Venture and other third-party metals producers and an incubator of industry solutions. The business provides technical support, process optimization and technology development services to improve operations and support growth initiatives at the Moa Joint Venture and the Fort Site operations. Similarly, it provides such services to third-party metals producers for consulting fees or for economic interest in projects aligned with Sherritt's strategies. Technologies also develops proprietary solutions for commercialization within the natural resource-based industries, leveraging its considerable expertise in hydrometallurgical processing. Its process solutions help resource companies become more profitable, more sustainable, and less energy intensive, or unlock resources through new and innovative new processing solution.

Oil and Gas

Sherritt's Oil and Gas division explores for oil and gas primarily from reservoirs located offshore, but in close proximity to the coastline along the north coast of Cuba, and provides drilling services for third parties.

Sherritt's commercial production-sharing contracts ("PSCs") expired during 2021 and it currently has an interest in two PSCs, each in the exploration phase. Sherritt has continued its efforts to seek an earn-in partner to develop these exploration blocks or to otherwise extract value from our interests and expertise in oil and gas in Cuba.

Corporate

Corporate is composed of the Corporation's overall management and general corporate activities related to public companies, including management of cash, cash equivalents and publicly traded debt as well as oversight of the operating joint ventures and Technologies business.

Foreign Operations and Communication

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

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

THREE-YEAR HISTORY

2022

The Cobalt Swap Agreement

In October 2022, Sherritt finalized the cobalt swap agreement (“Cobalt Swap”) with its Cuban partners to recover $368 million total outstanding Cuban receivables over five years beginning January 1, 2023. Under the agreement, the Moa Joint Venture will prioritize payment of dividends in the form of finished cobalt to each partner, up to an annual maximum volume of cobalt, with any additional dividends in a given year to be distributed in cash. All of the Cuban partner’s share of these cobalt dividends, and potentially additional cash dividends, will be redirected to Sherritt as payment to settle the receivables until the annual minimum payment amount and cobalt dividend volume, including the collection of any prior year shortfalls, has been reached.

Under the agreement, as of January 1, 2023, the outstanding receivable amounts owing to Sherritt from Energas and CUPET were assumed by GNC, Sherritt’s Moa Joint Venture partner, who in turn entered into payment agreements of an equivalent amount, denominated in Cuban pesos, with Energas and CUPET. This amount includes the Energas conditional sales agreement (“Energas CSA”) receivable of $336.3 million and trade accounts receivables from CUPET of $31.7 million. This reflects the total amount owing to Sherritt from Energas and CUPET rather than only the overdue amounts based on scheduled payments.

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

Over the five-year period beginning January 1, 2023, the Moa JV expects to distribute a maximum of 2,082 tonnes, or approximately 60% of current production (100% basis), of finished cobalt annually to the joint venture partners (finished cobalt dividends). Accordingly, Sherritt expects to receive a maximum of 1,041 tonnes of the finished cobalt dividends per year in respect of its 50% share of the Moa JV. GNC will redirect its 50% share of the finished cobalt dividends, up to 1,041 tonnes per year, to Sherritt as repayment towards the outstanding receivables, provided that the total cobalt volume redirected has a value of at least US$57.0 million. If the total annual finished cobalt dividend redirected by GNC has a value of less than US$57.0 million, GNC’s share of any cash distributions from the Moa Joint Venture in such year will be redirected to Sherritt until the value of physical cobalt and cash distributions in the aggregate totals US$57.0 million. Any shortfall in the annual minimum payment amount and cobalt dividend volume, will be carried forward to the subsequent year such that full repayment is expected to be made within five years. If the value of the finished cobalt exceeds US$57 million per annum, payment could be accelerated.

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

Energas Payment Agreement

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

Energas’ Joint Venture Contract

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

Purchase of Second Lien Secured Notes (“Second Lien Notes”) and Junior Notes (“Junior Notes”)

In 2022, Sherritt completed two transactions to repurchase an aggregate of $149.1 million of Second Lien Notes and Junior Notes at a total 16% discount, reducing outstanding principal debt by 35% from the beginning of the year and reducing its annual interest expense by approximately $13 million. These transactions support Sherritt’s continued focus on deleveraging its balance sheet.

The Corporation recognized $20.9 million in total gains on the two transactions to repurchase the principal of Second Lien Notes and Junior Notes during the year.

Moa Joint Venture Expansion Program

In 2022, Sherritt advanced its expansion program focused on increasing annual mixed sulphide precipitate production by 20% or 6,500 tonnes of contained nickel and cobalt (100% basis). The program includes completion of the Slurry Preparation Plant (“SPP”) at an expected capital cost of US$27 million (100%) and the Leach Plant Sixth Train, Fifth Sulphide Precipitation Train as well as construction of additional acid storage capacity at Moa combined referred to as the Moa processing plant improvements at an expected capital cost of US$50 million (100%). The total capital cost for the expansion program is expected to be US$77.0 million (100% basis) or approximately US$13,200 per additional annual tonne of contained nickel for the full expansion. Growth spending on capital for the expansion program is expected to be self-funded by the Moa Joint Venture primarily using operating cash flows.

The scope of the expansion program was narrowed in 2022 to better reflect the evolving intermediate market for nickel and cobalt and to focus on the most critical components of growth in light of supply chain challenges and inflationary price pressures on capital. Sherritt focused its strategy on increasing production of intermediary products that will enable it to fully utilize existing capacity at the refinery and also consider direct sales of intermediate product into the electric vehicle battery supply chain.

In phase one of the program, the completion of the SPP is expected to be in early 2024 and is anticipated to deliver several benefits including reduced ore haulage distances and lower carbon intensity from mining. Upon completion it will increase MSP production by approximately 1,700 tonnes of contained nickel and cobalt annually. Completion of the second phase of the program, the Moa processing plant improvements, which is planned for completion by the end of 2024, is expected to increase MSP production by approximately an additional 4,800 tonnes of contained metals annually and reduce NDCC(1) by approximately US$0.20/lb.

In addition to the foregoing, over the course of 2022 the work to complete the ECOG and LOM development continued at the Moa mine. This work was completed in 2023, resulting in the filing of a NI 43-101 Technical Report dated March 31, 2023, reporting a significant increase in estimated tonnage for Proven and Probable Reserves for the Moa Joint Venture due to the adoption of an economic cut-off grade rather than a fixed cut-off. Please see “Mineral Reserve and Mineral Resource Estimates – Moa Joint Venture: Mineral reserves and mineral resources” for additional information.

Production results

Finished nickel production was 32,268 tonnes (100% basis), in line with guidance, representing a 3% increase year-over-year primarily due to increased refinery reliability, while finished cobalt production of 3,368 tonnes (100% basis) was materially within guidance and 4% lower than the prior year as a result of lower availability of cobalt rich third-party feeds. Moa Joint Venture and Fort Site revenue in 2022 increased by 40% to $786.8 million from $560.6 million in 2021 due primarily to higher realized nickel and fertilizer prices.

Power production of 568 GWh during the full year 2022, was 26% higher, respectively, than in the prior year. In 2022, power production was higher primarily due to higher electricity production equipment availability as a result of the completion of maintenance activities in the prior year and additional gas supply. The increase in electricity production is a result of successful efforts to increase availability of gas enabled Power to exceed its updated annual guidance.

Syndicated Revolving Term Credit Facility (the “Syndicated Facility”)

In May 2022, Sherritt received consent from its lenders to expand the allowable use of proceeds to include repurchases of its Second Lien Notes and Junior Notes. As at December 31, 2022, Sherritt was in full compliance with the financial covenants of the Syndicated Facility.

Other Events

On March 1, 2022, Sherritt's Board of Directors consistent with its commitment to environmental, social and governance matters and to ongoing Board renewal, named Maryse Bélanger Deputy Chair and Chih-Ting Lo, an expert in decarbonization and sustainability in the mining industry, as director.

By December 31, 2022 Sherritt received distributions from the Moa Joint Venture of $100.6 million. The total amount received in 2022 was more than double the amount received in each of the last three years.

Sherritt's share of production, unit costs(1), and spending on capital for each of its business units in 2022 were in line or surpassed its guidance for the year, indicative of ongoing commitments to operational excellence.

On October 5, 2022, the Corporation released its 2021 Sustainability Report, Climate Report, Tailings Management Report and Sustainability Scorecard outlining the Corporation's performance on environmental, social, and governance ("ESG") matters. Sherritt continues to progress on its commitments to achieving net zero greenhouse (GHG) emissions by 2050, obtaining 15% of overall energy from renewable sources by 2030, reducing nitrogen oxide emission intensity by 10% by 2024, and increasing the number of women in its workforce to 36% by 2030.

On December 27th, 2022, Sherritt received confirmation of conformity with the London Metals Exchange's ("LME") Track B Responsible Sourcing Requirements. Sherritt received independent verification that our minerals are not associated with conflict, risks such as human rights abuses, forced labour, or corruption.

2021

Moa Joint Venture expansion plans

With support from Sherritt Technologies, the Moa Joint Venture launched an expansion strategy aimed at growing nickel and cobalt production by 15 to 20% from the combined 34,710 tonnes produced during the year ended December 31, 2021 and extending the life of mine of Moa beyond 2040 through the conversion of mineral resources into reserves using an economic cut-off grade.

During the three months ended December 31, 2021, the Moa Joint Venture completed a feasibility study for a new slurry preparation plant at Moa and planned expenditures were approved by its Board of Directors. The SPP, which is estimated to cost US$27.0 million and be completed in early 2024, will deliver a number of benefits, including reduced ore haulage, lower carbon intensity from mining and increased annual nickel and cobalt contained in mixed sulphides production of approximately 1,700 tonnes commencing in mid-2024.

Production results

The Moa Joint Venture met its revised targets for finished nickel and cobalt production and achieved unit costs(1) that were below target for the year. Finished nickel production for 2021 was 31,184 tonnes on a 100% basis, largely flat from 31,506 tonnes produced in 2020. Finished cobalt production for 2021 was 3,526 tonnes on a 100% basis, up 5% from 3,370 tonnes produced in 2020. Mixed sulphides production for 2021 was 32,997 tonnes on a 100% basis, down 5% from 34,858 tonnes produced in 2020. However, Moa Joint Venture and Fort Site revenue in 2021 increased by 32% to $560.6 million from $425.5 million in 2020 due primarily to higher realized prices.

Power production in 2021 was 450 gigawatt hours, down 25% from 602 gigawatt hours in 2020. Although 2021 production was impacted by the timing of maintenance activities previously deferred and lower availability of natural gas supply, the Power business unit met its guidance for the year. Unit operating costs in 2021 were lower than guidance for the year.

Syndicated facility

In the fourth quarter of 2021, Sherritt amended its Syndicated Facility with its lenders, increasing the maximum amount of credit available to $100.0 million from $70.0 million and extending the maturity to April 2024. Under the new terms, borrowings on the Syndicated Facility are available to fund capital expenditures as well as for working capital purposes. Spending on capital expenditures cannot exceed $75.0 million in a fiscal year. Capital expenditure restrictions do not apply to planned spending of Moa Nickel S.A. The financial covenants and restrictions to which the Syndicated Facility is subject remain materially unchanged from 2020. The increase in the credit facility is indicative of Sherritt's strengthened financial position and favourable outlook in light of improved nickel and cobalt markets.

As at December 31, 2021, Sherritt was in full compliance with the financial covenants of the Syndicated Facility.

Other events

On June 1, 2021, Leon Binedell, a 25-year mining industry veteran with a history of building shareholder value, was appointed President and CEO of Sherritt International Corporation.

On August 4, 2021, the company announced the appointment of Greg Honig as Chief Commercial Officer, Yasmin Gabriel as Chief Financial Officer, and Chad Ross as Chief Human Resources Officer.

On September 20, 2021, the company released its 2020 Sustainability Report, outlining the company's performance on environmental, social and governance (ESG) matters and upgraded targets and commitments, including achieving net-zero emissions by 2050, obtaining 15% of overall energy from renewable sources by 2030, reducing nitrogen oxide emission intensity by 10% by 2024, and increasing the number of women in the workforce to 36% by 2030.

On November 10, 2021, the company announced the appointment of Dr. Peter Hancock, a mining industry executive with more than 30 years of experience overseeing nickel mining operations, developing and commercializing process technologies, and ramping up nickel projects, to the company's Board of Directors.

On December 15, 2021, the company announced the planned retirement of Chief Operating Officer, Steve Wood, effective April 30, 2022. As a result of Mr. Wood's planned retirement, the company announced a number of promotions to its leadership team, naming Dan Rusnell as Senior Vice President, Metals, Elvin Saruk as Head of Growth Projects in addition to his accountabilities as Senior Vice President for Oil, Gas and Power, and Greg Honig as responsible for Marketing and the Technologies group in addition to his accountabilities as Chief Commercial Officer.

Since the start of 2021, Sherritt received a total of $52.8 million in direct and re-directed distributions from the Moa Joint Venture and its partner. Collections against overdue amounts owed to Sherritt by its Cuban energy partners continue to be adversely impacted by a combination of factors, including the ongoing effects of U.S. sanctions against Cuba and Cuba's reduced access to foreign currency on account of the global pandemic which has eliminated almost all tourism revenue over the past two years. Total overdue scheduled receivables at December 31, 2021 were US$156.0 million, up from US$152.5 million at September 30, 2021.

Sherritt's share of production, unit costs(1), and spending on capital(1) for each of its business units in 2021 were in line with guidance for the year, indicative of ongoing commitments to operational excellence and efforts to mitigate the spread of COVID-19 through additional health and safety measures designed to protect employees, suppliers, and other stakeholders at its operations in Canada and Cuba.

Effective June 30, 2020, the company did not renew a $47.0 million letter of credit issued to support its share of the environmental rehabilitation obligations held by its Spanish operations. During the year ended December 31, 2021, the environmental rehabilitation obligations held by the company's Spanish Oil and Gas operations were secured by a parent company guarantee of €31.5 million until December 31, 2023, with no impact on the company's available liquidity.

2020

In February 2020, the company announced a Transaction to be implemented pursuant to a plan of arrangement (the "Plan of Arrangement") under the Canada Business Corporation Act (the "CBCA"), and in June and July 2020, it announced amended terms to the Transaction. The Plan of Arrangement received approval by debtholders on July 23, 2020 and by the Ontario Superior Court of Justice (Commercial List) ("the Court") on August 6, 2020, and the Transaction was completed on August 31, 2020.

The Transaction resulted in the extinguishment of the Corporation's previously existing senior unsecured debentures due in 2021, 2023 and 2025 (the "Old Notes") in the aggregate principal amount of $588.1 million, together with all accrued and unpaid interest thereon, in exchange for, in the aggregate (i) new 8.50% Second Lien secured Notes due in 2026 in an aggregate principal amount of $357.5 million, (ii) new 10.75% unsecured payment-in-kind ("PIK") option notes due in 2029, the Junior Notes, in an aggregate principal amount of $75.0 million and (iii) early consent cash consideration of $15.5 million. The Transaction resulted in a reduction of loans and borrowings in respect of the Corporations' debenture obligations by $155.6 million and an extension of the 2021, 2023 and 2025 maturities under the Old Notes to a maturity of 2026 under the Second Lien Notes and a maturity of 2029 under the Junior Notes. In aggregate, the Transaction reduced the Corporation's total debt by $300.8 million and reduced cash annual interest payments by more than $15.0 million, without any dilution of its common shares.

As noted above, the Transaction also resulted in the extinguishment of all of Sherritt's obligations under the Corporation's Ambatovy Joint Venture partner loans, plus all accrued and unpaid interest in respect thereof, in exchange for the Corporation's remaining 12% interest in the Ambatovy Joint Venture and its loans and operator fee receivable from the Ambatovy Joint Venture (collectively, the "Ambatovy Joint Venture Interests"). As of August 31, 2020, as a result of the implementation of the Transaction the Corporation no longer had an interest in the Ambatovy Joint Venture.

Production results

Finished nickel production at the Moa Joint Venture in 2020 was 31,506 tonnes on a 100% basis, largely in line with guidance for the year. Finished cobalt production at the Moa Joint Venture in 2020 was 3,370 tonnes on a 100% basis, consistent with guidance for the year. Finished nickel and cobalt production in 2020 were negatively impacted by railway service disruption in the first quarter, an extended plant shutdown in the third quarter due to additional found work scope and reduced contractor availability due to COVID-19, and by unplanned repairs to autoclaves in the fourth quarter. Production totals achieved at the Moa Joint Venture in 2020 benefitted from additional health and safety measures implemented in the first quarter to prevent the spread of COVID-19.

Production for the Oil and Gas business in Cuba on a gross working interest was 2,947 barrels of oil per day, largely in the guidance for the year. Oil production in Cuba in 2020 was impacted by natural reservoir declines at Puerto Escondido/Yumuri.

Power production in 2020 was 602 gigawatt hours of electricity, exceeding guidance for the year. Higher production for 2020 was largely due to the decision to defer maintenance activities initially planned for the year as a result of reduced liquidity.

Sherritt's unit costs(1) for each of its business units in 2020 were largely in line with guidance for the year, indicative of ongoing commitments to operational excellence and employee health and safety, particularly in light of the COVID-19 global pandemic.

Syndicated facility

Sherritt amended its $70.0 million Syndicated Facility on February 21, 2020, and extended it in the second and third quarters of 2020. On November 27, 2020, Sherritt renewed and extended this facility to April 30, 2022. The renewal builds on the Balance Sheet Initiative and related efforts to strengthen its capital structure and improve the Corporation's liquidity. In this most recent renewal, Sherritt maintained the size of the facility while extending the term beyond one year and agreeing to more flexible financial covenants. As at December 31, 2020, Sherritt had drawn approximately $8.0 million against the facility.

Interest on the credit facility is based on bankers' acceptance plus 400 basis points. The credit facility has a number of financial covenants, including:

- Net available cash being greater than $25.0 million. This total is calculated as cash in Canada plus undrawn amounts on the credit facility.
- Senior Secured Net Debt /EBITDA(2) (earnings before interest, depreciation and amortization) of less than 2.0x. Senior secured net debt is calculated as first-lien debt, or amounts drawn on the credit facility, less cash held in Canada up to $25.0 million. EBITDA(2) is calculated on a 12-month trailing basis with Energas included on a cash basis.
- EBITDA(2) / Interest greater than 1.5x. The payment-in-kind (PIK) interest relating to the $75.0 million junior note offered as an additional consideration as part of the balance sheet initiative is excluded from this interest calculation.
- Minimum Tangible Net Worth of $600.0 million plus 50% of future positive net income. Tangible net worth is total assets less intangible assets less total loans and borrowings.

As at December 31, 2020, Sherritt was in full compliance with the financial covenants of the amended credit facility. The amended credit facility also includes an accordion feature that allows other lenders to join the syndicate pending appropriate approvals, and increase the size of the facility by $10.0 million to $80.0 million.

Other events

On November 23, 2020, the Corporation announced that its President and Chief Executive Officer, David Pathe, had informed the Board of Directors of his desire to step down from his role in 2021 that the Corporation launched a search for his successor, and Mr. Pathe agreed to stay on until a replacement was in place to ensure an orderly transition.

In 2020, Sherritt received US$77.0 million in Cuban energy payments as part of its overdue receivables agreements with its Cuban partners, which was amended in 2020. Payments were lower than expected as the spread of COVID-19 and the ongoing impact of U.S. sanctions limited Cuba’s access to foreign currency in 2020. Total overdue scheduled receivables as at December 31, 2020 were US$145.9 million, compared to US$158.4 million as at December 31, 2019.

Sherritt implemented a number of additional health and safety measures and work processes in 2020 designed to protect employees, suppliers and other stakeholders at its operations in response to the spread of COVID-19. As a result of the additional measures, Sherritt had minimal impact to its nickel, cobalt, power, and oil production in 2020. The additional measures will remain in effect through the duration of the pandemic.

(1) Non-GAAP and other financial measures. For additional information, see the “Non-GAAP and other financial measures” section.
(2) This EBITDA is a defined term as per Sherritt’s Syndicated Facility agreements with its lenders.

STRATEGIC PRIORITIES

The table below lists Sherritt's strategic priorities for 2022, and summarizes how the Corporation has performed against them as of December 31.

2022 Strategic priorities	Selected actions	Status
ESTABLISH SHERRITT AS A LEADING GREEN METALS PRODUCER	Accelerate plans to expand Moa JV nickel and cobalt production by up to 20% from the combined 34,710 tonnes produced in 2021.	• Sherritt and its Moa JV advanced the US$77.0 million (100% basis) two-phase expansion to increase total mixed sulphide precipitate intermediate production by 6,500 tonnes of contained metals at Moa at a low capital intensity of approximately US$13,200 per annual tonne of contained nickel. The program remains on time and budget for completion in 2024. • Implementation of ECOG methodology is expected to extend the current LOM to beyond 2040.
	Rank in lowest quartile of HPAL nickel producers for NDCC.	• NDCC(1) for 2022 of US$5.14/lb ranked Sherritt in the first cost quartile for HPAL nickel producers and the second cost quartile of all nickel producers. • Normalization of key input costs and cobalt by-product credits would help return Sherritt to ranking in the first quartile.
LEVERAGE TECHNOLOGIES FOR TRANSFORMATIONAL GROWTH	Support Moa JV expansion, operational improvements, and life of mine extension.	• Continued to support the Moa JV expansion and life of mine extension at Moa.
	Advance Technologies solutions toward commercialization.	Continued to advance development and commercialization of most promising and innovative technologies, including: • Chimera/D-POX – engaged with interested parties to advance batch testing and piloting programs for specific copper and precious metal opportunities. • DSH – advanced assessment of the technology on bio-oils and refinery vacuum residues. Batch testing demonstrated the ability to produce a renewable diesel product. • NGL – completed unit operations piloting and initial engineering work to refine key operating and commercial aspects. Engaged with external parties on the potential to jointly develop this technology.
ACHIEVE BALANCE SHEET STRENGTH	Maximize collections of overdue Cuban receivables.	• Signed agreements to recover the full amount – $368.0 million – of receivables on the Energas CSA and Oil and Gas trade receivables by the end of 2027 through the use of the Cobalt Swap.
	Maximize available liquidity to support growth strategy.	• Repurchased approximately $150 million principal amount of notes at a 16% discount reducing debt by 35% from the beginning of the year and annual interest expense of approximately $13 million.
	Continue to optimize costs to reflect operating footprint.	• Implemented measures relating to director compensation and employee costs that resulted in savings of approximately $3 million.
BE RECOGNIZED AS A SUSTAINABLE ORGANIZATION	Deliver on actions identified in the Sustainability Report.	• Issued Sherritt's 2021 sustainability reports and scorecard in October 2022.
	Achieve year-over-year ESG improvements including reduction of carbon intensity.	• Developed a climate plan to advance a road map to achieve long-term net-zero GHG emissions by 2050. • Continued replacing vehicles and equipment with electric vehicles (EVs) and electric equipment at Moa and the Fort Site.
	Deliver on 'Diversity and Inclusion' global framework	• Made progress in defining metrics, analyzing workforce demographics and aligning Sustainability (CSR) investments with D&I initiatives. • Improved gender balance in the operations senior management team and board.
MAXIMIZE VALUE FROM CUBAN ENERGY BUSINESSES	Extend economically beneficial Energas power generation contract beyond 2023.	• Received approval for extension of the Energas Joint Venture contract to March 2043, and finalized extension of the Moa Swap agreement to support liquidity and secure sustainable operations. • Power was successful in working with its Cuban partners to successfully increase gas supply in the fourth quarter.

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

CORPORATE STRUCTURE

NAME AND INCORPORATION

Sherritt International Corporation, formerly Sherritt International Corp., was incorporated on October 4, 1995 by articles of incorporation under the Business Corporations Act (New Brunswick). The articles of incorporation were amended in 1995 and in 2004 to provide for the Corporation's current name and capital structure. The articles provide for an authorized capital consisting of an unlimited number of shares.

On June 14, 2007, Sherritt and Dynatec were amalgamated under the Business Corporations Act (New Brunswick), with the amalgamated corporation named Sherritt International Corporation.

On August 1, 2007, Sherritt continued under the Business Corporations Act (Ontario) by filing articles of continuance.

On December 1, 2010, Sherritt amalgamated with two of its wholly-owned subsidiaries, with the amalgamated corporation named Sherritt International Corporation.

On June 3, 2016, Sherritt continued under the Canada Business Corporations Act by filing articles of continuance.

On August 31, 2020, Sherritt amalgamated under the Canada Business Corporations Act with one of its wholly-owned subsidiaries and filed articles of arrangement.

Sherritt International Corporation's registered head office is at Bay-Adelaide Centre, East Tower, 22 Adelaide St. West, Suite 4220, Toronto, ON M5H 3E4.

INTERCORPORATE RELATIONSHIPS

Name	Jurisdiction	% of voting securities held (directly or indirectly)
Energas S.A.	Cuba	33 1/3
International Cobalt Company Inc.	Bahamas	50
Moa Nickel S.A.	Cuba	50
Sherritt International Oil and Gas Limited	Alberta	100
SICOG Oil and Gas Limited	Barbados	100
The Cobalt Refinery Company Inc.	Alberta	50

DESCRIPTION OF THE BUSINESS

1. METALS OPERATIONS

Moa Joint Venture and Fort Site

For the year ended December 31, 2022, the Moa Joint Venture (50% basis), the Fort Site (100% basis) incurred earnings from operations of $200.2 million on revenue of $786.8 million compared to earnings from operations of $98.3 million on revenue of $560.64 million for the year ended December 31, 2021.

For the year ended December 31, 2022, total spending on capital(1) was $74.1 million at the Moa Joint Venture (50% basis) and Fort Site (100% basis). Sustaining spending on capital related to the replacement of equipment, tailings management and infrastructure at the Moa Joint Venture, while growth spending on capital primarily related to expansion spending for the slurry preparation plant, ordering of long lead items and engineering work related to the remaining expansion projects.

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

MARKET OVERVIEW

Nickel

Nickel is a heavy silver-coloured metal whose principal economic value lies in its resistance to corrosion and oxidation, with excellent strength and toughness at high temperatures. The properties of nickel also facilitate the deployment of the entire spectrum of clean energy technologies–geothermal, batteries for electric vehicles and energy storage, hydrogen, hydro, wind and concentrating solar power–making nickel one of the elements that plays a critical enabling role in the energy transition required to reduce carbon emissions. Most significantly, nickel has emerged as a key metal in the cathode active material for lithium ion batteries, since nickel ensures higher cell voltage and a continuous voltage profile, contributing to higher energy density and good rate capability.

Nickel demand is strongly influenced by world macro-economic conditions, which in turn influence the state of the world stainless steel industry, the single largest consumer of nickel, accounting for 64% of primary nickel consumption worldwide in 2022. After stainless steel, the lithium ion rechargeable battery market is an important driver of future nickel demand. For 2022, Wood Mackenzie reported primary nickel demand for batteries at approximately 15% of total demand growing to approximately 31% over the next 10 years. Nickel is also used in the production of industrial materials, including non-ferrous steels, alloy steels, plated goods, catalysts and chemicals. Last year, China was responsible for over 58% of the world consumption of primary nickel demand.

In 2022, the Moa Joint Venture produced 32,268 tonnes or approximately 1.0% of annual world refined nickel production. The 2022 world supply of refined nickel is estimated to be approximately 3.12 million tonnes per annum. World nickel supply is broadly classified into primary and secondary nickel. Primary nickel is further subdivided into refined nickel (Class I) having a minimum nickel content of 99.8%, and charge nickel (Class II) having a nickel content of less than 99.8%. The main physical forms of Class I nickel are electrolytic nickel (cathode and rounds), pellets, briquettes, granules and powder. Class II nickel includes ferronickel, nickel pig iron ("NPI"), nickel oxide sinter, matte and utility nickel. Secondary nickel is the nickel contained in scrap metal, principally stainless steel scrap. World nickel supply has also most recently been strongly impacted by the expansive growth of NPI, in particular, the rapid capacity expansion in Indonesia. NPI is the lowest purity of what is considered refined nickel (as low as 2% nickel content) and is primarily used in China and Indonesia to make stainless steel. Total worldwide NPI production was estimated to be approximately 1.56 million tonnes of nickel equivalent in 2022, making it a new record year for world NPI production, with NPI production representing almost 50% of total nickel production.

Most major refined nickel producers supply nickel at grades ranging from 98.4% to 99.9% purity. The Moa Joint Venture's sintered nickel briquettes, produced at a minimum of 99.8% purity, are well suited for stainless steel, alloy steel production and battery chemical applications, and are expected to continue to be sold to such industries. The Moa Joint Venture's "steel grade" (unsintered) nickel briquettes having a typical purity of 99.5% nickel are well suited for stainless steel production and foundry use. In 2017, the Moa Joint Venture introduced a "dissolving grade" nickel powder having a typical purity of 99.8% nickel suitable for battery chemical applications.

In February 2022, the significant and unpredictable event of the Russian invasion of Ukraine, which together with resulting economic sanctions, export bans and other consequences, resulted in further upward pressure on nickel prices reaching a high of US$11.84/lb. on February 24. In March 2022, unprecedented trading and pricing activity led the LME to halt nickel trading on March 8 until March 16, with the settlement price on March 7 of US$19.50/lb. Upon recommencement of trading, newly implemented restrictions on maximum daily price movements prevented an official settlement price from occurring until March 22, with the settlement price of US$13.97/lb. Nickel prices remained robust through to the end of 2022 with the price ending the year on December 30th at $13.80/lb.

Stainless steel production in Europe, North America and China was lower than 2021 levels. The Russia Ukraine war, high inflation, high energy prices and increase in interest rates all played a role in reducing demand both regionally and globally, with consumer confidence flagging as recessionary fears took hold, especially in Europe due to Europe's dependence on Russia for energy. In the battery electric vehicle sector, 60% sales growth over 2021 is estimated for 2022 at 11 million units. China continues to lead the world in the number of battery electric and plug-in electric vehicles sold, accounting for 63% of sales globally. Notably, lithium iron phosphate (LFP) cathode batteries are in 50% of Chinese battery electric vehicles (BEV), while western original equipment manufacturers generally use high nickel battery chemistries for increased driving range. It is anticipated that automakers may increasingly use the less expensive LFP battery chemistry for lower range and entry level models, potentially capping the market share of nickel-containing batteries.

Nickel prices closed Q4 2022 at US$13.80/lb on December 31, 2022 compared to US$10.11/lb on September 30, 2022. The range for the quarter was between US$9.73/lb and US$13.84/lb. Class I supply and inventory remained tight, causing the London Metals Exchange (LME) prices to rally in late Q4 reaching a high of US$13.84/lb on December 28 due to the covering of short positions from prior months, with sentiment improving slightly on the expectation that relaxation of COVID-related restrictions in China will increase commodity demand. The average nickel price for Q4 was US$11.47/lb compared to US$10.01/lb for Q3 2022, a 15% increase while the average nickel price for 2022 was US$11.61/lb, 38% higher than the average for 2021 at US$8.39/lb. Total inventory levels on the LME and Shanghai Futures Exchange (SHFE) combined remained near-term range bound and ended the quarter at 56,621 tonnes, about 5% higher than at Q3 level of 54,444 tonnes and 46% lower than at the end of 2021 (104,292 tonnes).

In December 2022, Wood Mackenzie estimated nickel demand to increase by 45% from 2023 to 2027. The continued strong growth in nickel supply, especially additions in Indonesia from Class II sources, NPI (nickel pig iron), matte and to a lesser extent MHP (mixed hydroxide precipitate) via HPAL (high pressure acid leach) is set to marginally outpace demand, resulting in the potential for a marginally oversupplied market in the near term. This is, however, in a market that is anticipated to reach demand of over approximately 4.0 million tonnes by 2026 up from approximately 3.0 million tonnes in 2022. The combined growth of stainless steel and lithium-ion battery consumption, as well as potential slower than anticipated ramp up of new projects to support supply, especially large-scale NPI, matte and HPAL projects in Indonesia, is expected to keep the nickel market in relative balance, leading to prices remaining at support levels required to incentivize continued new project growth. On a shorter-term basis, the first half of 2023 is expected to reflect transitory downward pressure on nickel prices, as high energy prices and the conflict in Ukraine weigh on sentiment and stainless production in Europe. In the Far East, stainless production is expected to recover as China returns from the Spring Festival holiday in late January, fresh from the relaxation of COVID related lockdowns, but subject to the potential disruptions due to future outbreaks. Global lithium-ion battery demand will continue to support consumption of nickel in the form of nickel sulphate, although consumption of Class I materials in this market segment is expected to diminish as Class II materials (especially matte and MHP) continue to be produced in large quantities in Indonesia, putting pressure on nickel sulphate premiums. In the long-term (2027- 2032), continued strong demand from the electric vehicle and energy storage system sectors will shift the lithium-ion batteries market share to 30% from 15% by 2028. Despite stainless applications' continued growth, albeit at a slower rate, its market share is expected to shrink to 54% from 64%. The combined growth of batteries and stainless steel is expected to push the market balance to a deficit, with new supply required to maintain market balance, thus supporting robust prices over the long-term.

Visibility of market fundamentals in the mid-term, including inventory levels, is uncertain, with slowing of global economic growth, uncertainty caused by the pandemic, and the impacts of the Russian invasion of Ukraine being key factors. The long-term outlook for nickel, however, remains bullish on account of the strong demand expected from the stainless steel sector, the largest market for nickel, and the electric vehicle battery market. Some market observers, such as Wood Mackenzie, have forecast a prolonged nickel supply deficit beginning in 2027 due to developments in the electric vehicle market and insufficient nickel production coming on stream in the near term. Over the past year, multiple automakers and governments have announced plans for significant investments to expand electric vehicle production capacity to meet growing demand as well as more aggressive timelines to phase out the sale of internal combustion engines. CRU has forecast that electric vehicles sales will grow to 32.8 million units by 2027. As a result of its unique properties, high-nickel cathode formulations remain the dominant choice for long-range electric vehicles manufactured by automakers with Class 1 nickel being an important feedstock in the battery supply chain. Sherritt is particularly well positioned given our Class 1 production capabilities and the fact that Cuba possesses the world's fourth largest nickel reserves.

Cobalt

Cobalt is a hard, lustrous, grey metal that is used in the production of high temperature, wear-resistant super alloys, catalysts, paint dryers, cemented carbides, magnetic alloys, pigments, batteries for electrical vehicles and chemicals. The cobalt market is smaller and more specialized than the nickel market.

The relative importance of the different uses of cobalt has changed over the years, with demand for older, more established uses, such as pigments and carbides showing modest, if any, growth. Many of these traditional uses are strongly reliant on industrial growth for demand increases, so demand for these uses tends to rise and fall with global economic performance. According to CRU, of the world supply of refined cobalt in 2022, only 17% was produced as metal in the form of cathode or powder. Although the demand from the superalloy sector continues to consume significant cobalt metal, growth in the chemical sector, primarily in battery chemicals, has been the driving force behind recent demand for cobalt, forecast to increase from 67% market share in 2022 to 77% by 2027. For the foreseeable future, the driving force for cobalt demand will be via consumption in lithium-ion batteries in electric vehicles to enable the electrification of transport, and in energy storage systems for renewable energy generation.

In 2022, more than 72% of the world's mined cobalt production came from the "copper belt" located in the Democratic Republic of the Congo ("DRC"). Indonesia, Australia, Canada, Cuba, Russia and the Philippines accounted for 16% of the world's mined supply. In the longer term, significant increases in supply are possible from new large-scale international projects targeting copper and nickel production. DRC mined supply is expected to grow at a compounded average growth rate ("CAGR") of 10%. In 2022, Indonesia will likely account for 6% of world production and is projected to grow at a CAGR of 38%, reaching 16% of world production in 5 years from the build out of laterite HPAL ("high pressure acid leach") operations.

The Moa Joint Venture produces finished cobalt (briquettes and powder) at 99.9% purity, which exceeds the current LME cobalt specification. The Moa Joint Venture is among the leading suppliers of metallic cobalt to world markets, supplying 3,367 tonnes or approximately 1.7% of world mined primary cobalt in 2022 and approximately 10% of the total global supply of metallic cobalt.

The Argus 99.8% Chemical Grade cobalt price in 2022 averaged US$30.87/lb, 27% higher than the average price for 2021 at US$24.40/lb and ranging between US$20.90/lb and US$39.90/lb throughout 2022. Cobalt prices rose steadily from the beginning of 2022, reaching a peak price in May, partly due to good demand and supply-related fears stemming from the war between Russia and Ukraine, sanctions/self-sanctions of Russian commodities and ongoing logistic issues in the port of Durban in South Africa, the main export route for cobalt originating from the DRC. Beginning in Q2 2022, the lock down of major cities in China under the Zero Covid Policy contributed to lower manufacturing and purchasing activity, marking the beginning of the decrease in the cobalt price, which generally continued for the remainder of the year. Additionally, weakness in demand for cobalt in the consumer electronic sector compounded throughout the year, decreasing demand and increasing availability for cobalt feedstocks even after China partially lifted lockdown measures in June 2022. The availability of stocks leading up to events in April and the healthy supply of mixed hydroxide precipitates (MHP) from newly commissioned plants in Indonesia continued to put downward pressure on cobalt prices, even with reports that a major mine in the DRC was not authorized to export their refined cobalt hydroxide material, resulting in a reported 6,000 tonnes of cobalt in cobalt hydroxide remaining on site. Industry observers, such as CRU, expect the cobalt market to be in surplus until 2027, after which a deficit is expected if no major production is brought online. Although there is an expectation that the outlook to 2027 will be of an oversupplied market due to significant anticipated growth in supply, demand fundamentals remain strong as the cobalt market is expected to grow to approximately 336,000 tonnes by 2027, representing a compound annual growth rate of 11.3% according to CRU.

Cobalt prices closed Q4 2022 at US$20.90/lb on December 31, 2022 compared to US$25.90/lb on September 30, 2022. The price continued to decline in Q4, from a peak of US$26.15/lb in early October to a low of US$20.90/lb by December 31, 2022. The average cobalt price for Q4 was US$23.00/lb compared to US$26.26/lb for Q3 2022, a 12% decrease while the average cobalt price for 2022 was US$30.75/lb, 26% higher than the average for 2021 at US$24.24/lb. A continued post-pandemic decline following strong pandemic-related purchases of consumer electronics, coupled with advancement of high-nickel chemistries and lithium iron phosphate (LFP) cathode active materials (CAM) in lithium-ion batteries has led to decreased near-term cobalt demand, even with stronger aerospace demand. This lower overall demand, coupled with strong supply growth of cobalt from Indonesia HPAL MHP projects has led to cobalt continuing to trade at lower prices, highlighting near-term weakness in the chemical sector. The anticipated growth in supply may be hampered by slower than anticipated ramp up in new projects from large-scale NPI, matte and HPAL projects which may partly negate the downward pressure on pricing.

The expected proliferation of EV's provides a positive longer-term outlook for demand, which is expected to increase despite the EV industry's efforts to minimize cobalt content to reduce both battery cost and supply risk. CRU estimates cobalt demand growth to increase at an 11% CAGR from 2023 to 2027 with EV battery consumption driving much of this increase, at a 13% CAGR. The cobalt market is largely levered to the EV growth sector providing strong long-term demand for cobalt and supporting Sherritt's growth strategy as a reliable cobalt producer. According to the CRU outlook in December 2022, the global cobalt market in the short to medium term is expected to shift between balanced to slight surpluses until 2026, with deficits likely occurring in the long term from 2027 onwards.

MOA JOINT VENTURE

The Moa Joint Venture is a vertically-integrated nickel and cobalt mining, processing, refining and marketing joint venture between subsidiaries of Sherritt and GNC. The operations of the Moa Joint Venture are carried on through three companies:

- Moa Nickel S.A. ("Moa Nickel") – owns and operates the Moa, Cuba mining and processing facility
- The Cobalt Refinery Company Inc. ("CRC") – owns and operates the Fort Saskatchewan, Alberta metals refinery
- International Cobalt Company Inc. ("ICCI") – located in Nassau, Bahamas, acquires mixed sulphides from Moa Nickel and other third party feeds, contracts with CRC for the refining of such purchased materials and then markets finished nickel and cobalt.

Sherritt and GNC each hold 50% of the issued and outstanding shares of each of these companies, the financial results of which are equity accounted into Sherritt's consolidated financial statements.

Moa Nickel mines lateritic ore by open pit methods and processes it at its facilities at Moa into mixed sulphides containing nickel and cobalt. The mixed sulphides are purchased, free on board, from Moa Nickel by ICCI pursuant to the terms and conditions of an agreement (the "Mixed Sulphides Supply Agreement"), which expires June 30, 2027, between Moa Nickel and ICCI. Under the terms of the Mixed Sulphides Supply Agreement, as amended, Moa Nickel and ICCI can negotiate an extension of the agreement. In the event negotiations are unsuccessful the agreement terminates on December 31, 2027.

The mixed sulphides from Moa Nickel are transported by ocean freight to Canada and then by rail to Fort Saskatchewan. CRC refines this material together with other nickel and cobalt feed materials purchased by ICCI pursuant to the terms and conditions of a tolling agreement between ICCI and CRC, which expires June 30, 2027, with ICCI retaining ownership of the product throughout the refining process. Under the terms of the 2016 Tolling Agreement, as amended, ICCI and CRC can negotiate an extension of the agreement. In the event negotiations are unsuccessful, the agreement terminates on December 31, 2027.

Once the mixed sulphides and other feed materials are refined by CRC, the resulting nickel and cobalt products are sold by ICCI, directly or indirectly, to various markets, primarily in Europe, Japan and China. ICCI does not sell nickel and cobalt into the United States due to an embargo against Cuba. For further information, please see "Risk factors–Risks related to U.S. government policy towards Cuba".

In 2022, approximately 95% of the nickel input and 93% of the cobalt input for CRC's refinery were derived from mixed sulphides from Moa Nickel. Under the terms of the Mixed Sulphides Supply Agreement, the price paid by ICCI to Moa Nickel is discounted from, in the case of nickel, the official LME cash price and, in the case of cobalt, the price received from ICCI customers. ICCI also purchases other nickel and cobalt feed materials from third parties for refining at CRC's refinery and subsequently sells the finished products in international markets. ICCI is considering the option to sell mixed sulphides directly to third parties.

Governance

The principal terms governing the relationship between Sherritt and GNC with respect to the Moa Joint Venture are set out in a shareholders' agreement dated December 1, 1994 among GNC, Sherritt, Moa Nickel, CRC and ICCI (as such document has been amended and supplemented from time to time, the "Shareholders Agreement"). Pursuant to the Shareholders Agreement, Sherritt and GNC (collectively, the "Shareholders") are entitled to 50% ownership of each of the JV Corporations. The business of each of the JV Corporations is to be carried on in accordance with international commercial practice to the mutual economic advantage of the Shareholders. The net profits of each JV Corporation may be paid as dividends to the Shareholders based on the decisions of the boards of directors of the JV Corporations, taking into account the current and future needs of the Corporation for capital expenditures, working capital and other funds on a basis consistent with the applicable business plans. The boards of directors of each JV Corporation are comprised of six directors, three representatives nominated by GNC and three representatives nominated by Sherritt. Certain matters concerning the combined enterprise require the unanimous consent of the board of directors of the relevant JV Corporation by resolution or who are present at the relevant meeting, including any amendment to the constating documents of the JV Corporation; any issuance or redemption of capital stock; a declaration of a dividend or other distribution; any capital expenditure or borrowing beyond specified thresholds; and approval of the material elements of the annual business plan. Accordingly, any such distributions are not in the Corporation's sole discretion. Distributions from the Moa Joint Venture are determined by the Moa Joint Venture based on available cash in excess of Moa Joint Venture expected liquidity requirements, taking into account prevailing nickel and cobalt prices, and planned spending on capital at the Moa Joint Venture and subject to the Cobalt Swap. Available cash is also subject to the Cobalt Swap impacted by changes in working capital primarily related to changes in inventory, and timing of receipts and payments, including receipts on nickel and cobalt sales subsequent to shipment.

The Shareholders Agreement prohibits the transfer of shares of any JV Corporation, subject to limited specific exceptions. It also provides that each party will afford Moa Nickel reasonable opportunity to participate in existing and future development of nickel and cobalt reserves, in the case of GNC, and in nickel and cobalt extraction and refining projects, in the case of Sherritt. The Shareholders Agreement provides for certain rights for GNC in the event of an "Acquisition of Control" of Sherritt in specific circumstances such that an Acquisition of Control of Sherritt to which GNC objects could result in the liquidation of Sherritt's interest in the Moa Joint Venture. The Shareholders Agreement defines the Acquisition of Control of Sherritt as the acquisition of shares of Sherritt by a single investor or group of investors which are associated or otherwise acting in concert such that the investor or group (the "Controller") (i) exercises or may reasonably be expected to have, and to exercise, the power to determine who will become directors of Sherritt; or (ii) is the beneficial owner of more than 35% of the voting shares of Sherritt, and GNC, acting reasonably, believes that the investment decisions of the Controller with respect to the shares of the JV Corporations owned by Sherritt will be made on a basis that is influenced by bias or prejudice against the Republic of Cuba.

Status under Cuban law

Under the terms of its constitution, the Cuban state is the unconditional owner of all land and natural resources lying within Cuban territory, and in accordance with section 15 thereof, it is authorized to sell land in Cuba when it is in the interest of the development of the country. The property and assets of the Moa Joint Venture were conveyed through a deed of sale, which was approved by the Executive Committee of the Council of Ministers. The deed of sale was later registered in the registry of property of Cuba, and Moa Nickel was registered in the commercial registry and the registry of the Chamber of Commerce of the Republic of Cuba. The Moa Joint Venture also received mining concessions by means of decree or resolution granting exploration and mining rights.

The resolution of the Executive Committee of the Council of Ministers forming the Moa Joint Venture provides specific protection and guarantees over and above any future laws that the Government of Cuba may introduce, such as the current Foreign Investment Law of Cuba ("Law 118"). Law 118 authorizes the government of Cuba to enter into international economic associations (including joint ventures) with foreign investors for the exploitation of natural resources and the development of industrial projects in Cuba. Law 118 provides a variety of guarantees for foreign investors including: (1) a guarantee that their assets cannot be expropriated, except in the public interest and in such case that indemnification must be provided in freely convertible currency equal to the commercial value of the property taken, (2) the right to have such "commercial value" determined by an expert if the parties to the international economic association cannot agree on such a price, and (3) a guarantee of the free transference abroad in freely convertible currency of net profits or dividends received from the investment as well as funds received by way of indemnification from the Cuban State.

The Cuban government also required the Moa Joint Venture to obtain an environmental permit setting operating standards in connection, amongst others, with its water and air discharges and a permit to operate bank accounts for each currency in which the joint venture does business in Cuba.

MARKETING AND SALES

ICCI owns and sells the nickel and cobalt toll refined by CRC, and is considering the option to sell mixed sulphides directly to third parties. ICCI's primary markets for nickel and cobalt products are Europe and Asia. Products are transported by truck, rail and ship.

The following table sets out the Corporation's 50% share of sales volumes from the Moa Joint Venture, as well as its average-realized prices[1] for the periods indicated:

Sales volumes (50% basis) and average-realized prices

Sales (tonnes)	**Year ended December 31, 2022**	Year ended December 31, 2021
Nickel[2]	**15,879**	15,603
Cobalt	**1,379**	1,775
Average-realized prices (US dollar per pound)		
Nickel[2]	**$11.61**	$8.39
Cobalt	**$30.75**	$24.34

Notes:
(1) Non-GAAP measure. Table amounts have been converted to US dollars. For additional information, see "Non-GAAP and other financial measures" section.
(2) For the year ended December 31, 2021, excludes 600 tonnes of finished nickel purchased from and sold to a third party as it was not internally produced

FERTILIZERS

The Fort Site is comprised of Sherritt's 100%-owned fertilizer and utilities operation located in Fort Saskatchewan which provide inputs for the metals refinery and produces agricultural fertilizer for sale in Western Canada.

Canada

The Fort Site produces ammonia, sulphuric acid and utilities for use in the refinery's hydrometallurgical process and for sale to third parties. The refining of nickel and cobalt produces as a by-product crystalline ammonium sulphate, a fertilizer. Additionally, Sherritt produces a premium grade, granular ammonium sulphate fertilizer for the agricultural market. The Fort Site also serves as a back-up hydrogen supply for CRC's refinery.

Revenue from the Fort Site is derived from the sale of ammonia and ammonium sulphate fertilizers principally into the Western Canadian market. Fertilizer revenue also includes third party sulphuric acid sales and the sale of CO_2, a by-product of ammonia production. Demand for fertilizer products is seasonal, consisting of a spring season and a fall season. Sales volumes are typically higher during the spring. The seasonality of the fertilizer business is reflected in Sherritt's cash and cash equivalent position throughout the course of the year, which fluctuates based on the timing of fertilizer pre-sales receipts and product deliveries.

The posted reference price for Sherritt ammonia averaged C$2,050 per tonne during 2022, 77% higher than the posted reference price of C$1,155.26 per tonne during 2021. The average Western Canadian posted reference price for Sherritt's ammonium sulphate fertilizer product (20.5 granular ammonium sulphate) was C$830 per tonne in 2022, 52% higher than the posted reference price of $544.29 per tonne during 2021.

Including ammonia, granular ammonium sulphate and 50% of the crystalline ammonium sulphate from CRC's refinery, Sherritt's Canadian operations sold 170,427 tonnes of fertilizer products in 2022, modestly higher than 168,682 tonnes sold in 2021. Nitrogen fertilizer prices in Western Canada are strongly influenced by global ammonia prices which is directly related to natural gas prices and market conditions in Western Canada and the U.S. Pacific Northwest. These products are transported in bulk by surface means.

MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

Moa Joint Venture

Mining concessions

Moa Nickel received its original mining concessions in the province of Holguin near the town of Moa pursuant to a decree of the Executive Committee of the Council of Ministers of the Republic of Cuba dated November 30, 1994 (the **"1994 Decree"**). The mining concessions initially included a land area of 4,964 ha. As a result of the original concessions, as well as concessions granted subsequent to the 1994 Decree, the current area of the resource concessions at Moa as at December 31, 2022 are as follows:

	Concession type	Area (ha)	Expiry
Camarioca Norte	Exploitation	2,007	2030
Camarioca Sur	Exploitation	2,367	2030
Cantarrana	Exploitation	871	2043
La Delta(1)	Exploitation	1,300	2043
Moa Occidental(2)		962	
Zona A and Zona Septentrional(3)	Exploitation	943	—
Scrap Yard(3)	Exploitation	2	—
Extension to Zona A, Sector II	Exploitation	8	2032
Extension to Block O-30	Exploitation	9	2032
Moa Oriental(3)	Exploitation	1,464	—
Yagrumaje Oeste	Exploitation	569	2038
Playa la Vaca-Zona Septentrional II	Exploitation	754	
Zona Septentrional III	Exploitation	225	2045
Playa la Vaca	Exploitation	529	2045
Santa Teresita(4)	Exploitation	314	2045
Industrial raw materials			
Calcium Carbonate(5)(3)	Exploitation	805	—
Serpentine Quarry(6)	Exploitation	9	2024
Total		**12,100**	

Notes:
(1) In the South Sector of La Delta, the agreement limits the exploration until 25 years after the initial approval for environmental reasons.
(2) Moa Occidental sub-totaled for clarity of expiry dates.
(3) The rights expire when the resources inside the concession are depleted.
(4) In November 2022, Santa Teresita was approved as a concession for exploitation.
(5) In June 2022, the calcium carbonate deposit was approved as a concession for exploitation.
(6) The resources of the serpentine quarry were depleted. An alternative sector will be evaluated and requested from the Oficina Nacional de Recursos Minerals ("ONRM").

The expansion of both the Moa and Fort Site facilities, pursuant to the terms and conditions of an expansion agreement dated March 3, 2005 between GNC and the Corporation (the **"**Expansion Agreement"), is based upon the commitment by GNC to ensure that a competent Cuban governmental authority grants mineral concessions of economic limonite reserves in the Moa area sufficient to permit Moa Nickel to operate at the expanded capacity for a period of no less than 25 years.

Moa Nickel pays the Cuban state a 5% royalty and the municipality of Moa a 1% territorial contribution of the net sales value (free on board Moa port, Cuba) of the nickel and cobalt contained in mixed sulphides delivered to the refinery in Fort Saskatchewan (on a 100% basis) as determined by a number of factors including recovery rates and prevailing reference prices. In addition, Moa Nickel pays an annual canon of US$2.00, US$5.00 or US$10.00 for each hectare of each concession depending on whether the area is a prospecting, exploration or exploitation area.

More information with respect to the Moa Joint Venture is contained in *"Schedule B–Technical Information"* attached hereto.

Mineral reserves and mineral resources

The Mineral Resources and Reserves data below are derived from the technical report for the Mineral Resource and Mineral Reserve Estimate on the Moa Project, Province of Holguin, Cuba" dated March 31, 2023 ("NI 43-101" or "2023 Moa JV Technical Report") and were updated using the 2022 year end topography. Resource models have been reviewed by Béatrice Foret, M.Sc., MAusIMM, a "qualified person" (as such term is defined in NI 43-101) who is independent of the Corporation.

The following table provides a summary of the proven and probable reserves (the "Proven and Probable Reserves") for the consolidated Moa Joint Venture (100% basis) as of December 31, 2022. (1)

				Contained metal	
Reserve classification(2)	**Tonnage** (millions of tonnes)	**Ni** (%)	**Co** (%)	**Ni** (000 t)	**Co** (000 t)
Proven	82.4	1.02	0.13	840.7	130.6
Probable	33.6	0.98	0.12	329.5	39.0
Total Proven and Probable Reserves	**116.0**(3)	**1.01**	**0.12**	**1170.2**	**142.5**

Notes:
(1) Proven and Probable Reserve estimate, as at December 31, 2021, was 48.5 million tonnes.
(2) Cut-off grades vary. All assumptions, parameters, and methods used to estimate the mineral resources and reserves are disclosed in the 2023 Moa JV Technical Report.
(3) Depletion date used for reporting these Mineral Reserves is 31st December 2022.

This year, the estimated tonnage for the Proven and Probable Reserves has increased significantly due to the adoption of an economic cut-off, rather than a fixed cut-off. Historically, Sherritt has reported Moa Nickel's Mineral Reserves using a fixed cut-off that conforms to the approach used by Cuba's ONRM, which defines the limonite zone as the layer of ore where nickel concentration exceeds 1% and iron concentration exceeds 35%. In recent years, Sherritt has utilized the economic cut-off for reporting resources only. The economic cut-off takes into account the revenue generated by both nickel and cobalt, as well as the costs incurred as a result of deleterious elements, principally magnesium and aluminum. A team made up of members from both Sherritt and Moa Nickel worked closely with the ONRM in 2022 to align resource estimates using the new methodology. A program is underway to evaluate the full implementation of an economic cut-off grade methodology in mine planning. The program consists of metallurgical test work, engineering study and updates to the mine planning process and current practices. The 2023 Moa JV Technical Report defines the economic calculations and feed blending criteria which have been developed to guide ore selection and optimize ore processing. These calculations and criteria will be further optimized following a continuous test work program planned in 2023. Detailed mine plans are being reviewed and updated to implement the new methodology in practice.

Measured and indicated resources ("Measured and Indicated Resources") account for environmental encumbrances by excluding them from the resource base.

The following table provides a summary of the Mineral Resources that are inclusive of Mineral Reserves for the consolidated Moa Joint Venture (100% basis) as of December 31, 2022.

Moa Joint Venture Mineral Resources inclusive of Mineral Reserves

Resources classification(1)	**Tonnage** (millions of tonnes)	**Ni** (%)	**Co** (%)	**Ni** (000 t)	**Co** (000 t)
Measured	96.7	1.05	0.13	1,010.9	123.7
Indicated	58.2	1.06	0.11	615.9	62.3
Total Measured and Indicated Resources	**154.9**(2)	**1.05**	**0.12**	**1,626.9**	**186.0**
Inferred	42.1	0.99	0.12	417.6	49.0

Notes:
(1) All assumptions, parameters, and methods used to estimate the mineral resources and reserves are disclosed in the 2023 Moa JV Technical Report.
(2) Depletion date used for reporting these Mineral Reserves is 31st December 2022.
(3) Totals may not sum exactly due to each component number being rounded to its nearest decimal.

Due to the uncertainty which may be attached to the inferred mineral resources ("Inferred Resources") it cannot be assumed that all or any part of an Inferred Resource will be upgraded to an Indicated or Measured Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability.

The current Mineral Reserves provide very strong assurances of adequate plant feed for years to come. Cost control is well managed by virtue of Sherritt's and GNC's management of the Moa Joint Venture. At current world prices for nickel and cobalt, the nickel equivalent cut-off being used to define the limonite zone for mining purposes yields a head grade of nickel plus cobalt that is above the economic breakeven cut-off where revenue meets operating, processing and general and administrative costs.

For further detail regarding the extent to which the estimates of Mineral Resources and Reserves may be materially affected, please see "Risk factors–Uncertainty of resources and reserve estimates".

2. POWER

CUBA

The Corporation holds a one-third interest in Energas, a Cuban joint venture established to operate facilities for the processing of raw natural gas and the generation of electricity for sale and delivery to the Cuban national electrical grid system. The remaining two-thirds interest in Energas is held equally by two Cuban agencies, CUPET and UNE.

The Corporation has financed, constructed and commissioned each of the four integrated gas treatment and three power generation facilities as well as all expansions to the facilities which are located near the Varadero, Boca de Jaruco, and Puerto Escondido oil fields located in Cuba. As at December 31, 2022, these facilities had a total capacity of 506 MW.

The Energas joint venture is authorized as an international economic association pursuant to foreign investment laws in Cuba to engage in the generation of electricity for sale to the Cuban electrical grid. Resolutions confirming the authorization and validity of the establishment of Energas and its capacity to construct and operate electrical power generation plants and to sell electricity to Cuban agencies have been issued by the Executive Committee of the Council of Ministers. Energas is registered with the Chamber of Commerce of Cuba and has obtained a customs registration number that allows it to import supplies and materials to the country during the construction phase or expansion of any project and has also registered with the Office of National Tax Administration. The Cuban government also requires that Energas obtain environmental licenses relating to the commissioning and operation of the plant sites operated by Energas and a permit to operate bank accounts for each currency in which Energas does business in Cuba.

Association agreement

The establishment and operation of Energas is governed by an association agreement entered into among Sherritt, CUPET and UNE, the joint venture partners of Energas ("Association Agreement"). The terms of the Association Agreement specify the obligations of each of the joint venture partners. The Corporation provides financing for the capital costs associated with the procurement, construction and commissioning of each power generation project that is approved by the shareholders of Energas and authorized by the Executive Committee of the Council of Ministers. CUPET, as part of their obligations under the Association Agreement, supplies gas as feedstock for the facilities at no cost to Energas, and UNE purchases the electricity produced by Energas under long-term fixed-price contracts.

Under the terms of the Association Agreement, all management decisions concerning Energas require the unanimous agreement of the joint venture partners. Day-to-day operations of Energas are the responsibility of the General Manager of Energas, who is appointed by Sherritt, until such time as it has recovered all its financing costs, and thereafter by mutual agreement of the joint venture partners.

On December 15, 2016, the Executive Committee of the Council of Ministers of the Republic of Cuba issued a Resolution extending the operating term of the Energas Varadero power generation facilities, and the related land rights until March 30, 2023. On October 12, 2022, Cuba's Executive Council approved the twenty-year extension of Energas' Joint Venture to March 2043, which was set to expire in March 2023.

The following table provides information in respect of each phase of development of the power generation facilities operated by Energas.

Phase	Location	Start date	End of term	Capacity (MW)	Economic unit	Description
1	Varadero	1998	2043	65	Base	2 gas turbines, gas processing facility
2	Varadero	1998	2043	33	Base	1 gas turbine, gas processing facility
3	Varadero	2003	2043	75	Base	Combined cycle facility with supplementary firing
4	Boca de Jaruco	1999	2043	33	Base	1 gas turbine, gas processing facility
6	Puerto Escondido	2006	2043	20	Expansion	1 gas turbine, gas processing facility
6	Boca de Jaruco	2006	2043	65	Expansion	2 gas turbines, pipeline
7	Boca de Jaruco	2007	2043	65	Expansion	2 gas turbines
8	Boca de Jaruco	2014	2043	150	Expansion	Combined cycle facility with supplementary firing
Total capacity				**506**		

Pursuant to the terms of the Association Agreement, the operations of Energas have been divided into two economic units. The first economic unit ("Base") comprises phases 1 through 4 noted above and the second economic unit ("Expansion") comprises Phases 6 through 8 noted above.

The profits from each of the Base and Expansion economic units are paid out in the following order of priority: first, to the Corporation in repayment of financing costs for the construction of the facilities; second, to the government of Cuba for land rights granted in connection with the power plant sites; and finally, subject to mutual agreement, to the Energas shareholders in the form of dividends. In the event there is a shortage in the supply of natural gas that results in the curtailment of operations at the Expansion facilities, the joint venture partners of Energas have agreed to contribute their respective dividends from the Base facilities, to the extent required, to ensure that the Corporation recovers its financing costs pertaining to the Expansion facilities.

During 2005, Energas completed the repayment of financing in respect of the construction of the Base facilities. Subsequently, payment was made to the government of Cuba for the land rights to these facilities. As a result, the profits from the Base facilities are distributed to the joint venture partners of Energas in the form of dividends. Regular dividend payments commenced during 2006 and profits from the Base facilities are subject to a Cuban profit tax.

As for the Expansion economic unit, the profits from the Expansion facilities are used for repayment to the Corporation for all financing costs for the construction of the facilities and an agreed annual amount is paid to the government of Cuba for land rights during the term of the Association Agreement.

The Corporation believes that, to the extent its share of dividends from Energas are reinvested in construction of the Expansion facilities, the Corporation is entitled to receive reinvestment credits. Such credits are payable in cash directly to the Corporation funded by income taxes paid by Energas to the extent of the Corporation's one-third interest. The Cuban tax authority has indicated they will make payments to Sherritt in accordance with the Cuban tax authority's interpretation of the amount entitled, however during 2022, no payments were received.

Energas and UNE have entered into an agreement providing for the purchase by UNE of all of the electric power generated by Energas from the Base facilities up to a maximum of 1,680 gigawatt hours per year. The purchase obligation commenced in October 1998, when the first phase of the Varadero facility commenced commercial production, and will continue as long as the Association Agreement is in effect. The electricity tariff was US$0.045/kWh prior to completion of the repayment of financing and payment of land rights. The tariff is now US$0.038/kWh. A second agreement provides for the purchase by UNE of all of the electricity generated from the Expansion facilities up to a maximum of 1,180 gigawatt hours per year. Under this second agreement, the electricity tariff is set at US$0.045/kWh during the period prior to repayment of financing for the Expansion facilities and payment of land rights. Subsequently, the tariff will be US$0.038/kWh.

In addition to the agreements with UNE, Energas has entered into agreements with other agencies of the government of Cuba, on the basis of international reference prices, for the purchase and sale of sulphur, LPG and natural gas condensates which are recovered from the processing of raw gas.

During 2022, the Corporation's Power division had a profit from operations of $8.7 million on revenue of $37.1 million compared to a loss from operations of $0.6 million in 2021 on revenue of $28.3 million. Total spending on capital(1) during 2022 in respect of power operations were $5.1 million and were primarily driven by maintenance activities much of which was deferred from the prior year.

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

Locations

Energas does not own the surface land rights for its power facilities in Cuba, but has entered into leases with the Cuban State for the duration of the term of the joint venture.

Varadero

The Varadero facility is located approximately 140 kilometres east of Havana, Cuba. The facility consists of two integrated raw gas processing plants, three gas turbines and associated electric generators, a heat exchange system for generating high-pressure steam, and a steam turbine and associated electric generator. In addition, the Varadero site includes an electrical substation and transformers to facilitate connection of the facility to the Cuban national grid system and an integrated maintenance facility. The aggregate net power capacity of this facility is approximately 173 MW. Sherritt's share of 2022 electricity sales was 138,126 MWh. In 2021, Sherritt's share of electricity sales was 109,454 MWh.

The two integrated gas plants at the Varadero site have a combined rated capacity of approximately 50 MMcfpd of raw gas inlet, which would yield approximately 43 MMcfpd of sweet gas, 60 Tpd of sulphur, 438 bopd of LPG, and 226 bopd of condensate.

Boca de Jaruco and Puerto Escondido

The Boca de Jaruco facilities, located approximately 50 kilometres east of Havana, Cuba, consist of a raw gas processing plant and five gas turbines and associated electric generators, a heat exchange system for generating high pressure steam and a steam turbine and associated electric generator. The aggregate net power capacity of this facility is approximately 313 MW. The gas plant has a rated capacity of approximately 12 MMcfpd of raw gas inlet, which would yield approximately 10 MMcfpd of processed natural gas and 58 bopd of condensate. The Boca de Jaruco site also includes an electrical substation and transformers to facilitate connection to the Cuban national grid system and an integrated administrative and maintenance facility.

The Puerto Escondido facilities, located approximately 75 kilometres east of Havana, Cuba consist of two integrated raw gas processing plants and a gas turbine and associated electrical generator with a net power capacity of 20 MW. The gas plant has a rated capacity of 70 MMcfpd of raw gas inlet, yielding approximately 61.5 MMcfpd of processed natural gas, 400 bopd of condensate and 475 bopd of LPG. The Puerto Escondido site also includes an electrical substation and transformers to facilitate connection to the Cuban national grid system.

In 2022, Sherritt's share of electricity sales at the Boca de Jaruco and Puerto Escondido sites was 430,136 MWh. In 2021, Sherritt's share of electricity sales was 340,464 MWh. The increase in sales was largely due to higher equipment availability in 2022 as a result of the completion of maintenance activities in the prior year and additional gas supply.

Under the terms of the Association Agreement, Energas has assumed responsibility for the processing of all the gas produced in the regional vicinity of the Yumuri, Puerto Escondido and Seboruco oil fields, including the portion of gas used by CUPET for the supply of domestic fuel to Havana for which CUPET pays a tariff to Energas.

Cuban payment arrangements

In 2019, Sherritt's Cuban partners ratified a new overdue receivables agreement, the Moa Swap, under which Sherritt will receive Cuban energy payments from Energas. The Moa Swap recognized and acknowledged 100% of the amounts owed at this time to Sherritt.

In Q4 2022, Sherritt and its Cuban partners finalized a five year extension to the Moa Swap where Sherritt expects to continue to receive approximately US$4.2 million per month to facilitate foreign currency payments for the Energas operations and dividend repatriations to Sherritt. During 2022, Sherritt received a total of US$41.4 million under this agreement, plus an additional US$2.6 million on other liquidity payments. The total of US$41.4 million was primarily used to facilitate foreign currency payments for the Energas operations and capital.

In October 2022, Sherritt signed agreements with its Cuban partners to settle its total outstanding Cuban receivables over five years, beginning January 1, 2023. Under the agreements, the Moa Joint Venture will prioritize payment of dividends in the form of finished cobalt to each partner, up to an annual maximum volume of cobalt, with any additional dividends in a given year to be distributed in cash. All of the Cuban partner's share of these cobalt dividends, and potentially additional cash dividends, will be redirected to Sherritt as payment to settle the receivables until an annual dollar limit, including the collection of any prior year shortfalls, has been reached. On January 1, 2023, the outstanding receivable amounts owing to Sherritt from Energas and CUPET – $368.0 million – was assumed by GNC, who in turn entered into payment agreements of an equivalent amount, denominated in local Cuban currency with Energas and CUPET. This amount includes the Energas CSA receivable of $336.3 million and trade accounts receivable from CUPET of $31.7 million (collectively, Energas/CUPET liabilities). As a result of the exchange, Sherritt will no longer have the responsibility for collection on the amounts solely from Energas and CUPET. Energas and CUPET will remain liable for payment of the Energas/CUPET liabilities, as applicable, only to the extent not satisfied by GNC. On distribution of any redirected amounts from GNC in cobalt or cash to Sherritt, GNC will receive an equivalent payment from Energas or CUPET denominated in Cuban pesos.

Gas Supply from CUPET

Under the terms of the Association Agreement, CUPET is obligated to supply, at no cost to Energas, gas that is owned by CUPET and is produced in association with crude oil from oil fields in the regional vicinity of the Varadero, Boca de Jaruco, Yumuri and Puerto Escondido plant sites (the "Oilfields") up to maximum plant capacity. CUPET's obligation to supply such gas is subject to its pre-existing obligation to supply clean, processed gas from the Puerto Escondido, Yumuri and Canasí fields for domestic fuel to Havana. Energas does not own the gas reserves in the Oilfields, nor does it control the rate or manner in which such gas reserves are produced. Sherritt continues to work with its Cuban partners to access additional gas for the Boca facility from two new gas wells being drilled in Puerto Escondido that are scheduled to begin production in Q4 2023.Continuing shortages in gas supply occurred throughout 2022 at the Varadero plant site (see "Risk factors–Uncertainty of gas supply to Energas").

3. TECHNOLOGIES

Sherritt's Technologies business is an incubator of industry solutions that can be commercialized externally to improve operational performance and product quality, reduce carbon emissions, improve profitability and unlock mineral resources through new or innovative processing solutions, or applied internally to support growth initiatives, including de-bottlenecking production, evaluating brownfield expansion opportunities and increasing mineral reserves. Sherritt Technologies' efforts build on its considerable depth of project and operational experience, and its scientific expertise developed over the years; particularly in hydrometallurgy and lateritic ore processing, representing a key differentiator for Sherritt.

Technologies is comprised of project managers, research scientists, engineers, technologists and support staff focused on the development and commercial application of hydrometallurgical technologies and the use of high pressure autoclaves in other applications. The group also aids in identifying opportunities for the Corporation as a result of its international activities, research and development initiatives. Sherritt is well-known for its in-depth expertise in high temperature, high pressure hydrometallurgy, in particular in leaching (gold, copper, nickel, cobalt, zinc, platinum group metals and uranium) and hydrogen reduction (nickel and cobalt). More than 40 commercial plants worldwide have adopted Sherritt's hydrometallurgical processes for the treatment of a wide range of ores, concentrates, mattes and other feed materials for the recovery of non-ferrous and precious metals. Hydrometallurgical and high pressure autoclave processes are developed, tested and demonstrated extensively at Technologies' laboratory and pilot plant facilities.

The primary activities of Sherritt Technologies in 2022 centered on supporting the Moa JV's expansion strategy. These activities included establishing an updated life of mine plan based on an ECOG for determining reserves to optimize mine planning and upgrade resources into reserves, and supporting on-going process plant capacity testing and debottlenecking work initiatives at both Moa and the Fort Site locations.

Sherritt Technologies also continued to advance development and commercialization of its most promising and innovative proprietary technologies: "Chimera"/"D-POX" and its other processing options for treatment of complex concentrates – focused on high recoveries of base and precious metals from high arsenic content feeds while providing a significant step change in the stabilization of arsenic bearing solid waste; and Dense slurry hydroprocessing ("DSH") – focused on processing of bio-oils into second-generation renewable fuels and upgrading of refinery vacuum residue to create value-added products. Sherritt Technologies also continued its work on development of a Next-Generation Laterite ("NGL") processing technology.

"Chimera"/"D-Pox"

A suite of processes for the treatment of complex copper and precious metals concentrates (or other high arsenic content feeds) that enable high recoveries of base and precious metals while providing a significant step change in the stabilization of arsenic bearing solid waste. Arsenic is a poisonous element requiring significant mitigation and management costs rendering certain projects uneconomical. The processes also enable the locking up of other contaminants such as antimony and bismuth.

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

During 2022, Technologies continued discussions with potential interested parties within the copper and precious metals industries and advanced proposals for potential batch testing and piloting programs on existing concentrate feeds and specific development project opportunities. Technologies also entered into an agreement with Open Mineral AG to jointly develop a business case during 2023 for the hydrometallurgical treatment of complex precious metal concentrates.

"DSH"

Dense slurry hydroprocessing – a metallurgical reactor technology being applied to the processing of bio-oils into second generation renewable fuels, upgrading of refinery vacuum residue to create value add products and upgrading heavy oils and bitumen. The technology makes use of high concentrations of a cost effective, engineered catalyst that is recovered for re-use. The DSH flow sheet is simpler and is estimated to have a lower capital intensity than other hydroconversion processes currently used. The simplicity of the flow sheet can be attributed to the ability to treat the entire stream in a single vessel, thus lowering overall capital costs by eliminating requirements for additional front-end and back-end treatment. Utilizing the DSH reactor platform for bio-oils would overcome many of the challenges associated with commonly utilized fixed bed designs. Sherritt's process provides a number of environmental and business benefits, including elimination of coke from residue conversion processing, a reduced capital footprint in comparison to currently available process technology and low carbon emissions.

During 2022, Technologies completed batch testing that demonstrated the potential to produce a renewable diesel product from bio-oils and the ability for significant conversion of refinery vacuum residues into higher value products. Technologies also advanced front-end engineering work on different scale facilities to satisfy the technical assessment requirements of potential

"NGL"

Next-generation laterite (NGL) processing – a novel processing flowsheet with the potential to make processing of lateritic ores more economically viable and sustainable while enabling the supply of nickel and cobalt products from lateritic ores to the battery sector. The value levers that drive this initiative include improving the purity of nickel, reducing environmental impacts such as water, greenhouse gas emissions and a reduction in tailings, extending the life of existing assets, increasing the recovery of high-value metals, and reducing operating costs and capital requirements.

During 2022, Technologies completed unit operation pilot testing that demonstrated the ability for selective leaching of nickel and cobalt from both saprolite and limonite ores and the ability for high metal extraction rates into a final mixed hydroxide product. Technologies commenced discussions with specific external parties on the potential to jointly develop this technology and looks to conduct batch testing on specific projects in 2023.

4. OIL AND GAS

The Corporation explores for oil and gas fields in Cuba. Cuban oil production ceased on March 20, 2021 with the expiry of the Puerto Escondido/Yumuri Production Sharing Contract. In addition, the Casablanca field in Spain and associated fields reached end of life and ceased production on June 15, 2021. As of this date, Sherritt does not have any oil nor gas production. As at December 31, 2022, the Corporation had no wells (producing or non-producing) in Cuba. In Spain, as at that same date, the Corporation had no producing wells, while it had 18 non-producing gross wells and 3.1 non-producing net-wells of light and medium oil. There were no exploratory or development wells drilled in the financial year ending December 31,2022.

On March 17, 2021, the Corporation entered into an agreement with a third party to provide equipment and services to drill two exploration wells in Cuba. During 2022, the majority of revenue recorded was related to this contract.

In 2022, the Corporation's Oil and Gas operations generated revenues of $16.2 million compared with $15.6 million during 2021, resulting in a loss from operations of $15.0 million during 2022, compared to a loss from operations of $11.6 million during 2021. The Corporation invested $1.3 million in Oil and Gas capital projects during 2022 and $1.0 million during 2021, all of which were funded by cash flows generated by the Corporation's Oil and Gas operations.

While the Corporation continues to fund its Oil and Gas operations through internally-generated cash flows, it is continuing to seek strategic partnerships in connection with funding future exploration and development costs for new and existing projects or to otherwise extract value from our interests and expertise in oil and gas in Cuba.

OPERATIONS IN CUBA

Within Cuba, the Corporation holds and operates exploration PSCs with CUPET, the Cuban state oil company. As Operator under the terms of the PSCs, SICOG Oil and Gas Limited ("SICOG") enters into long-term leasehold arrangements with the Cuban state for the use of all land required for petroleum operations for the duration of the term of the PSCs. The Corporation indirectly holds 100% working-interests in two exploration PSCs in Cuba, as described in the following table, covering a total of approximately 168,600 net ha:

Block	Location	Current Status
Block 10	Fold and thrust region – north coast of Cuba	Exploration Phase
Block 6A	Fold and thrust region – north coast of Cuba	Exploration Phase
Block 8A	Faulted region – central Cuba	Exploration Phase

The term of the Puerto Escondido/Yumuri PSC expired on March 19, 2021. The Corporation no longer has any rights or obligations in respect of crude oil production from those properties as of that date.

SICOG also provides drilling services to third parties.

Properties with No Attributed Reserves

During 2014 the Corporation was awarded two new PSCs, with effective dates of January 9, 2015, covering Blocks 8A and 10 in Cuba. Sherritt is currently reviewing its options with respect to Block 10, including seeking an earn-in partner. Sherritt does not intend to make further investments in Block 10 at this time without first securing an earn-in partner. In December 2022 the joint CUPET-Sherritt Administrative Committee agreed to extend the Exploration Period by an additional 3 years to January, 2026. The application has been submitted to the appropriate Ministries and is awaiting approval.

On January 9, 2015, the Corporation was awarded a new PSC, Block 8A, in the west central part of Cuba to the immediate southeast of Havana. It is currently in its first exploration subperiod with work commitments including 100km of 2D seismic. In January 2020, an extension to the first subperiod was granted with an expiry of January 2021 and a contract term to 27 years. In December 2020, an additional extension to the first subperiod was granted with an expiry of January 2023 and a contract term to 29 years. The Corporation no longer plans to explore this area.

On November 1, 2017, the Corporation was awarded a new PSC, Block 6A, on the north coast of Cuba, west of Havana. The commitments during the first sub period consist of the collection of existing geological and geophysical information and the reprocessing and interpretation of approximately 267 kilometers of 2D seismic. In January 2020, an extension to the first subperiod was granted with an expiry of January 2021 and a contract term to 26 years. In December 2020, an additional extension to the first subperiod was granted to November 2022 and a contract term to 28 years. In December 2022 the joint CUPET-Sherritt Administrative Committee agreed to extend the first sub period an additional 3 years to November, 2025.

Application has been submitted to the appropriate Ministries and is awaiting approval.

Sales to Cuba

Historically, all profit oil and cost-recovery oil allocated to SICOG under the PSCs has been sold to agencies of the government of Cuba at the first point of sale. The selling prices for the Corporation’s share of production were based on a percentage of the USGC HSFO reference price. The USGC HSFO reference price reflects consumption and supply of heavier oil products (such as heating oil, fuel oil and transportation fuels) in the U.S. Gulf Coast region and global consumption and supply of crude oil. The selling contracts were typically made for one-year terms and re-negotiated on an annual basis. With the absence of a commercial PSC in 2022, no Cuban oil sales were recorded during the year.

2021 was the last year in which there were sales made by the Corporation to agencies of the government of Cuba.

Cuban payment arrangements

During 2022, SICOG received US$4.1 million from the applicable Cuban government agency for oil payments, resulting in an overdue balance at December 31, 2022 of US$23.2 million which is to be recovered by way of the Cobalt Swap. As at December 31, 2021, the overdue amount was US$27.3 million. Please see “Three Year History - 2022 Cobalt Swap Agreement” for additional information.

OTHER INTERNATIONAL OPERATIONS

Spain

The Corporation holds a 14.5% working-interest in the Casablanca oil field and a 15.6% working-interest in the Rodaballo oil field, a 29% working-interest in the Boquerón oil field, and an 18.4% working-interest in the Barracuda oil field, all located in the Gulf of Valencia, offshore Spain. These fields ceased production on June 15, 2021. The Casablanca platform and associated fields are currently undergoing platform preparation and permitting that will be followed by the plug and abandonment of the wells and the ultimate dismantling of production facilities.

5. ENVIRONMENT, HEALTH AND SAFETY AND SUSTAINABILITY

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") CONSIDERATIONS

Sherritt is committed to incorporating ESG best practices into its environmental, health, safety, sustainability and governance processes. A crucial element of Sherritt's sustainability strategy is strong governance. Sherritt has an independent chairperson, and all board members, other than the President and CEO are independent.

Sherritt's Board of Directors (the "Board") has overall responsibility for oversight of the company's ESG and corporate social responsibility initiatives and four sub-committees to support the Board of Directors with respect to ESG matters: the Audit Committee, the Human Resources Committee, the Nominating and Corporate Governance Committee and the Reserves, Operations & Capital Committee. Various policies lay out the principles and commitments that guide employee and corporate behaviour in the workplace.

The Reserves, Operations & Capital Committee's (the "ROC Committee") mandate includes the oversight, monitoring and reviewing of Sherritt's sustainability policies, management systems, programs and performance. The ROC Committee assists Sherritt's Board of Directors in its oversight of EHS&S issues by providing corporate direction to, and monitoring and reviewing of, environment, health and safety, security, stakeholder relations, tailings facility performance, and other sustainability management systems, policies, programs and targets. The ROC Committee oversees the management of the Corporation in approving the Corporation's general strategy and direction with respect to ESG matters, including the identification, assessment and prioritization of material and strategically significant ESG matters. The Audit Committee mandate includes ensuring the integrity and accuracy of the Corporation's financial and ESG reporting and disclosure controls and procedures. The Committee reviews the Corporation's processes for the disclosure of sustainability performance data and information to external stakeholders and the public, and the adequacy of the Corporation's transparency on its performance in this area. It reviews, monitors, and reports to the Board on the findings of any significant examination or audit by external auditors concerning ESG matters. It ensures that management adequately identifies, manages, monitors and discloses the principal ESG risks that could impact the Corporation's financial results and reporting. These committees meet at least four times per year and receive information from management on a quarterly basis, and more often when required. The ROC Committee visits the operating sites at least annually (physically, or when not so permitted, virtually), the committee chairs report to the Board on significant issues. A copy of the mandate all Board Committees can be found on the Corporation's website.

Environment, Health, Safety and Sustainability ("EHS&S") oversight is also included within the respective boards and executive mandates of the joint ventures that Sherritt is involved in. Experienced Sherritt executives serve on the respective JV Board and committees.

Management accountability for oversight of the Sustainability Framework at Sherritt is currently the responsibility of the Chief Commercial Officer (CCO). Reporting to the CCO, the Vice-President, Sustainability implements governance and assurance measures, develops strategy and standards, and oversees performance and reporting. The Vice-President, Sustainability, works closely with management teams at all divisions and joint venture operations to ensure that business plans are aligned with the corporate strategic sustainability plans, to assess compliance with local laws and conformance with company standards and to ensure that a continuous improvement approach to EHS&S is in place across the organization. Each of the joint venture operations are led by a senior executive who reports directly to the President and CEO. These individuals are accountable for all operational matters at their respective operating sites, including sustainability.

Throughout 2022, management continued to execute its sustainability strategy, which includes initiatives to improve ESG performance and increasingly align with industry best practices. Bloomberg is one of the rating agencies consistently assessing Sherritt's sustainability disclosures and providing annual ESG scores. Sherritt's Bloomberg ESG score has improved steadily since 2014 and is within the top quartile of small cap mining peers.

Management believes that Sherritt has suitable and effective ESG management systems in place. Management seeks to continually improve the Corporation's ESG initiatives and performance through strategic and operating plans and embed ESG related aspects in strategic and operational decision making. Information on Sherritt's ESG performance is available in Sherritt's 2021 Sustainability Reporting Disclosures. Sherritt's 2022 Sustainability Report is expected to be published in the second quarter of 2023.

The EHS&S functions are managed within a sustainability framework that establishes expectations through policies, standards, and management systems. The sustainability framework was introduced in 2013 and is regularly updated via policy revisions, new standards, and independent assessments that align with industry best practices.

SUSTAINABILITY FRAMEWORK

Sherritt's sustainability framework (the "Framework") provides a focused and practical approach to prioritizing, managing and measuring sustainability performance. The Framework consists of a core commitment to sustainability and a series of issue-specific underpinning targets, which are supported by management systems with standards and guidelines to inform planning, implementation, measurement, reporting and assurance of sustainability efforts across Sherritt. All of the Corporation's divisions are in the process of ensuring they meet the requirements of these standards for sustainability management.

The Framework addresses the sustainability considerations most material to the achievement of the Corporation's goals and future business needs. To develop the Framework, sustainability considerations important to the Corporation's business were identified based on potential risks, corporate policies, stakeholder priorities, and a review of current and emerging sustainability issues within the natural resources sector.

Each issue was analyzed on the basis of the level of expected business impact and degree of stakeholder interest. Generally, the most material sustainability issues are addressed in individual commitments in the Framework shown below. Material topics are reviewed annually to ensure key considerations remain properly identified and captured in the Framework.

In 2022, Sherritt continued to develop and update Sustainability Framework policies and standards with the intention of maintaining best practices and alignment with the industry at large. This process will continue into 2023-2024 as new standards emerge and external expectations evolve.

The Framework is designed to align with international best practice, including the requirements of the Mining Association of Canada's ("MAC") Towards Sustainable Mining ("TSM") program, the International Organization for Standardization ("ISO"), the Voluntary Principles on Security and Human Rights, the Task-Force on Climate-Related Disclosures, the Responsible Minerals Initiative, the Extractive Industries Transparency Initiative, the Incident Command System, and the United Nation's Awareness and Preparedness of Emergencies at the Local Level Programme. Sherritt's approach to sustainability is also informed by the United Nations Sustainable Development Goals, and the Organization of Economic Co-Operation and Development.

Sustainability goals and targets

As an integral part of Sherritt's overall framework, the Corporation has launched a suite of goals to drive environmental, health, safety and sustainability performance. The goals are as follows:

Goal 1 Achieve Level A requirements in TSM protocols across all operations

Goal 2 Strengthen our safety culture, behaviour and performance

Goal 3 Improve environmental management across operations

Goal 4 Create community benefit footprints that support local priorities and the Sustainable Development Goals

Goal 5 Improve diversity & inclusion at all levels throughout the Corporation

Goal 6 Be recognized as a "preferred supplier" of responsibly produced products

Progress against these targets was disclosed in the 2021 Sustainability Report and will continue to be reported on in future years. Sherritt's divisions have established multi-year sustainability and business plans that support the achievement of the sustainability goals. The goals are re-evaluated regularly to ensure they remain focused on material sustainability issues.

Memberships

Sherritt is an active member of the MAC and we are implementing the requirements of MAC's TSM protocols. The TSM protocols are a globally recognized sustainability program that supports mining companies in identifying and mitigating key environmental and social risks. These protocols, along with the ISO standards, inform several of our policies, operating procedures and sustainability priorities. In addition, Sherritt is a member of the Voluntary Principles on Security and Human Rights. These best-practice principles underpin our Human Rights Policy and our approach to security at each of the sites. Sherritt is also a member of the Nickel Institute and Cobalt Institute in order to align with recognized best-practice standards and frameworks. Lastly, Sherritt is an active member, and a member of the Steering Committee, for the Devonshire Initiative, which is a multi-stakeholder forum focused on improving sustainable development outcomes in the mining industry. As described in the Responsible Production and Supply section, Sherritt is also aligning its management systems to meet the requirements of the OECD, the Responsible Minerals Initiative (RMI), the London Metals Exchange (LME), the Nickel Institute and the Cobalt Institute.

Sherritt also reports on implementation of best-practice recommendations issued by several organizations and institutions that provide guidance for managing environmental and social performance including: OECD Due Diligence Guidance for Responsible Supply Chain of Minerals; the Responsible Minerals Initiative; Church of England Investor Mining and Tailings Safety Initiative; and the Task Force on Climate-related Financial Disclosures.

Sustainability reporting

The Corporation prepares several ESG-related public disclosures on an annual basis. In recent years this has included a TCFD-aligned Climate Report, a Church of England-aligned Tailings Management Report, a Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB") aligned Sustainability Report, and a Sustainability Scorecard, which details discrete data disclosures against a broad set of sustainability reporting standards. Additionally, throughout the year the Corporation discloses against the Mining Association of Canada's Towards Sustainable Mining protocol and implementation of the Voluntary Principles on Security and Human Rights to these respective organizations. These disclosures are available on their respective websites. Sherritt's 2021 sustainability disclosures were published in October 2022 and are available on the Corporation's website. 2022 sustainability reporting is expected to be published in the second quarter of 2023.

ENVIRONMENT, HEALTH AND SAFETY

Environmental

In addition to meeting the commitments articulated in Sherritt's Sustainability Framework, the Corporation's operations are also subject to EH&S laws and regulations in various jurisdictions. These laws and regulations set forth operating requirements and conditions in areas such as employee health and safety, operational and closure criteria, air emissions management and monitoring. The consequences of a breach of EH&S laws can be serious and could include the temporary suspension of operations, the imposition of fines, other penalties (including administrative penalties and regulatory prosecution), and government orders, which could potentially have a material adverse effect on operations.

The Corporation's compliance with relevant environmental laws begins with its assessment of environmental impacts before it initiates major new projects or undertakes significant changes to existing operations. Once planning and development have been completed, the Corporation's various operations must remain in compliance with their licences, permits and other commitments. The Corporation is in material compliance with all applicable environmental laws and conventions relating to its current operations.

Moa Nickel's mining operations are subject to three sets of Cuban legislation with respect to environmental requirements: Decree Law 194 monitored by the ONRM, Environmental Law 81 monitored by the Centro de Inspección y Control Ambiental ("CICA"), and the Operating Standard, which was granted by Resolution 192/2018 from the Ministerio Ciencia, Tecnología y Medio Ambiente ("CITMA"). The Operating Standard regulates the conditions and environmental requirements for the performance of the activities of Moa Nickel S.A. and was last renewed in September 2018. The Operating Standard is also monitored by CICA. All permits and licences are current and valid, their conditions and requirements are being met, and all financial obligations are satisfied. Representatives of ONRM and CICA conduct regular inspections to monitor compliance with regulatory requirements.

At the Corporation's Oil, Gas and Power operations, the Cuban regulator conducts ground water and air quality surveys several times per year to monitor compliance with standards under Cuban law.

The Corporation holds an operating approval under the *Alberta Environmental Protection and Enhancement Act* for the refinery in Fort Saskatchewan, which is valid until January 31, 2031, subject to renewals. Environmental management activities in the Fort Saskatchewan area are coordinated with other local companies through the refinery's active involvement with the Northeast Capital Industrial Association ("NCIA"). The NCIA endorses principles which promote sustainable industrial growth and high quality of life, and works with provincial authorities. Anticipated and actual changes to federal and provincial legislation regarding emission, which will require that certain air emissions from the refinery be reduced, which will require capital expenditures on the part of the Corporation. For more information on some of these requirements, see "Greenhouse Gas Emission Frameworks" below.

The Corporation includes provisions in its financial statements for environmental rehabilitation obligations based on estimates of future site restoration costs, estimated remaining lives of properties, environmental laws and regulations, and estimated lives of reserves. The current estimate of the Corporation's share of the total anticipated undiscounted future cost of abandonment and reclamation costs to be incurred over the life of the Corporation's various assets and investments is estimated at approximately $192.9 million (excluding operating expenses). See Note 16 to the Corporation's audited consolidated financial statements as at December 31, 2022. The Moa JV also has $95.7 million (50% basis) of undiscounted environmental rehabilitation obligations, which are non-recourse to the Corporation. The Corporation's reclamation of sites under its ownership is continuous and on-going. The Corporation has received certain indemnifications from its predecessor, Viridian Inc., with respect to any claims for environmental damage relating to the operations at the Fort Site prior to 1994 and with respect to any claims in relation to the Corporation's fertilizer business prior to 1996. The Corporation has assumed Viridian's obligations to GNC in respect of environmental indemnities, but has also received indemnification from Viridian to the same extent, with respect to matters occurring prior to the commencement of operations of the Moa Joint Venture in 1994.

The Corporation and Moa Nickel have been indemnified by GNC with respect to a number of environmental matters. More particularly, damage arising from claims concerning identified or latent conditions relating to the operation of Moa Nickel facilities prior to the formation of the Moa Joint Venture, including health-related claims and required remediation of environmental damage done prior to the formation of the Moa Joint Venture, are subject to indemnification by GNC.

Moa Nickel is obliged to maintain a financial reserve for the purpose of reforestation of the areas that Moa Nickel has mined. Moa Nickel is not responsible for the reforestation of areas mined prior to November 30, 1994.

The Power division's Varadero, Boca de Jaruco and Puerto Escondido plant sites are subject to regulation under Cuban environmental laws. The area in the vicinity of these sites has been used for the development and production of petroleum and natural gas and other industrial activity for many years. Baseline environmental surveys conducted prior to commencement of operations have confirmed the presence of pre-existing ground water contamination at each of the Varadero, Boca de Jaruco and Puerto Escondido plant sites. The Corporation believes that Energas has no liability under Cuban law for any pre-existing contamination at these sites.

The Oil and Gas division has an undiscounted environmental rehabilitation obligation (ERO) of $74.9 million as at December 31, 2022 related to legacy Spanish operations, which is secured by a parent company guarantee of €31.5 million until December 31, 2023.

The voluntary commitments articulated in Sherritt's Framework that relate to environmental management include the implementation of the TSM Climate Change, Tailings Management, and Water Stewardship protocols and the implementation of ISO 140001 environmental management system (EMS) standard.

Tailings

Sherritt's goal is that its joint venture operates and maintains its tailings management facilities in accordance with global standard practices for safety.

The joint venture Moa Nickel site is the Corporation's only site with Tailings Management Facilities ("TMFs"). Tailings at Moa Nickel are currently deposited in on-land ponds with surface water reclaimed for the process. There are several TMFs at the

Moa Nickel site and a geotechnical engineer is employed to provide oversight of design, construction, and operation of the tailings facilities. Independent engineering firms are utilized in the design and monitoring of tailings facilities. The design and operation of existing facilities meets or exceeds all applicable regulatory requirements.

The integrity and operating procedures of the TMFs at the Moa Nickel site are reviewed regularly, both internally and by third-parties. The Independent Tailings Review Board ("ITRB") and Engineer of Record ("EOR"), are responsible for auditing TMF safety and stability and the effectiveness of management systems. Recommendations from these reviews are then analyzed by site management and action plans are developed to address them.

Upstream and centre-line designs have been used throughout the mine life. Stability is monitored as per an operations, maintenance, and surveillance manual.

As part of the LOM optimization planning, Moa Nickel has set out a proposed sequence for the development, operation, and closure of its TMFs, including with respect to the Acid Leach Tailings Facility, the North Extension, phased construction of Area 22 and a long term storage facility thereafter. See Sherritt's 2021 Tailings Management Report.

As a member of the MAC, Sherritt is committed to implementing and achieving the standards contained in the TSM Tailings Management Protocol at its joint venture TMFs. Sherritt recognizes the MAC's guidance documents on tailings management as a benchmark of good management practice. TSM provides an established system for credible performance measurement and reporting, including rigorous standards to help ensure that tailings facilities are being responsibly managed. Sherritt advocates for the adoption of the Global Industry Standard on Tailings Management ("GISTM") through MAC and the incorporation of its requirements into the appropriate TSM protocols. The requirements presented in the GISTM have been mapped to the current Level A requirements for tailings management, water stewardship and community relationships already established in TSM. MAC believes that TSM addresses tailings management governance in a much more detailed and comprehensive manner than the GISTM, providing a more thorough foundation to help ensure good governance and informed decision-making throughout the life cycle. More information is available on the MAC website. Sherritt has disclosed detailed information regarding the TMFs operated by Moa Nickel to align with the Church of England guidelines in its 2021 Sustainability Report and 2021 Tailings Management Report.

Water

Sherritt's operations are taking steps to optimize water management, and we have included increasing the amount of water recycled at our sites in our sustainability goals. Where feasible, process water is recycled or reused within the process itself. Runoff is controlled through diversions and catchments to minimize any release to the environment. At each operating site, baseline studies are conducted, water balances are maintained, risks are assessed and stakeholders are engaged to involve them in the water management planning.

All of the water discharges comply with the appropriate jurisdictional regulatory requirements and are monitored and controlled as necessary to ensure compliance and to protect the receiving environment. The monitoring programs are also designed to help detect any unanticipated problems and manage risk beyond regulatory obligations.

Water management at each of our sites is tailored to specific technical requirements, local climate, water bodies and stakeholder interests – however, all governed by our overarching Water Management Standard. Through implementation of the Water Management Standard, our sites are able to effectively:

- Identify, evaluate and respond to catchment-level water-related risks and opportunities;
- Proactively and transparently manage water quantity and quality to reduce potential environmental and social impacts and realize opportunities, and collaborate with governments, local authorities and other stakeholders.

All of Sherritt's operations are implementing the TSM Water Stewardship Protocol with an aim to achieve Level A by 2024.

Based on high-level risk assessments, it has been determined that none of Sherritt's Joint Venture operations are located in identified high water risk areas.

More information on Sherritt's approach and performance related to water can be found in the 2021 Sustainability Report.

Climate change and greenhouse gas ("GHG") emission frameworks

Sherritt's climate and GHG management approach is informed by four guiding principles:

1. **Mitigate**: Reduce operational GHG emissions and improve resource efficiency
2. **Adapt**: Strengthen ability of operations and host communities to adapt to a changing climate
3. **Innovate**: Develop solution that reduce GHG emissions and improve environmental performance
4. **Enable**: Provide responsibly sourced productions in support of the transition to a low-carbon economy

Sherritt has established interim aspirational targets aligned with the Paris agreement ("Paris Agreement"). Following completion of baseline GHG assessments at each of the sites, and completion of TCFD-aligned climate risk and opportunity assessments, Sherritt expects to refine its targets and provide updates on actions / progress against them in future years' reports. Our interim targets are as follows:

- Achieve net zero GHG emissions by 2050
- Reduce overall GHG emissions intensity from 2019 levels by 10% by 2030
- Obtain 15% of total energy from renewable sources by 2030
- All operations independently verified to have achieved Level A in the Towards Sustainable Mining (TSM) Climate Change Protocol by 2024

For more information on our approach to Climate Risk and Opportunities and a summary of our recent please see our 2021 TCFD-Aligned Climate Report.

Federal

Under the Paris Agreement, the Canadian federal government has proposed to reduce its emissions by 40-45% below 2005 levels by 2030.

In 2016, the Government of Canada, eight provinces (including Alberta) and three territories signed the Pan-Canadian Framework on Clean Growth and Climate Change (the "Climate Change Framework"). The key feature of the Climate Change Framework is a federal benchmark for pricing for carbon pollution. As a backstop, the federal government adopted the *Greenhouse Gas Pollution Pricing Act in 2018* which is in effect in provinces and territories that do not meet the benchmark.

The federal backstop has two parts:

1. a pollution price on fuel, known as the fuel charge; and
2. a pollution price for industry, known as the Output-Based Pricing System ("OBPS")

The federal fuel charge took effect in April 2019 in Ontario, New Brunswick, Manitoba, and Saskatchewan, and began to apply in Alberta on January 1, 2020.

On June 28, 2019, the Government of Canada published the *Output-Based Pricing System Regulation*. The OBPS regulation took effect on January 1, 2019, in Ontario, New Brunswick, Manitoba, and Prince Edward Island, and covers two sectors in Saskatchewan.

In late 2020, the Government of Canada announced that the carbon tax will increase from its current $30 per tonne of greenhouse gas (GHG) emissions to $170 per tonne in 2030–an increase of 467% over 10 years.

The carbon tax was set at $50 per tonne of CO2-equivalent (CO2e) for the 2022 compliance year and rises to $65 per tonne for 2023. The 2016 *Pan-Canadian Framework on Clean Growth and Climate Change* ("PCF") will continue to increase the carbon tax by $15 per tonne per year until the tax reaches $170 per tonne in 2030.

Alberta

The Technology Innovation Emissions Reduction Regulation ("TIER") became effective January 1, 2020. This regulation sets benchmarks based on 2013-15 performance of either the mix of Alberta facilities producing the same product, or the facility emissions intensity for unique producers. TIER includes both direct emissions and indirect ones related to the import of electricity, process heat, or hydrogen using Alberta specific standard intensities. For 2022 the carbon price was set at $50/tonne, rising to $65/tonne in 2023. In December 2022 the Government of Alberta announced its intention to match federal carbon pricing to 2030. It is anticipated that for the next several years, the refinery and the Fort Site will continue to comply with TIER by purchasing credits and will consider emerging GHG emission efficiency options as they are developed. The 2022 GHG emissions by the refinery and the Fort Site will not be available until the second quarter of 2023. In 2021, the GHG emissions by the refinery and the Fort Site were 344 kt CO2e in total or 41 kt CO2e greater than the legislated limit. Accordingly, the refinery and the Fort Site purchased 41 kt of credits.

Other jurisdictions

The Power division has registered a project with the United Nations clean development mechanism which allows GHG emission- reduction projects in developing countries to earn certified emission reduction ("CER") credits, each equivalent to one tonne of CO2. These CERs can be traded and sold, and used to meet certain emission reduction targets. The mechanism is intended to stimulate sustainable development and emission reductions and to provide flexibility in meeting certain emission reduction targets. The Energas Varadero Conversion from Open Cycle to Combined Cycle Project, United Nations Framework Convention on Climate Change Project 0918, achieved a verified GHG reduction of 342,235 metric tonnes CO2 equivalent from January 2007 to June 2008. Verification of a further 638,392 CER credits for the period from July 1, 2008 to December 31, 2010 has been completed. Verification of CER credits for the period from January 1, 2011 to the present has been suspended for the time being as a result of low market prices for CERs. No sales of CERs were recorded in 2022. Given the uncertainty around market prices for CERs, in 2022 Sherritt chose not to renew the Energas Varadero 0918 Project with the United Nations authorities. Considerations of re-registration and advancement of registration of the 150 MW Boca de Jaruco Combined Cycle Project may be reconsidered at a later time.

With greater clarity on emissions regulations, the Corporation can better plan for impacts to operations. The regulation of greenhouse gasses is a topic of global importance and will be in discussion nationally and internationally for the foreseeable future. It remains that the Corporation's Canadian operations involve large facilities, so the setting of emissions targets (whether in the manner described above or otherwise) may well affect them and may have a material adverse effect on the Corporation's business, results of operations and financial performance. In addition to directly emitting GHGs, the Corporation's operations require large quantities of power. Current or future taxes on or regulation of power producers or the production of oil and gas or other fuel products may also add to the Corporation's operating costs. The increased regulation of GHG emissions may also reduce the demand for the Corporation's products.

To monitor the potential impact of, and opportunities arising out of, climate change, the Corporation has conducted a number of assessments and has conducted meetings with politicians and regulators at both the federal and provincial levels and closely monitors the regulatory activities of these governments. The Corporation's facilities have implemented programs for the collection of emissions data as part of an overall environmental monitoring system. Any eventual costs related to emissions targets may be partially offset by credits earned through internal measures and research and development projects. The Corporation has already engaged in one such project utilizing waste exhaust heat to generate power for Energas facilities in Cuba, resulting in a reduction of GHG emissions. The environmental benefits achieved through the reduction of GHG emissions at the Energas operations were recognized by the granting of Kyoto Clean Development Mechanism status for the Phase 3 facilities of Energas pursuant to the provisions of the Kyoto Protocol.

HEALTH & SAFETY

Sherritt is committed to ensuring the health and safety of everyone at our operations. This commitment is embodied in several key mechanisms to prevent fatalities, minimize risks, ensure that leaders are coaching in work areas regularly, address psychological safety and mental health, involve personnel at every level of the operations to improve safety behaviours, and identify continual improvement opportunities.

The Corporation has established enterprise-wide standards aligned with international best practice and are based on the Mining Association of Canada's Towards Sustainable Mining Safety and Health Protocol, ISO 450001 and industry best practice related to fatality prevention. These standards are regularly updated as part of our commitment to continuous improvement, operational excellence and a stronger safety culture.

The Corporation tracks a series of leading indicators designed to increase safe behaviours, improve competency, ensure safe working conditions and strengthen safety culture. These indicators include visible felt leadership interactions, proactive health and safety communications, workplace inspections, and training. The Corporation also has a significant potential incident standard in place, which requires tracking and specific management actions for any workplace incident that, under different circumstances, could have resulted in a fatality.

Assurance on our health and safety programs is conducted through regular executive reviews, peer comparisons, internal audits, and independent assessments. In 2022 we reported a continued reduction in injury rates, with a total recordable incident frequency rate decrease of 48% and a Lost Time Incident Frequency Rate decrease of 75% over three years.

RESPONSIBLE PRODUCTION AND SUPPLY OF MINERALS

Sherritt is committed to producing and supplying minerals that meet industry standards for sustainability and human rights. Sherritt advances that commitment with its joint venture partners, subsidiaries, and their suppliers and customers. Our responsible sourcing strategy encompasses all elements of the mineral supply chain from sourcing to production and the supply of our finished products. Sherritt's Responsible Production and Supply Policy and Human Rights Policy identify our commitments and our Mineral Supplier Code of Conduct which identifies expectations for suppliers and due diligence processes to be followed to ensure risks in our mineral supply chain are identified and mitigated. Sherritt has a management system in place to manage environmental and social risks and to meet or exceed performance targets.

Sherritt's policies and management systems are aligned with the Organisation for Economic Co-operation and Development's ("OECD") Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the industry accepted standard for responsible production and supply. In 2022, the Corporation also achieved compliance with the LME's 'Track B' requirements for responsible sourcing. This was accomplished via completion of an independently audited red flag assessment and release of Sherritt's OECD Step Five Report. A copy of the report is available on the Corporation's website. Additionally, we are actively engaged with the standards of the Mining Association of Canada, the Responsible Minerals Initiative, the LME, the Nickel Institute and the Cobalt Institute to ensure alignment with recognized responsible sourcing initiatives, standards and frameworks. Sherritt advocates for the adoption of all of these guidelines by its partners, subsidiaries and joint venture organizations.

More information on Sherritt's responsible production and supply policies, due diligence management systems, alignment with international standards, and performance can be found in Sherritt's 2021-2022 Responsible Production and Supply Report.

DIVERSITY AND INCLUSION

Sherritt recognizes the inherent value that comes from having a diverse group of employees at all levels of the organization and that historically there has been an underrepresentation of this in the mining industry. We understand that as challenges and demands on the industry continue to evolve, a diverse set of perspectives are required to help us continue to excel in an ever-changing landscape. We also recognize that our stakeholders want to see a version of themselves and our values reflected in our organization.

With the goal of improving diversity at all levels of the company and ensuring a culture of inclusion, Sherritt launched a five-year diversity and inclusion ("D&I") global framework in 2019. The Corporation is making a concerted effort to cultivate and foster an inclusive, diverse, and equitable workplace to ensure all employees have a positive experience and to effectively support recruitment and retention.

Sherritt continues to deliver on the commitments set out in our five-year framework in support of a more inclusive, diverse and respectful workplace. As of December 31, 2022, there were 22% women in the workforce at Sherritt, showing a continued increase since 2019. Additionally, as of December 31, 2022, 50% of the independent members of our Board of Directors were comprised of women, and a third of the independent members self-identify as visible minorities.

The Sherritt Board oversees the D&I strategy. Accountabilities for delivering on the framework rest with the senior leadership team and are executed through the Global D&I Steering Committee and the D&I committees at each location.

The local D&I committees and employee resource groups offered their time, passion and talent to provide many events, communities, and resources at Sherritt's operations and offices.

More information on Sherritt's approach and performance related to diversity and inclusion can be found in the 2021 Sustainability Report.

COMMUNITY INVESTMENT

The Corporation recognizes that a significant part of our role is to help build human and institutional capacity wherever we operate so that local communities can achieve their development goals. Sherritt's Community Investment initiatives focus on projects which support socio-economic development, public health and safety and natural and cultural heritage in communities near operating sites, with a goal to align 100% of our community investment with needs and priorities as identified by the communities themselves.

In 2022, Sherritt invested almost $1.0 million in host communities and countries in Canada and Cuba. Contributions in Canada included donations to national organizations including Make-A-Wish and the Community Based Research Centre that supports people of diverse sexualities and genders. Donations in the Toronto area included the Native Women's Resource Centre, Anduhyaun Inc Emergency Shelter, and the Daily Bread Food Bank. Donations in Alberta included the Edmonton Bent Arrow Traditional Healing Society, TransCanada Trail, the Northern Alberta Institute of Technology to establish grants for women and Indigenous students, and Women Building Futures to support female apprenticing in the trades, the United Way Capital Region, the Edmonton Boyle Street Society to support their overdose response team, Families First Society- Fort Saskatchewan, The Alberta Children's Hospital Foundation, the Calgary Humane Society, Ride to Conquer Cancer, the Alberta Red Cross and the Calgary Prostate Cancer Centre.

In 2022, there were also numerous investments in Cuban communities that aligned with local needs. The company contributed to the second of its multi-year partnership with Cowater to co-fund the electrification of a rural town with renewable energy in the province of Holguin. 2022 also represents the first of Sherritt's three-year partnership with UNICEF on a road traffic injury prevention program. In Moa, Sherritt donated vital personal protection equipment for the Centre for Disaster Risk Reduction Management ("GGRD") and IT equipment to support the cultural child-care project "La Colmenita". In Matanzas, Sherritt donated nine submersible water pumps to communities in need of improved water supply and six air conditioning units to the new Surgical Unit of Cardenas Hospital "Julio A. Villamil". In Santa Cruz del Norte, Sherritt donated eleven freezers and refrigerators to educational and public health centre in addition to donating LED lamps for public lighting in main public areas. Each of these donations in Cuba were identified by the community as priority investments.

6. EMPLOYEES

At December 31, 2022, the Corporation, including its subsidiaries and joint ventures, employed 3310 individuals as set forth in the following table:

Moa Joint Venture and Fort Site(1)	2782
Oil and Gas(2)	106
Power(3)	309
Technologies	53
Corporate	44
Havana office(4)	16
Total	3310

Notes:
(1) Includes Sherritt and GNC employees seconded to the Moa Joint Venture (100% basis)
(2) Includes employees of the entities through which the Corporation carries on its Oil and Gas business.
(3) Includes employees of Energas.
(4) Includes employees in the Havana office supporting Cuban operations.

The table above does not include contractors or service providers.

Sherritt's operations require employees and contractors with a high degree of specialized technical, management and professional skills, such as engineers, trades people and plant and equipment operators. In some geographic areas, the Corporation competes with other local industries for these skilled workers. For example, in its Cuba operations, the Corporation is dependent on the government for the provision of skilled workers.

7. RISK FACTORS

Before making any investment decision, investors should carefully consider all the information contained in this Annual Information Form. An investment in securities of the Corporation is subject to certain risks, including risks related to the business of the Corporation, risks related to mining operations, oil and natural gas, power and other operations and risks related to the Corporation's securities described below and in this Annual Information Form. These risks may not be the only risks faced by the Corporation. Additional risks and uncertainties not presently known by the Corporation or which are presently considered immaterial may also adversely impact the Corporation's business, results of operations, and financial performance.

MARKET CONDITIONS AND LIQUIDITY

Commodity risk

Sherritt's principal businesses include the sale of several commodities. Revenues, earnings and cash flows from the sale of nickel, cobalt, oil, and fertilizers are sensitive to changes in market prices, over which the Corporation has no control. The Corporation's earnings and financial condition depend largely upon the market prices for nickel, cobalt, oil, gas, fertilizer and other commodities, which are volatile. Significant reductions in commodity prices or sustained low commodity prices could have a material adverse effect on the Corporation's business, results of operations and financial performance. The prices for commodities produced by the Corporation can be affected by numerous factors beyond the Corporation's control, including expectations for inflation, speculative activities, relative exchange rates to the U.S. dollar, production activities of mining and oil and gas companies, global and regional supply and demand, supply and market prices for substitute commodities, international trade dynamics and disputes, political and economic conditions, global conflicts and hostilities, and production costs in major producing regions. The prices for these commodities have fluctuated widely in recent years Forecasts of commodity prices can prove to be inaccurate as factors such as supply and demand fundamentals (including the potential growth in the electric vehicle market), speculative market participation by financial entities, and structural and economic changes may not behave as predicted.

Sherritt's current businesses are dependent upon commodity inputs such as natural gas, sulphur, sulphuric acid, electricity, fuel oil, diesel, and materials that are subject to prevailing commodity prices. Costs and earnings from the use of these products are sensitive to changes in market prices over which Sherritt has no control.

Securities market fluctuations and price volatility

The securities markets in Canada and elsewhere can experience significant price and volume volatility which can affect the prices of Sherritt's securities. The prices of Sherritt's securities have been, and may continue to be, affected by this market volatility, as well as varying in response to a number of other events and factors. These factors may include, but are not limited to: the price of products and commodities; realized prices for production, global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; political and macro-economic factors, including global conflicts and hostilities; Sherritt's operating performance; the public's reaction to the Corporation's press releases, other public announcements and the Corporation's filings with the various securities regulatory authorities; and changes in earnings estimates or recommendations by research analysts who trade Sherritt securities or the securities of other companies in the resource sector.

Securities of the Corporation listed on these markets or traded over the counter can experience wide fluctuations which are not necessarily related to the operating performance, underlying asset values or prospects of the Corporation. Such securities can be affected by a number of factors outside the Corporation's control and which affect the price and value of securities more generally, these factors may include, but are not limited to: changes in interest rates, tax policy, international trade dynamics and disputes, political and macro-economic factors, including global conflicts and hostilities, as well as economic growth rates. As such, the Corporation's securities have been, and could continue to be, subject to significant volatility in trading volumes and market prices. There can be no assurance that the market price of the Corporation's securities will accurately reflect the value of the Corporation's underlying assets and future business prospects at any time (including the value of its interests in commodities and their current and forecasted market prices).

Liquidity and access to capital

Sherritt's ability to fund its capital and operating expenses and to meet its financial obligations depends on being able to generate sufficient cash flow from its operations and its ability to obtain additional financing and/or refinance its existing credit facilities and loans on terms that are acceptable to the Corporation. As noted in "Commodity risk" above, Sherritt's earnings and financial condition are highly dependent upon the market prices for nickel, cobalt and other commodities, which are highly volatile in nature. Depending upon commodity prices in particular, Sherritt may find itself unable to access sufficient capital to fund its operations in the manner required for the long-term viability of the business and/or remain in compliance with its debt covenants. There can be no assurance that Sherritt will have sufficient funds to repay its outstanding Second Lien Notes and Junior Notes at maturity, nor can there be any assurance that Sherritt will be able to refinance its Notes or raise funds in the equity capital markets on terms and conditions that would be acceptable. Failure to provide adequate funds to its operations, execute growth strategies, replace depleted reserves or meet or refinance its financial obligations could have a material adverse effect on Sherritt's business, results of operations and financial performance.

Sherritt's current financing includes, among other things, the syndicated facility. The total available draw under the syndicated facility is based on eligible receivables and inventory. If prices for nickel and cobalt decline, this could result in a material reduction in the amount of funding available under the syndicated facility. Certain debt covenants under the syndicated facility are based on ratios involving the Corporation's EBITDA and/or interest expense and other covenants require the maintenance of minimum cash balances. The Corporation's ability to satisfy these covenants could also be negatively affected by decreases in commodity prices. As a result, there can be no assurance that this syndicated facility can be extended or renewed at any time, or otherwise replaced with a different credit facility on similar terms, or that required consent or waivers under the syndicated facility will be provided without concessions on the part of the Corporation or at all.

Agencies of the Cuban government have significant payment obligations to the Corporation in connection with the Corporation's operations in Cuba. Although the risk associated with payment of these obligations may be mitigated by the Cobalt Swap, this exposure to the Cuban government and its potential inability to timely or fully pay such amounts could have a material adverse effect on the Corporation's financial condition and results of operations. Please see "Risks related to Sherritt's operations in Cuba" for additional information. Please see "Restrictions in debt instruments and debt covenant" for more information on Sherritt's loans and borrowings and on the effect of non-compliance with certain debt covenants.

INFECTIOUS DISEASES (COVID-19)

Sherritt's operations are subject to the risk of emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases, including the novel coronavirus diseases (COVID-19) pandemic. We are currently monitoring and regularly assessing the short and medium-term impacts of the COVID-19 virus, including for example supply-chain, mobility, workforce, market and trade flow impacts, as well as the resilience of Canadian, Cuban and other global financial markets to support recovery. Any longer term impacts are also being considered and monitored, as appropriate. However, the impact of this pandemic continues to evolve and its effects on our own operations are uncertain. It is possible that in the future operations may be temporarily shut down or suspended for indeterminate amounts of time, any of which may, individually or in the aggregate, have a material and adverse impact on our business, results of operations and financial performance. The extent to which COVID-19 may impact the Corporation's business and operations will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of and the actions required to contain COVID-19 or remedy its impact.

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

RISKS RELATED TO SHERRITT'S OPERATIONS IN CUBA

The Corporation directly or indirectly holds significant interests in mining, metals processing, exploration for crude oil and the generation of electricity in Cuba. The operations of the Cuban businesses and the ability of the Cuban Government to fulfil payment obligations to the Corporation may be affected by economic and other pressures on Cuba. Risks include, but are not limited to, fluctuations in official or convertible currency exchange rates, access to foreign currency, and high rates of inflation. In addition, in 2021, Cuba experienced increased hardships as a result of the impact of COVID-19 and continued U.S. sanctions, impacting the country's tourism and other industries, hampering the country's foreign currency liquidity and resulting in prolonged border closures, food and medicine shortages, electricity outages and sporadic civil demonstrations. The former U.S. administration increased its sanctions against Cuba and its trading partners and these measures had an adverse impact on Cuba and its economy, as well as its ability to conduct international trade. On January 12, 2021, the former administration designated Cuba as a State Sponsor of Terrorism, and on May 25, 2021 that designation was renewed by the current administration. On May 16, 2022, the current U.S. administration indicated some measures will be relaxed related to expanding communication, travel and commerce between the U.S and Cuba. However, the relaxation of these measures has been modest and does not affect the former U.S administration's designation of Cuba as a State Sponsor of Terrorism. Changes in regulations and political attitudes are beyond the control of Sherritt and may adversely affect its business. Operations may be affected in varying degrees by such factors as Cuban Government regulations with respect to currency conversion, production, project approval and execution, price controls, import and export controls, income taxes or reinvestment credits, expropriation of property, environmental legislation, land use, water use and mine and plant safety. Cuba may also be adversely impacted by risks associated with the imposition by other countries globally of additional economic restrictions or sanctions, or the indirect impact on Cuba of sanctions imposed on other countries (such as Russia and Belarus, for example) that could have a material adverse effect on Cuba or on Sherritt's ability to operate in Cuba.

Operations in Cuba may also be affected by the fact that, as a Caribbean nation, Cuba regularly experiences hurricanes and tropical storms of varying intensities. The risk of damage is dependent upon such factors as intensity, footprint, wind direction and the amount of precipitation associated with the storm and tidal surges. While the Corporation, its joint venture partners and agencies of the Government of Cuba maintain comprehensive disaster plans and the Corporation's Cuban facilities have been constructed to the extent reasonably possible to minimize damage, there can be no guarantee against severe property damage and disruptions to operations.

There is increased demand from downstream customers that electronics, automotive and other manufacturers demonstrate that their product supply chains are ethical and responsible. Such responsible sourcing requirements are affecting the metals sector broadly. Requests for assurance of a responsible cobalt supply chain from the refinery to the mine site are increasingly being received by downstream customers of the Corporation. The Corporation believes that its supply of minerals is ethical and responsible and in order to demonstrate this the Corporation is engaged in activities to implement policies and due diligence systems to independently verify that its mineral supply chain conforms to internationally accepted best practices. While the Corporation is committed to demonstrating a responsible supply of minerals, the Corporation has no control over the purchasing decisions of its customers or the factors on which they are based and there is no guarantee that the Corporation's efforts will mitigate this potential risk. Please see also the risk factor entitled "Risks Related to U.S. Government Policy Towards Cuba".

The Cuban Government has allowed, for more than two decades, foreign entities to repatriate profits out of Cuba. However, there can be no assurance that allowing foreign investment and profit repatriation will continue or that a change in economic conditions will not result in a change in the policies of the Cuban Government or the imposition of more stringent foreign investment or foreign exchange restrictions. Such changes are beyond the control of Sherritt and the effect of any such changes cannot be accurately predicted.

Any sales of Sherritt's oil production in Cuba would be made to an agency of the Government of Cuba, as are all electricity sales made by Energas. The access of the Cuban Government to foreign exchange is severely limited. As a consequence, from time to time, the Cuban agencies have had difficulty in discharging their foreign currency obligations. During such times, Sherritt has worked with these agencies in order to ensure that Sherritt's operations continue to generate positive cash flow to the extent possible. However, there is a risk, beyond the control of Sherritt, that receivables and contractual performance due from Cuban entities will not be paid or performed in a timely manner, or at all. In 2022 Sherritt finalized the Cobalt Swap with its Cuban Partners to recover $368 million of total outstanding receivables. The transaction represents a significant milestone for Sherritt and is expected to provide significant cash flow to deliver on the Corporation's strategic priorities to reduce debt and actively expand its business and allows for reasonable certainty the amount will be paid over the five-year term of the loan as it is independent of Sherritt's Cuban partner's ability to access foreign currency.

Sherritt is entitled to the benefit of certain assurances received from the Government of Cuba and certain agencies of the Government of Cuba that protect it in many circumstances from adverse changes in law, although such changes remain beyond the control of the Corporation and the effect of any such changes cannot be accurately predicted.

RISKS RELATED TO U.S. GOVERNMENT POLICY TOWARDS CUBA

The United States has maintained a general embargo against Cuba since the early 1960s, and the enactment in 1996 of the Cuban Liberty and Democratic Solidarity (Libertad) Act (commonly known as the "Helms-Burton Act") extended the reach of the U.S. embargo.

The U.S. Embargo

In its current form, apart from the Helms-Burton Act, the embargo applies to most transactions directly or indirectly involving Cuba, Cuban enterprises, Cuban-origin goods, and Cuban nationals and it bars all persons "subject to the jurisdiction of the United States" from participating in such transactions unless such persons have general or specific licenses from the U.S. Department of the Treasury ("U.S. Treasury") authorizing their participation in the transactions. Persons "subject to the jurisdiction of the United States" include U.S. citizens, U.S. residents, individuals or enterprises located in the United States, enterprises organized under U.S. laws and enterprises owned or controlled by any of the foregoing. Subsidiaries of U.S. enterprises are subject to the embargo's prohibitions. The embargo also targets dealings directly or indirectly involving entities deemed to be owned or controlled by Cuba and listed as specially designated nationals ("SDNs"). The three entities constituting the Moa Joint Venture in which Sherritt holds an indirect 50% interest have been deemed SDNs by U.S. Treasury. Sherritt, however, is not an SDN. The U.S. embargo generally prohibits persons "subject to the jurisdiction of the United States" from engaging in transactions involving the Cuban-related businesses of the Corporation. Furthermore, generally U.S.-origin technology, U.S.-origin goods, and many goods produced from U.S.-origin components or with U.S.-origin technology cannot under U.S. law be transferred to Cuba or used in the Corporation's operations in Cuba. Additionally, the embargo also prohibits imports into the United States of Cuban-origin goods, of goods located in or transported from or through Cuba, or of foreign goods made or derived, in whole or in part, of Cuban-origin goods, including Cuban nickel. In 1992, Canada issued an order pursuant to the Foreign Extraterritorial Measures Act (Canada) to block the application of the U.S. embargo under Canadian law to Canadian subsidiaries of U.S. enterprises. However, the general embargo limits Sherritt's access to U.S. capital, financing sources, customers, and suppliers.

The Helms-Burton Act

Separately from the general provisions of the embargo summarized above, the Helms-Burton Act authorizes sanctions on U.S. or non-U.S. individuals or entities that "traffic" in Cuban property that was confiscated by the Cuban Government from U.S. nationals or from persons who have become U.S. nationals. The term "traffic" includes various forms of use of Cuban property as well as "profiting from" or "participating in" the trafficking of others.

The Helms-Burton Act authorizes damage lawsuits to be brought in U.S. courts by U.S. claimants against those "trafficking" in the claimants' confiscated property. All Presidents of the United States in office since the enactment of the Helms-Burton Act have suspended the right of claimants for successive six-month periods until the former U.S. administration ceased such suspensions and allowed Title III to come into effect on May 2, 2019. Since that time a number of lawsuits have been filed pursuant to Title III in the United States against companies in the U.S., Canada and elsewhere. The Corporation has received letters in the past from U.S. nationals claiming ownership of certain Cuban properties or rights in which the Corporation has an indirect interest, including in relation to claims certified by the U.S. Foreign Claims Settlement Commission. However, Sherritt has not been subjected to any lawsuits in this regard. In the event that any such lawsuits were to be filed, Sherritt does not believe that its operations would be materially affected because Sherritt's current minimal contacts with the United States would likely deprive any U.S. court of personal jurisdiction over Sherritt. Furthermore, even if personal jurisdiction were exercised, any successful U.S. claimant would currently have to seek enforcement of the U.S. court judgment outside the U.S. in order to reach material Sherritt assets. Management believes it unlikely that a court in Canada or in any country in which Sherritt has material assets would enforce a Helms-Burton Act judgment against it.

The Foreign Extraterritorial Measures Act (Canada) was amended as of January 1, 1997 to provide that any judgment given under the Helms-Burton Act will not be recognized or enforceable in any manner in Canada and certain other countries implemented "blocking statutes" at that time. The amendments to the Canadian statute permit the Attorney General of Canada to declare, by order, that a Canadian corporation may sue for and recover in Canada any loss or damage it may have suffered by reason of the enforcement of a Helms-Burton Act judgment abroad. In such a proceeding, the Canadian court could order the seizure and sale of any property in which the defendant (i.e., a claimant under the Helms-Burton Act) has a direct or indirect beneficial interest, or the property of any person who controls or is a member of a group of persons that controls, in law or in fact, the defendant. The property seized and sold could include shares of any company incorporated under the laws of Canada or a province.

The Government of Canada also responded to the Helms-Burton Act through diplomatic channels. Other countries, such as the members of the European Union and the Organization of American States, have expressed their strong opposition to the Helms- Burton Act as well.

Nevertheless, the threat of potential litigation creates a distraction from constructive business operations and may discourage some potential investors, lenders, suppliers and customers from doing business with Sherritt and there can be no assurance that any litigation against Sherritt pursuant to the Helms-Burton Act would not ultimately be successful or have a material adverse effect on Sherritt's business, results of operations or financial performance.

In addition to authorizing private lawsuits, the Helms-Burton Act also authorizes the U.S. Secretary of State and the U.S. Attorney General to exclude from the United States those aliens who engage in certain "trafficking" activities, as well as those aliens who are corporate officers, principals, or controlling shareholders of "traffickers" or who are spouses, minor children, or agents of such excludable persons. The U.S. Department of State has deemed Sherritt's indirect 50% interest in Moa Nickel S.A. to be a form of "trafficking" under the Helms-Burton Act. In their capacities as officers of the Corporation, certain individuals have been excluded from entry into the U.S. under this provision. Management does not believe the exclusion from entry into the U.S. of such individuals will have any material effect on the conduct of the Corporation's business.

The U.S. Department of State has issued guidelines for the implementation of the immigration provision, which state that it is "not sufficient in itself for a determination" of exclusion that a person "has merely had business dealings with a person" deemed to be "trafficking". Also, the statutory definition of "traffics" relevant to the Helms-Burton Act's immigration provision explicitly excludes "the trading or holding of securities publicly traded or held, unless the trading is with or by a person determined by the Secretary of the Treasury to be a specially designated national".

The embargo has been, and may be, amended from time to time, including the Helms-Burton Act, and therefore the U.S. sanctions applicable to transactions with Cuba may become more or less stringent. The stringency and longevity of the U.S. laws relating to Cuba are likely to continue to be functions of political developments in the United States and Cuba, over which Sherritt has no control. The former U.S. administration increased its sanctions against Cuba and its trading partners and these measures have had an adverse impact on Cuba and its economy, as well as its ability to conduct international trade. There can be no assurance that the current U.S. administration will relax these measures. The pace and extent of any future changes are uncertain and beyond Sherritt's control. There can be no assurance that the general embargo and the Helms-Burton Act will not have a material adverse effect on the Corporation's business, results of operations or financial performance.

POLITICAL, ECONOMIC AND OTHER RISKS OF FOREIGN OPERATIONS

In addition to Cuba, Sherritt has operations and corporate entities located in other jurisdictions. There can be no assurance that assets of companies operating in industries which are deemed of national or strategic importance in the countries in which the Corporation operates or has assets, including energy, mineral and petroleum exploration, development and production, will not be nationalized. Changes in policy that alter laws regulating the mining, oil and gas or energy sectors could have a material adverse effect on the Corporation. There can be no assurance that the Corporation's assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body.

Sherritt is also subject to other political, economic and social risks relating to foreign operations which include, but are not limited to, forced modification or cancellation of existing contracts or permits, currency fluctuations and devaluations, unfavourable tax enforcement, changing political conditions, political unrest, civil strife, uncertainty regarding the interpretation and/or application of applicable laws in foreign jurisdictions, reliance on foreign advisors and consultants, and changes in governmental regulations or policies with respect to, among other things, currency, production, price controls, profit repatriation, export controls, labour, taxation, trade, and environmental, health and safety matters or the personnel administering those regulations or policies. Any of these risks could have a material adverse effect on the Corporation's business, results of operations and financial performance.

ENVIRONMENT, HEALTH AND SAFETY

Legislative risks

The Corporation's worldwide operations are subject to extensive EH&S laws including but not limited to: employee health and safety and environmental management and monitoring. The Corporation's operations are regulated by a variety of federal, provincial legislation and local by-laws and codes. A breach of EH&S laws may result in the temporary suspension of operations, the imposition of fines, other penalties (including administrative penalties and regulatory prosecution) and government orders, which could potentially have a material adverse effect on operations.

EH&S laws require the Corporation to obtain certain operating licenses and impose certain standards and controls on the Corporation's activities, and on the Corporation's distribution and marketing of its products. Compliance with EH&S laws and operating licenses can require significant expenditures, including expenditures for pollution control equipment, cleanup costs and damages arising out of contaminated properties or as a result of other adverse environmental occurrences. There can be no assurance that the costs to ensure future or current compliance with EH&S laws would not materially affect the Corporation's business, results of operations or financial performance.

Sherritt believes that its operations are currently in material compliance with all applicable jurisdictional laws and regulations. Furthermore, the Corporation endeavours to comply with international best practice at all of its operations recognizing however, that any contravening or superseding local laws and regulations take precedence in informing operational practices. Not all applicable laws conform to international best practice and accordingly, there can be no assurance that certain operations will comply with international best practice from time to time, or that international best practice will remain the same.

New or amended EH&S laws may further require the protection and enhancement of the environment, and, as a consequence, mining activities may be even more closely regulated. Such legislation and changes to legislation, as well as future interpretations of laws and increased enforcement, may require substantial increases in mining equipment and operating costs and delays, interruptions or a termination of operations, the extent of which cannot be predicted.

The potential impact of evolving regulations, including on product demand and methods of production and distribution, is not possible to predict. However, the Corporation closely monitors industry developments and evaluates the impact such changes may have on the Corporation's financial condition, product demand and methods of production and distribution. Independently and through involvement in various associations, the Corporation responds to potential changes to EH&S laws by participating, as appropriate, in the public review process, thus ensuring the Corporation's position is understood and considered in the decision-making process. The Corporation seeks to anticipate and prepare for public and regulatory concerns well in advance of such projects. Communication with regulators and the public is considered a key tool in gaining acceptance and approval for new projects.

Risk of injury and environmental damage

The Corporation believes that safe operations are essential for a productive and engaged workforce and sustainable growth. The Corporation is committed to workplace incident prevention and makes expenditures towards the necessary human and financial resources and site-specific systems to ensure compliance with its health and safety policies. Any injuries that may occur are investigated to determine root cause and to establish necessary controls with the goal of preventing recurrence. While the Corporation has implemented extensive health and safety initiatives to ensure the safety of its employees, contractors and surrounding communities, there can be no assurance that such measures will eliminate the occurrence of accidents or other incidents which could result in personal injury or property damage or result in regulatory fines or civil suits.

There are certain risks associated with the failure of the tailings storage facilities or the potential for other environmental degradation as a result of operational activities to occur. These include but are not limited to: environmental impacts, biological and land use impacts, material property and economic loss, serious health and safety impacts, community impacts, regulatory censure, and public concern. The Corporation believes that it is taking every reasonable precaution, including working with its joint venture partner, to prevent potential risks from materializing, however there can be no assurance that such incidents will not occur or that such incidents would not have a material adverse effect on the Corporation's business, results of operations or financial performance.

CLIMATE CHANGE/GREENHOUSE GAS EMISSIONS

The Corporation's operations are subject to various laws regarding greenhouse gas emissions and climate change in the jurisdictions in which it operates. In Alberta, where the Moa Joint Venture's refinery is located, the TIER regulations, which replaced Alberta's Carbon Competitiveness Incentive Regulation on January 1, 2020, apply to facilities that emit 100,000 tonnes CO_2e or more per year. The levy increased to \$65/tCO_2e in 2023. These and similar requirements could significantly increase the cost of the operations either through the investment in pollution reduction equipment or carbon price payments. Alberta has also adopted a carbon levy which applies to the sale, importing, flaring etc. of fuels and committed to phasing-out coal-fired electricity by 2030, which could increase the Corporation's operating costs directly, through the purchase of electricity and indirectly should similar changes impact the Corporation's suppliers and customers in Alberta and elsewhere. In addition, uncertainty around when and how regulations may change or be adopted is not an ideal operating environment.

Over the last few years the frequency and impact of extreme weather events, such as hurricanes and severe storms in Cuba pose increasing operating risks to the Corporation's facilities. The risk of damage is dependent upon such factors as intensity, footprint, wind direction and the amount of precipitation associated with the storm and tidal surges. While the Corporation maintains comprehensive disaster plans and its facilities have been constructed to the extent reasonably possible to minimize damage, there can be no guarantee against severe property damage and disruptions to operations.

Among other sustainability goals, the Corporation has committed to reducing its GHG emissions to net zero by 2050. The Corporation's ability to lower GHG emissions is subject to numerous risks and uncertainties, and may expose the Corporation to certain additional and/or heightened financial and operational risks. A reduction in GHG emissions relies on, among other things, the Corporation's ability to implement technologies and improve energy efficiency at all of its facilities, future development and growth opportunities, development and deployment of new technologies, investment in low-carbon power and transition to low-carbon fuels. In the event that the Corporation is unable to implement these strategies and technologies as planned without negatively impacting expected operations or business plans, or in the event that such strategies or technologies do not perform as expected, we may be unable to meet our GHG targets or goals on current timelines, or at all. In addition, achieving the Corporation's emission reduction targets and goals could require significant capital expenditures and resources, with the potential that the costs required to achieve these targets and goals materially differ from the Corporation's original estimates and expectations, which differences may be material.

Please refer to the section "Greenhouse Gas Emissions Framework" for more information on this topic. More information on the Corporation climate change risks is available in the latest Climate Report available at sherritt.com.

COMMUNITY RELATIONS AND SOCIAL LICENSE TO GROW AND OPERATE

The Corporation's relationship with the communities in which it operates is critical to ensure the future success of its existing operations and any potential further development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain organizations and individuals are vocal critics of the resource industries and their practices. Adverse publicity generated by such organizations or individuals related to extractive industries generally, or to the Corporation's operations specifically, could have an adverse effect on the Corporation's reputation or financial condition and may impact its relationship with the communities in which it operates. While the Corporation is committed to sustainable practices and has implemented certain initiatives with respect thereto, there is no guarantee that the Corporation's efforts will mitigate this potential risk.

ENVIRONMENTAL RISKS AND LIABILITIES

The Corporation is subject to risks related to environmental liability, including liability for reclamation costs and related liabilities, tailings facility failures and toxic gas releases. Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities associated with the effects on the environment resulting from mineral development and production. Environmental regulation and increasing environmental awareness is broadening the scope of environmental stewardship responsibilities. The Corporation may be held responsible for the costs of addressing contamination at, or arising from, current or former activities. The costs associated with such responsibilities and liabilities may be substantial. The payment of such liabilities would reduce funds otherwise available and could have a material adverse effect on the Corporation. Additionally, the Corporation recognizes that material non-compliances would likely impact its social license to operate, the costs of which are indefinable, but may be significant in scope.

As part of the normal course of business, environmental and regulatory authorities may conduct periodic or annual inspections of the Corporation's tailings facility, and as a result of these inspections, the Corporation may be required to modify its tailings management approach, complete additional monitoring work or take remedial actions. Liabilities resulting from non-compliance, damage, regulatory orders or demands, or similar, could adversely and materially affect the Corporation's operations and financial performance.

The Corporation has an obligation under applicable mining, oil and gas and environmental legislation to reclaim certain lands that it disturbs during mining, oil and gas production or other industrial activities. The Corporation is required to provide financial security to certain government authorities or third parties for some of its future reclamation costs. The Corporation may provide this reclamation security by way of bank guarantees, corporate guarantees and irrevocable letters of credit issued under the syndicated credit facility. The Corporation may be unable to obtain adequate financial security or may be required to replace its existing security with more expensive forms of security, including cash deposits, which would reduce cash available for operations. In addition, any increase in costs associated with reclamation and mine closure or termination of oil and gas field operations resulting from changes in the applicable legislation (including any additional bonding requirements) could have a material adverse effect on the Corporation's business, results of operations and financial performance.

In order to adequately prepare for operational changes or closure of its operating sites, Sherritt has estimated environmental rehabilitation provisions that management believes will meet current regulatory requirements. These future provisions are estimated by management using closure plans and other similar plans which outline the requirements that are expected to be carried out to meet the provisions. The provisions are dependent on legislative and regulatory requirements which could change. Given that the estimate of provisions is based on future expectations, a number of assumptions and judgments are made by management in the determination of these provisions which may prove to be incorrect. As a result, estimates may change from time to time and actual payments to settle the provisions may differ from those estimated and such differences may be material.

In 2002 Dynatec acquired Highwood Resources and in 2007 Sherritt International acquired Dynatec and its assets. This purchase included liabilities and reclamation obligations for three closed mine assets that are being administered by Sherritt International Corporation. Reclamation, monitoring, reporting, and contact with regulators is ongoing for each of the sites.

RISKS IN RELATION TO INFORMATION TECHNOLOGIES SYSTEMS AND CYBERSECURITY

The global mining industry has seen a rise in cybersecurity threats and the Corporation may be negatively affected by cybersecurity incidents or other IT systems disruption. The Corporation relies heavily on its information technology systems including, without limitation, its networks, equipment, hardware, software, telecommunications, and other information technology (collectively, "IT systems"), and the IT systems of its vendors and third party service providers, to operate its business as a whole, including mining operations. Although the Corporation has not experienced any material losses to date relating to cybersecurity, or other IT systems disruptions, there can be no assurance that the Corporation will not incur such losses in the future. Despite the Corporation's mitigation efforts including implementing an IT systems security risk management framework, the risk and exposure to these threats cannot be fully mitigated because of, among other things, the evolving nature of cybersecurity threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect IT systems from cybersecurity threats remain a priority. As these threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any cybersecurity vulnerabilities. Any cybersecurity incidents or other IT systems disruption could result in production downtimes, operational delays, destruction or corruption of data, security breaches, financial losses from remedial actions, the theft or other compromising of confidential or otherwise protected information, fines and lawsuits, or damage to the Corporation's reputation. Any such occurrence could have an adverse impact on the Corporation's financial condition and operations.

The Corporation may also be negatively impacted by the rise of disruptive technologies including robotics, automation, and data analytics should it not adapt to these technological advancements in a timely manner.

IDENTIFICATION AND MANAGEMENT OF GROWTH OPPORTUNITIES

In order to manage its current operations and any future growth effectively, Sherritt must examine opportunities to replace and expand its reserves through the exploration of its existing properties and through acquisitions of interests in new properties or of interests in companies which own such properties. The Corporation's growth strategy depends on pursuing a range of expansion opportunities, including without limitation, process technology solutions, the commercialization of certain proprietary technologies and services, development projects, commercial implementation opportunities, life of mine extension opportunities and the conversion of mineral resources to reserves. In addition to the risks noted above, factors that could, alone or in combination, prevent the Corporation from successfully achieving these opportunities may include, without limitation: identifying suitable commercialization and other partners; successfully advancing discussions and successfully concluding applicable agreements with external parties and/or partners; successfully attracting required financing; successfully developing and proving technology required for the potential opportunity; successfully overcoming technical and technological challenges; successful environmental assessment and stakeholder engagement; successfully obtaining intellectual property protection; successfully completing test work and engineering studies, prefeasibility and feasibility studies, piloting, scaling from small scale to large scale production, commissioning, procurement, construction, commissioning, ramp-up to commercial scale production and completion; and securing regulatory and government approvals. There can be no assurance that any opportunity will be successful, commercially viable, or will generate any meaningful revenues, savings or earnings, as the case may be for the Corporation. The Corporation will incur costs in pursuing any particular opportunity, which may be significant.

The development of Sherritt's business may also be in part dependent on management's ability to identify, acquire and develop suitable acquisition opportunities in both new and existing markets. In certain circumstances, acceptable acquisition opportunities might not be available. Sherritt may also not be able to identify suitable partners with whom it could pursue such opportunities. Acquisitions involve a number of risks, which may include, without limitation: (i) the possibility that the Corporation, as a successor owner, may be legally and financially responsible for liabilities of prior owners; (ii) the possibility that the Corporation may pay more than the acquired company or assets are worth; (iii) the additional expenses associated with completing an acquisition and amortizing any acquired intangible assets; (iv) the difficulty of integrating the operations and personnel of an acquired business; (v) the challenge of implementing uniform standards, controls, procedures and policies throughout an acquired business; (vi) the inability to integrate, train, retain and motivate key personnel of an acquired business; and (vii) the potential disruption of the Corporation's ongoing business and the distraction of management from its day-to-day operations.

Additionally, the future viability of the Corporation will also depend on its ability to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. If and when any such growth occurs, there can be no assurance that the Corporation will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Corporation's operations or that the Corporation will be able to achieve the increased levels of revenue commensurate with increased levels of operating expenses associated with this growth, and failure to do so could have a material adverse effect on the Corporation's business, financial condition and results of operations.

DEPLETION OF RESERVES

Subject to any future expansion or other development, production from existing operations at the Corporation's mines and wells will typically decline over the life of the mine or well. As a result, Sherritt's ability to maintain or increase its current production of nickel, cobalt and oil and gas and generate revenues therefrom will depend significantly upon the Corporation's ability to discover or acquire and to successfully bring new mines and wells into production and to expand mineral and oil and gas reserves at existing or new operations. Exploration and development of mineral and oil and gas properties involves significant financial risk. Very few exploratory properties are developed into operating mines or wells. Whether a deposit will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; commodity prices, which are highly cyclical; political and social stability; and government regulation, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of natural resources and supplies and environmental protection. Even if the Corporation identifies and acquires an economically viable deposit, several years may elapse from the initial stages of development. Significant expenses could be incurred to locate and establish reserves, to develop the required extractive processes and to construct mining facilities, drill wells and construct oil and gas processing facilities.

In November 2017 the PSC for Block II (Varadero West) reverted to the Cuban Government. The PSC for the PE-Yumuri Block reverted to the Cuban Government on March 19, 2021.The majority of future oil and gas production will depend on new reserves in Blocks 10 and 6A and/or the ability to obtain and develop additional PSCs. Sherritt cannot provide assurance that its exploration or development efforts will result in any new commercial operations or yield new mineral or oil and gas reserves to replace or increase current reserves.

RESTRICTIONS IN DEBT INSTRUMENTS, DEBT COVENANTS AND MANDATORY REPAYMENTS

Sherritt is a party to certain agreements in connection with the syndicated facility, as well as the trust indenture governing the outstanding Second Lien Notes and the Junior Notes (collectively, the *indentures*). These agreements and loans contain covenants which restrict Sherritt's activities including without limitation, permitted investments, the incurrence of indebtedness, liens, asset sales, payment of distributions and other restricted payments which could have the effect of restricting Sherritt's ability to react to changes in Sherritt's business or to local and global economic conditions. In addition, Sherritt's ability to comply with these covenants and other terms of its indebtedness may be affected by changes in the Corporation's business, local or global economic conditions or other events beyond the Corporation's control. Failure by Sherritt to comply with any of the covenants contained in the indentures, the syndicated facility or any future debt instruments or credit agreements, could materially adversely affect the Corporation's business, results of operations, and financial performance.

RELIANCE ON PARTNERS

The Corporation holds its interest in certain projects and operations through joint ventures or partnerships. A failure by a partner to comply with its obligations under applicable partnership or similar joint venture arrangements, to continue to fund such projects or operations, a breakdown in relations with its partners or the decision of a partner to adopt a competing strategy could have a material adverse effect on the Corporation's business, results of operations and financial performance.

MINING, PROCESSING AND REFINING RISKS

The business of mining, processing and refining involves many risks and hazards, including environmental hazards, industrial accidents, labour-force disruptions, supply problems and delays, unusual or unexpected geological or operating conditions, geology-related failures, change in the regulatory and geopolitical environment, weather conditions, floods, earthquakes and water conditions.

Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, the failure of tailings management facilities and damage to infrastructure, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. As a result, Sherritt may incur significant liabilities and costs that could have a material adverse effect upon its business, results of operations and financial performance. In addition, failure to maintain high levels of safety, health and security could adversely affect the Corporation's operations, financial performance, reputation and social license to operate.

Other risks and uncertainties which could impact the performance of mining projects include factors such as the ore characteristics; adverse impacts from construction or commissioning activities on ongoing operations; and difficulties with commissioning, changing geological conditions and integrating the operations of newly constructed mines and processing facilities.

The Corporation's business is also inherently subject to the risk of disruptive successful technological change in nickel and cobalt processing or otherwise and to market shifts to substitute products.

OPERATING RISKS

Variability in production at Sherritt's operations in Cuba is most likely to arise from the following categories of potential risk: (i) Parts and Equipment–the inherent risk that parts and equipment may fail or fail to perform in accordance with design due to mechanical or engineering issues (given the location and associated logistics, replacement components may not be immediately available);

(ii) Operational Risk–production is directly affected by the performance of core operators and maintenance teams; (iii) Weather and Natural Disasters–risks related to increased frequency of severe weather events, including hurricanes in Cuba, and other natural disasters, including pandemics, that can impede operations before, during and after such events; and (iv) Supply of Critical Commodities–production may be impacted by the availability of critical commodities to operate the facility.

Please see "Risks related to Sherritt's operations in Cuba" and "Climate change/greenhouse gas emissions "for additional information.

SOURCING AND SUPPLY

Sherritt's operations depend on an uninterrupted flow of materials, supplies, equipment, services and finished products. Due to the geographic location of many of Sherritt's properties and operations, this flow is highly dependent on third parties for the provision of rail, port, marine, shipping and other transportation services. Sherritt negotiates prices for the provision of these services in circumstances where it may not have viable alternatives to using specific providers, or have access to regulated rate setting mechanisms. Contractual disputes, demurrage charges, classification of commodity inputs and finished products, rail, marine and port capacity and infrastructure issues, availability of vessels and rail cars, weather problems, labour disruptions or other factors could have a material adverse effect on Sherritt's ability to transport materials according to schedules and contractual commitments and could have a material adverse effect on the Corporation's business, results of operations and financial performance.

The global demand for some of the equipment and related goods used in Sherritt's operations vary and may exceed supply. COVID-19 and global conflicts and hostilities, such as Russia's invasion of Ukraine in February, 2022, and resulting sanctions and restrictions, have had a material adverse impact on the global supply chain. Furthermore, due to increased U.S. sanctions on Cuba the Corporation's ability to obtain certain equipment and supplies, including fuel, in that country may be limited. If equipment or other supplies cannot be procured on a timely or competitive basis, Sherritt's growth activities, production, development or operations could be negatively affected.

In particular, the Corporation's metals process plants rely on access to rail, port and marine shipping for certain raw material inputs and for the export of products and fertilizers. These services are owned and operated by third parties, and in the case of rail and port access and in certain other circumstance, the Corporation may rely on a single supplier with no commercially reasonable alternative.

UNCERTAINTY OF GAS SUPPLY TO ENERGAS

Energas does not own the gas reserves contained in the Oilfields located in the vicinity of the Energas plant sites, nor does it control the rate or manner in which such gas reserves are produced. CUPET reserves the right to produce crude oil from such fields at such rates as the Government of Cuba deems appropriate in the national interest, which may affect the future supply of gas to Energas. Although the Corporation believes that generation of electricity will remain a key priority of the Government of Cuba and that the Oilfields will be operated in a manner which optimizes gas production, gas reserves are being depleted and there can be no certainty that sufficient quantities of gas will be available to operate the Energas facilities at maximum or economic capacity for the duration of the term of the Energas joint venture. Adequate future supplies of gas may depend, in part, upon the successful development of new oil fields in the vicinity of the Energas plant sites as the existing fields are being depleted or access to other viable fuel resources and the continuation of production practices designed to optimize the recovery of oil and gas reserves. No independent reserve report has been prepared with respect to gas reserves in Cuba, due to a lack of available technical information from CUPET.

RELIANCE ON KEY PERSONNEL AND SKILLED WORKERS

Sherritt's operations require employees and contractors with a high degree of specialized technical, management and professional skills, such as engineers, trades people and plant and equipment operators. In some geographic areas, the Corporation competes with other local industries for these skilled workers. For example, in its Cuba operations, the Corporation is dependent on the government for the provision of skilled workers. This challenge is further intensified by high expectations, from the Cuban government and local communities, for Sherritt to provide local employment.

If Sherritt is unable to find an adequate supply of skilled workers, a decrease in productivity or an increase in costs may result which could have a material adverse effect on the Corporation's business, results of operations and financial performance. The success of Sherritt's operations and activities is dependent to a significant extent on the efforts and abilities of its senior management team, as well as outside contractors, experts and its partners. The loss of one or more members of senior management, key employees, contractors or partners, if not effectively replaced in a timely manner, could have a material adverse effect on the Corporation's business, results of operations and financial performance.

EQUIPMENT FAILURE AND OTHER UNEXPECTED FAILURES

Interruptions in Sherritt's production capabilities would be expected to increase its production costs and reduce its profitability. The Corporation may experience material shutdowns or periods of reduced production because of equipment failures and this risk may be increased by the age of certain of the Corporation's facilities or facilities of third parties in which the Corporation's products are processed. In addition to equipment failures, the Corporation's facilities are also subject to the risk of loss due to unanticipated events such as fires, explosions or adverse weather conditions. Shutdowns or reductions in operations could have a material adverse effect on the Corporation's business, results of operations and financial performance. Remediation of an interruption in production capability could require the Corporation to make large expenditures. Further, longer-term business disruptions could result in a loss of customers. All of these factors could have a material adverse effect on the Corporation's business, results of operations and financial performance.

UNCERTAINTY OF RESOURCES AND RESERVE ESTIMATES

Sherritt has reserves of nickel and cobalt. See "Mineral Reserve and Mineral Reserve Estimates" for December 31, 2022 mineral resources and reserves data derived from the 2023 Moa JV Technical Report dated March 31, 2023, updated using the 2022 year end topography. Risks, uncertainties and other factors regarding updated resources and reserves include, but are not limited to: the ability to obtain required Cuban approvals for the ECOG methodology and new cut-off grade, the degree of confidence that can be attained in relation to the resource models for certain areas and the frequency of waste dump and stockpile surveying and lower resource categorization with respect to saprolites. In addition, those associated with reserves include but are not limited to: the ability to assure sufficient and continuous tailings capacity and the ability to successfully implement the revised mine plan associated with the increased reserves on site.

In addition, stated reserves numbers are estimates that depend on statistical inferences drawn from drilling, which may prove to be unreliable. Future production could differ from reserve estimates for the following reasons:

- mineralization or formations could be different from those predicted by drilling, sampling and similar examinations;
- declines in the market price of nickel, cobalt, oil and gas or increases in operating costs and processing costs may render the production of some or all of Sherritt's reserves uneconomic;
- the grade or quality of reserves may vary significantly from time to time and there is no assurance that any particular level of nickel, cobalt, oil or gas may be recovered from the reserves;
- legislative changes and other political changes in jurisdictions in which Sherritt operates may result in changes to Sherritt's ability to exploit reserves; and
- operational risks that include poor control of mining dilution and loss during excavation activities, delays in obtaining the tools necessary to implement the ECOG methodology in practice, new mining practices not being followed, or a delay in following new mining practices such as blending, stockpiling and reclaiming according to the mining schedule and a lack of implementation or delays in the implementation of the month-end survey of the waste dumps and stockpiles, which may include a risk for resource estimation and reserve calculation, including the implementation of stockpiles and blending strategy.

Any of these or other factors may require Sherritt to reduce its reserve estimates, reduce its production rates, or increase its costs. Past drilling results are not necessarily indicative of future drill results. Should the market price of any of the above commodities fall, or unit operating costs prove to be higher than expected, Sherritt could be required to materially write down its investment in its resource properties or delay or discontinue production or the development of projects.

RISKS RELATED TO SHERRITT'S CORPORATE STRUCTURE

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

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

PROJECT OPERATIONS

Generally

Sherritt's business includes the operation of large mining, metals refining projects and electrical generation projects. Unforeseen conditions or developments could arise during the course of these projects that could affect the current and projected level of production, the sustaining capital requirements or operating cost estimates relating to the projects. Such conditions or developments may include, without limitation, shortages of equipment, materials or labour; delays in delivery of equipment or materials; customs issues; labour disruptions; poor labour productivity; community protests; difficulties in obtaining necessary services; delays in obtaining regulatory permits; local government issues; political events; regulatory changes; investigations involving various authorities; adverse weather conditions; unanticipated increases in equipment, material and labour costs; unfavourable currency fluctuations; access to financing; natural or man-made disasters or accidents; and unforeseen engineering, technical and technological design, geotechnical, environmental, infrastructure or geological problems. Any such event could affect production and cost estimates.

These risks and uncertainties could have a material adverse effect on the Corporation's business, results of operations and financial performance.

Capital and operating cost estimates

Capital and operating cost estimates made in respect of the Corporation's operations and projects may not prove accurate. Capital and operating costs are estimated based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and other factors. Any of the following, among the other events and uncertainties described herein, could affect the ultimate accuracy of such estimates: unanticipated changes in grade and tonnage to be mined and processed; incorrect data on which engineering assumptions are made; unanticipated transportation costs; the accuracy of major equipment and construction cost estimates; expenditures in connection with a failure to meet such scheduled dates; unsatisfactory construction quality resulting in failure to meet such scheduled dates; labour negotiations; unanticipated costs related to sustaining production; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas or exportation of the Corporation's products); and unanticipated changes in commodity input costs and quantities.

As part of the LOM optimization planning, Moa Nickel has set out a proposed sequence for the development, operation, and closure of its TMFs, including with respect to the Acid Leach Tailings Facility, the North Extension, phased construction of Area 22 and a long term storage facility thereafter. There can be no assurance that the construction of tailings facilities can be completed within original budget or on a timely basis. Delays to construction can occur as a result of many factors, many of which are outside management's control. Any material delay could require the consideration of alternative or interim solutions and could increase cost, or in the worst case, result in a disruption to operations, all of which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

FOREIGN EXCHANGE AND PRICING RISKS

Many of Sherritt's businesses operate in currencies other than Canadian dollars and their products may be sold at prices other than prevailing spot prices at the time of sale. Sherritt is also sensitive to foreign exchange exposures when commitments are made to deliver products quoted in foreign currencies or when the contract currency is different from the product-pricing currency. The Moa Joint Venture derives the majority of its revenue from nickel and cobalt sales that are typically based on U.S. dollar reference prices over a defined period of time and collected in currencies other than U.S. dollars in accordance with sales terms that may vary by customer and sales contract. Similarly, Oil and Gas and Power derive substantially all of their revenues from sales denominated in currencies other than the Canadian dollar. Additionally, input commodities for the Moa Joint Venture, the Fort Site and other operating costs for the Moa Joint Venture, the Fort Site and the Corporation's other operations are denominated in U.S. dollars. Accordingly, fluctuations in Canadian dollar exchange rates and price movements between the date of sale and final settlement may have a material adverse effect on the Corporation's business, results of operations and financial performance.

CREDIT RISK

Sherritt's sales of nickel, cobalt, fertilizers and electricity expose the Corporation to the risk of non-payment by customers. Sherritt manages this risk by monitoring the creditworthiness of its customers, covering some exposure through receivables insurance, documentary credit and seeking prepayment or other forms of payment security from customers with an unacceptable level of credit risk. There are also certain credit risks that arise due to the fact that all sales of electricity in Cuba is made to agencies of the Cuban government (see "Risks Related to Sherritt's Operations in Cuba"). Although Sherritt seeks to manage its credit risk exposure, there can be no assurance that the Corporation will be successful in eliminating the potential material adverse impacts of such risks.

COMPETITION IN PRODUCT MARKETS

The business of mining, processing and refining is intensely competitive and even if commercial quantities of mineral resources are developed, a profitable market may not exist for the sale of these commodities. Sherritt competes with companies that may have greater assets and financial resources, and may be able to sustain larger losses than Sherritt to develop or continue business. The Corporation's competitive position is determined by its costs in comparison to those of other producers in the world. If Sherritt's costs increase relative to its competitors, its earnings may be adversely affected.

FUTURE MARKET ACCESS

Sherritt's access to markets in which it operates may be subject to ongoing interruptions and trade barriers due to policies and tariffs of individual countries and the actions of interest groups to restrict the import of certain commodities. There can be no assurance that Sherritt's access to these markets will not be restricted.

INTEREST RATE CHANGES

The Corporation's exposure to changes in interest rates results from investing and borrowing activities undertaken to manage its liquidity and capital requirements. The Corporation has incurred indebtedness that bears interest at fixed and floating rates. There can be no assurance that the Corporation will not be adversely affected by interest rate changes.

INSURABLE RISK

Sherritt employs risk management practices to reduce and mitigate operational risks and other hazard risks and exposures, although it is impossible to completely protect its operations from all such risks. The Corporation places types and an amount of insurance that it considers consistent with industry practice to the extent coverage is available and cost effective. Such coverage includes third party liability insurance and property and business interruption insurance. Such insurance, however, contains exclusions and limitations on coverage. Accordingly, the Corporation's insurance policies may not provide coverage for all losses related to the Corporation's business. The occurrence of losses, liabilities or damage not covered by insurance policies could have a material adverse effect on the Corporation's business, results of operations and financial performance.

Sherritt cannot be certain that insurance will be available to the Corporation, that appropriate insurance will be available on terms and conditions acceptable to the Corporation. The difficulty in obtaining certain levels of insurance has increased over time as a result of severe tailings losses around the world, reduced market capacity due to the limited participation of insurers in certain industries and also to Cuba–based risks. To the extent that the occurrence of "natural catastrophes" world-wide has increased, coverage for weather- related events such as hurricanes and cyclones may become more difficult to obtain on terms and conditions satisfactory to the Corporation. In the event that the Corporation is deemed liable for a failure of its tailings facility, the Corporation's losses might not be covered by insurance policies. In some cases, coverage is not available or considered too expensive relative to the perceived risk. The Corporation may also become liable for damages arising from unforeseen events which it cannot insure or chooses to self-insure. Costs incurred to repair uninsured damage or to pay associated liabilities may have a material adverse effect on the Corporation's business, results of operation and financial performance.

LABOUR RELATIONS

Some of the Corporation's employees are unionized. Strikes, lockouts or other work stoppages could have a material adverse effect on the Corporation's business, results of operations and financial performance. In addition, any work stoppage or labour disruption at key customers or service providers could impede the Corporation's ability to supply products, to receive critical equipment and supplies for its operations or to collect payment from customers encountering labour disruptions. Work stoppages or other labour disruptions could increase the Corporation's costs or impede its ability to operate one or more of its operations.

LEGAL RIGHTS

In the event of a dispute arising in respect of Sherritt's foreign operations, Sherritt may be subject to the exclusive jurisdiction of foreign courts or arbitration tribunals or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada or international arbitration. If Sherritt is unsuccessful in enforcing its rights under the agreements to which it is a party, it could have a material adverse effect on Sherritt's business, results of operations and financial performance.

LEGAL CONTINGENCIES

Sherritt may become party to legal claims arising in the ordinary course of business, including as a result of activities of joint ventures in which it has an interest. There can be no assurance that unforeseen circumstances resulting in legal claims will not result in significant costs.

ACCOUNTING POLICIES

The Corporation's audited consolidated financial statements for the year ended December 31, 2022, filed on SEDAR, were prepared using accounting policies and methods prescribed by IFRS as issued by the International Accounting Standards Board. Significant accounting policies under IFRS are described in more detail in the notes to the audited consolidated financial statements.

Sherritt has internal controls over financial reporting. These controls are designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. These controls cannot provide absolute assurance with respect to the reliability of financial reporting and financial statement preparation.

GOVERNMENT PERMITS

Government approvals and permits are currently required in connection with a number of the Corporation's activities and further approvals and permits may be required. The duration and success of the Corporation's efforts to obtain permits are contingent upon many variables outside of the Corporation's control. Obtaining government permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and, if obtained, that the costs involved will not exceed the Corporation's estimates or that the Corporation will be able to maintain such permits. To the extent such approvals are not obtained or maintained, the Corporation may be prohibited from proceeding with planned drilling, exploration, development or operation of properties which could have a material adverse effect on the Corporation's business, results of operations and financial performance.

GOVERNMENT REGULATION

The Corporation's activities are subject to various laws governing exploration, development, production, environment, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining, drilling and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Corporation believes that its activities are currently carried out in all material respects in accordance with applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Corporation's properties or otherwise have a material adverse effect on the Corporation's business, results of operations and financial performance.

ANTI-CORRUPTION AND BRIBERY

Sherritt is subject to Canada's *Corruption of Foreign Public Officials Act* ("CFPOA"), as well as various local anti-corruption laws. The CFPOA prohibits Canadian (and Canadian-controlled) corporations and their intermediaries from making or offering to make an improper payment of any kind to any kind of foreign public official, or any other person for the benefit of foreign public official, where the ultimate purpose is to obtain or retain a business advantage.

Sherritt's Anti-Corruption Policy prohibits the violation of the CFPOA and other applicable anti-corruption laws. Some of the Corporation's operations are located in jurisdictions where governmental and commercial corruption presents a significant risk. The Corporation uses a risk-based approach to mitigate risks associated with corruption which includes training for employees and the logging of government payments and interactions. Despite the safeguards the Corporation has put in place, there can be no assurance that violations of the CFPOA or other applicable anti-corruption law by the Corporation, its employees or agents will not occur. Such violations of the CFPOA could result in substantial civil and criminal penalties and could have a material adverse effect on the business, operations or financial results of the Corporation.

CONTROLS RELATING TO CORPORATE STRUCTURE RISK

The Corporation has adopted several measures to ensure control of its wholly-owned subsidiaries and oversight of its non-controlled joint ventures. These measures are overseen by the Board, and implemented by the Corporation's senior management. Some of these measures are listed below.

Corporation's control and oversight of subsidiaries and joint ventures

The Corporation's corporate structure has been designed to ensure that the Corporation controls, or has a measure of direct oversight over the operations of its subsidiaries and material joint ventures. Sherritt's subsidiaries which are engaged in its Oil and Gas business in Cuba and elsewhere are wholly-owned by the Corporation and the Corporation directly controls the appointment of all the directors of these subsidiaries. In the case of the Corporation's joint ventures in Cuba, the Corporation directly controls the appointment of a number of directors which reflects its proportional ownership interest of its subsidiaries. The directors of the Corporation's subsidiaries or joint ventures who are appointed by the Corporation are ultimately accountable to the Corporation (as the shareholder appointing him or her), and therefore are accountable to the Board and senior management.

Appointment of local management

The Corporation's foreign subsidiaries which are engaged in its Oil and Gas and Power businesses are typically managed by a senior officer or employee of the Corporation who holds the most senior title or second most senior title in the local organization.

In addition, in the case of its material joint ventures, Sherritt has personnel seconded from the Corporation to the local organization and resident in the local jurisdiction, which provides a degree of oversight and control in the day-to-day operations which would not be present in a passive investment.

Strategic direction

The Board is responsible for the overall stewardship of the Corporation and, as such, supervises the management of the business and affairs of the Corporation. More specifically, the Board is responsible for reviewing the strategic business plans and corporate objectives, and approving acquisitions, dispositions, investments, capital expenditures and other transactions and matters that are thought to be material to the Corporation including those of its material subsidiaries and joint ventures.

Internal controls over financial reporting

For significant operations in the foreign jurisdictions over which the Corporation has operational control (**"foreign operations"**), internal controls over financial reporting are designed to operate in accordance with Canadian business, accounting and internal control standards and practices. These foreign operations are subject to the same internal reporting processes, policies and timelines as the Corporation's domestic operations, specifically:

- Foreign operations, specifically in Cuba, are under the senior leadership of persons or expatriates familiar with Canadian business, accounting and internal control standards and practices;
- The Corporation has established and oversees entity-wide policies and procedures which are generally applicable to all domestic and foreign operations;
- Each of the Corporation's foreign operations has its own audit committee which includes representation from the Corporation's management or from Canadian-based senior management;
- Foreign operations have a compliance department which undertakes periodic reviews of operations in accordance with the Corporation's compliance program. This program is directly overseen by corporate management who report to the Corporation's Audit Committee;
- Each of the Corporation's foreign operations has an established National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") internal control over financial reporting evaluation program (overseen by corporate management) designed to address risks and identify controls specific to the local business, cultural and accounting environment;
- As part of its quarterly reporting process, the Corporation's foreign operations' management are required to provide corporate management with certifications based on Form 52-109F2, quarterly, and Form 52-109F1, annually. These

certifications confirm that internal controls over financial reporting for the foreign operations are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements of the foreign operations in accordance with the Corporation's generally accepted accounting principles. In addition, the foreign operations' management are required to report to corporate management any material weaknesses in internal control over financial reporting design and/or operating effectiveness;

- (Internal control over financial reporting design and operating effectiveness at the foreign operations is evaluated annually by applying the Committee of Sponsoring Commissions of the Treadway Commission (COSO-2013) framework consistent with the Corporation's domestic operations;
- The Corporation's management reviews the foreign operations' reporting documents, certifications, disclosure controls and procedures checklists and internal control over financial reporting design/results of effectiveness testing memos and provides reports, as necessary, to the Board;
- Reporting documents containing material information of the foreign operations are reviewed quarterly by the Corporation's senior management and the Audit Committee;
- Management undertakes independent, periodic reviews of the foreign operations' NI 52-109 compliance and reports to the Audit Committee;
- Periodic internal control reviews of the foreign operations are initiated by the Board using the Corporation's independent internal audit department (separate from the Corporation's NI 52-109 internal control over financial reporting compliance program) in accordance with identified priorities as per the annual internal audit plan; and
- The Corporation has established, among other policies governing operating activities, a code of conduct, reportable concerns and foreign anti-corruption policies which are applicable to the foreign operations.

The Corporation has also taken steps to ensure that it is collecting the information required to comply with the *Extractive Sectors Transparency Measures Act* ("ESTMA") which came into force on June 1, 2015 and applies to the parts of the Corporation's business engaged in extractive activities.

Fund transfers to the Corporation

Cash management is overseen by the Corporation's Canadian-based treasury department and in accordance with the Corporation's Treasury Policies that are reviewed biannually, including the Short-term Investment Policy and Delegation of Authority Policy. In addition to the internal control procedures identified above, the Corporation has implemented the following controls specific to the flow of funds between Canada and its foreign operations:

1. the Corporation's treasury department oversees or reviews the cash management policies specific to the foreign operations; and
2. annually, operating effectiveness of cash management controls for the Corporation and its foreign operations are evaluated and, as necessary, results are reported to the Board as part of the Corporation's annual CEO/CFO certification process.

The Corporation's Anti-Corruption Policy contains specific references to prohibited uses of funds in foreign countries. Funds are transferred by the foreign subsidiaries to the Corporation pursuant to a variety of methods. In the case of wholly-owned subsidiaries, the Corporation has majority control of the boards of directors and therefore through the actions of the shareholders or boards of directors, is able to determine if and when funds are distributed. Funds are typically distributed, when available and appropriate, to the shareholders by way of dividends. Other distributions are made to repay principal and interest in accordance with various agreements between the Corporation and the subsidiaries or joint ventures. In addition, the foreign subsidiaries may transfer funds to the Corporation for chargeback of costs undertaken on behalf of the foreign subsidiaries via intercompany invoices by the Corporation and repayment of loans related to project funding. The method of transfer varies and is dependent on the funding arrangement established between the Corporation and the applicable foreign subsidiary.

Removal of directors of subsidiaries

The removal of directors of subsidiaries is done in accordance with the laws of the jurisdiction in which the particular subsidiary is incorporated.

The agreements governing the operations of the Corporation's joint ventures set out the rights of the shareholders relating to the appointment and removal of directors of the applicable boards which are generally based on the Corporation's proportional ownership interest in each joint venture company.

Records management of the Corporation and its subsidiaries

The original minute books and corporate seals, where applicable, of the material foreign subsidiaries and joint ventures are kept at the offices of their representative agent in the local jurisdiction and/or the Corporation's head office in Toronto.

The corporate records of the material foreign subsidiaries and joint venture are maintained at their registered offices or operating sites. In certain circumstances, e.g., transaction record books, copies are also maintained at the Corporation's head office in Toronto.

Difficulty in Enforcement of Judgements

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

DIVIDENDS

Dividends are payable on the shares of the Corporation if and when declared by the Board.

Dividends are, and future dividends will be, designated as "eligible dividends" within the meaning given to that term in subsection 89(1) of the *Income Tax Act* (Canada).

As part of a comprehensive initiative to manage liquidity, the Board suspended the $0.01 per share quarterly dividend, effective September 2015. The Corporation has not declared any dividends since that time. The terms of the indentures limit or prohibit the payment of dividends or other transfers to equity holders unless certain conditions are met.

CAPITAL STRUCTURE

The Corporation's authorized share capital consists of an unlimited number of shares. Each Share is entitled to one vote with respect to matters brought before shareholders for approval. In the event of dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, holders of the shares will be entitled to receive the remaining property and assets of the Corporation.

The Corporation also has two series of notes outstanding:
- the 8.50% Second Lien Notes ($221.3 million as of December 31, 2022 in aggregate principal outstanding) issued August 31, 2020 pursuant to a trust indenture dated August 31, 2020 between the Corporation and TSX Trust Company of Canada, as trustee and collateral agent.
- the 10.75% unsecured Junior Notes ($70.8 million as of December 31, 2022 in aggregate principal outstanding) issued August 31, 2020 pursuant to a trust indenture dated August 31, 2020 between the Corporation and TSX Trust Company of Canada, as trustee and collateral agent.

The second lien indenture contains covenants limiting the ability of the Corporation's and certain of its material subsidiaries to incur indebtedness, create certain security interests and sell assets, make certain restricted payments and investments, as well as restricting the ability of the Corporation and certain of its material subsidiaries to amalgamate or merge with a third party or transfer all or substantially all of its assets. The indentures also contain covenants requiring an offer to purchase upon a change in control.

The second lien indenture contains optional redemption provisions (requiring payment of a premium), as well as a mandatory redemption provision (described below) and provides for customary events of default, which include non-payment of principal or interest, failure to comply with covenants, the bankruptcy or insolvency of the Corporation or a material subsidiary, unsatisfied final judgment against the Corporation or a material subsidiary in excess of $20.0 million, and failure by the Corporation or a material subsidiary to pay or otherwise comply with the terms of other indebtedness which singly or in the aggregate is in excess of $25.0 million, which default results in an acceleration of such indebtedness. The second lien indenture requires mandatory redemptions from excess cash (subject to the minimum liquidity condition noted below and the other terms and conditions). The mandatory excess cash flow redemption provision is in effect beginning with the two-quarter period ending June 30, 2021 and mandatory redemptions are based on excess cash flow (a measure calculated based on cash provided by (used in) operating activities excluding Energas), less sustaining property, plant and equipment expenditures excluding Energas, plus all cash distributed by Energas to the Corporation held in Canada, which mandatory redemption shall be required to be made only if the Corporation has minimum liquidity of $75.0 million calculated in accordance with the indentures.

The unsecured Junior Notes are direct, unsecured obligations of the Corporation which rank equally and rateably with each other and all other unsecured and unsubordinated indebtedness of the Corporation, except to the extent prescribed by law. The indenture with respect to the unsecured Junior Notes contain optional redemption provisions, as well as certain restrictive covenants, including a restriction on the Company's ability to make certain restricted payments in any 12 month period following the Corporation exercising the option to satisfy interest on the Junior Notes through payment-in-kind and provides for customary events of default, which include non-payment of principal or interest, failure to comply with covenants, the bankruptcy or insolvency of the Corporation or a material subsidiary, unsatisfied final judgment against the Corporation or a material subsidiary in excess of $100.0 million, and failure by the Corporation or a material subsidiary to pay or otherwise comply with the terms of other indebtedness which singly or in the aggregate is in excess of $50.0 million, which default results in an acceleration of such indebtedness. Interest on the Junior Notes is payable semi-annually in cash or in-kind, at Sherritt's election.

Ratings

As of January 31, 2023, DBRS Limited (DBRS Morningstar) will have upgraded the Recovery Rating of Sherritt to RR5 from RR6, resulting in the rating on the Company's Second Lien Notes being upgraded to B (low) from CCC (high), and confirmed Sherritt's Issuer Rating at B. All trends are Stable. DBRS Morningstar's rating system ranges between "AAA" to "D". The definitions of the B ratings are published on DBRS Morningstar's web site and are defined as follows:

B–"highly speculative credit quality. There is a high level of uncertainty as to the capacity to meet financial obligations."

Credit ratings are not recommendations to purchase, sell or hold a financial obligation in as much as they do not comment on market price or suitability for a particular investor. Ratings are subject to revision or withdrawal at any time by the rating organization. Sherritt has paid DBRS Morningstar its customary fees in connection with the provision of the above credit ratings. The Corporation has not made any payments to DBRS Morningstar unrelated to the provision of their rating services for the past two years.

MARKET FOR SECURITIES

Sherritt's shares are listed and posted for trading on the TSX under the symbol "S". The Corporation's Notes trade in the over-the-counter bond market.

The following table sets out the 2022 monthly price ranges and volume data for the shares and the price ranges for the Notes.

	Shares			**8.50% Notes(1)**		**10.75% PIK Option Notes(1)**	
2022	High($)	Low($)	Volume	High($)	Low($)	High($)	Low($)
January	0.61	0.41	25,444,718	57.50	55.50	37.00	36.00
February	0.69	0.5	19,831,508	57.63	55.50	37.50	35.00
March	0.85	0.61	50,869,743	70.00	58.75	40.50	35.50
April	0.82	0.67	20,869,540	79.25	72.41	49.00	40.50
May	0.74	0.59	13,577,312	82.00	72.50	53.00	45.00
June	0.61	0.4	11,510,605	82.00	78.00	52.50	50.00
July	0.45	0.31	9,094,767	77.00	68.00	50.00	40.00
August	0.49	0.39	8,705,004	68.00	68.00	45.00	40.00
September	0.44	0.35	11,553,939	68.00	61.00	45.00	42.00
October	0.48	0.34	12,842,410	70.50	55.00	55.00	35.00
November	0.57	0.43	14,821,073	82.50	72.00	53.50	49.00
December	0.56	0.47	9,037,689	84.00	80.00	56.00	53.50

Notes:
(1) The highs and the lows for the Debentures and Notes are derived from the Investment Industry Regulatory Organization of Canada (IIROC) trade tracking system. Volume data is not available.

DIRECTORS AND OFFICERS

The following table sets forth, as at March 31, 2023, the names, place of residence and principal occupation of the directors of the Corporation and the period of service as a director of the Corporation.

Name and place of residence		Principal occupation	Director since
1.	Maryse Bélanger(1)(3) (*British Columbia, Canada*)	Deputy Chair, Corporate Director	February 2018
2.	Leon Binedell *(Ontario, Canada)*	President and Chief Executive Officer of the Corporation	June 2021
3.	Dr. Peter Hancock (1 Chair)(3)(4 Chair) *(Nova Scotia, Canada)*	Corporate Director	November 2021
4.	Anna Ladd-Kruger(2)(3) (*British Columbia, Canada*)	Corporate Director	February 2023
5.	Sir Richard Lapthorne(2)(3 Chair) *(London, England)*	Chair, Corporate Director	September 2011
6.	Chih-Ting Lo(1)(3)(4) *(British Columbia, Canada)*	Corporate Director	March 2022
7.	Lisa Pankratz((2 Chair)(3)(4) *(British Columbia, Canada)*	Corporate Director	November 2013
8.	John Warwick(2)(3)(4) (*Ontario, Canada*)	Corporate Director	June 2017

Notes:
(1) Member of the Reserves, Operations & Capital Committee.
(2) Member of the Audit Committee.
(3) Member of the Nominating and Corporate Governance Committee.
(4) Member of the Human Resources Committee.

Directors hold office until the next annual meeting of the shareholders of the Corporation.

The following sets out as at March 31, 2023 the principal occupations of the directors for the past five years and provides additional information about the directors:

Maryse Bélanger has served as a director of the Corporation since February 2018, and was appointed Deputy Chair on March 1, 2022.She is the current interim President and Chief Executive Officer of IAMGOLD Corporation and will cease to hold that position effective April 2, 2023. Ms. Bélanger has more than 30 years of experience in the global mining sector, with proven strengths in operational excellence, technical services and efficiency. She is Chair of IAMGOLD Corporation. Ms. Belanger also sits on the board of directors and the ESG committee of Equinox Gold Corporation and is a director of Pure Gold Mining Inc. ("PureGold"). Previously, Ms. Bélanger served as the Chief Operating Officer of Atlantic Gold Corporation until its acquisition by St Barbara Limited.

From June 2014 to June 2016, Ms. Bélanger was the Chief Executive Officer and a member of the board of directors of Mirabela Nickel Limited (Mirabela). In September 2015, Mirabela filed for voluntary administration in Australia. Under the rules of the Australian Stock Exchange, there is a requirement for the directors of a listed company to confirm the entity will be a going concern for at least 18 months looking forward. The significant decline in nickel prices and Mirabela's inability to secure third-party financing that it had been discussing with potential financiers made it economically impossible for Mirabela to continue trading. As a result, the board of directors of Mirabela decided to enter into voluntary administration. Ms. Bélanger holds a Bachelor of Science degree in Geology from Université du Québec à Chicoutimi and a graduate certificate in Geostatistics.

Maryse Bélanger currently serves as a member of the board of PureGold, which she joined in February 2020 and has announced her intention to resign on March 31, 2023. In October 2022, PureGold was granted an initial order for creditor protection from the Supreme Court of British Columbia under the *Companies' Creditors Arrangement Act* (the CCAA). The CCAA proceedings are intended to facilitate a restructuring of PureGold's balance sheet, the injection of additional capital, a sale of the company or its assets, or a combination thereof. PureGold's management remains responsible for the day-to-day operations of the company under the general oversight of the Court-appointed monitor. Its mining operations have been placed in care and maintenance.

Leon Binedell has 25 years of industry experience in leading global mining companies and adjacent joint ventures. Most recently, he worked as Chief Financial Officer of Guyana Goldfields Inc., a Canadian-based gold producer focused on gold deposits in Guyana. During his tenure, Mr. Binedell was instrumental in maximizing shareholder value and ensured stability through the effective recruitment of team members, the renegotiation of all major operating and supply contracts and the development of finance and governance practices that guided Guyana Goldfields Inc., through its successful sale. Prior to joining Guyana Goldfields Inc., he served as Finance Operating Executive with Resource Capital funds, a leading private equity fund focused on the mining sector and the commercialization of mining innovation. Additional sector experience includes his time as National Leader of Finance Consulting in Mining & Energy at PricewaterhouseCoopers LLP, General Manager of Business Services at Xstrata Nickel (now Glencore) and Chief Financial Officer at Koniambo Nickel SAS. Mr. Binedell holds a Chartered Accountant and Chartered Professional Accountant designations.

Dr. Peter Hancock is currently advising companies in the mining and metals sector and has held several senior leadership positions at leading mining companies around the world over his 34-year career, including overseeing Glencore's nickel assets in Australia, serving as President of Koniambo Nickel SAS in New Caledonia, serving as Vice President of Minara Resources (Glencore) and overseeing Technology and Business Development at Noranda's Zinc Business in Canada. Dr. Hancock earned a Ph.D in Metallurgical Engineering from McGill University in 1995. Dr. Hancock is currently based in Halifax, Nova Scotia.

Anna Ladd-Kruger has served as a director of the Corporation since February 2023. Ms. Ladd-Kruger has held key executive positions at several Canadian publicly listed mining companies, including roles supporting the transition from exploration to production and raising substantial debt and equity. Most recently, Ms. Ladd-Kruger was the Chief Financial Officer (CFO) of McEwen Mining Inc. where she was brought in to lead financial and operational turnaround strategies and was key to the McEwen Copper Asset spin-out, including serving as its CFO and VP Corporate Development for a number of mining companies and began her career working at Vale S.A's Thompson and Sudbury Canadian operations before joining Kinross Gold Corporation as their North American Group Controller.

She is currently serving as the Independent Chair of the Board at Nova Minerals Limited. She sits on the board and is a member of the Audit Committee at SilverCrest Metals Inc. and is a member of the board as well as Audit Chair and a committee member of the ESG and Technical Committee at Integra Resources Corp. Ms. Ladd-Kruger holds both a CPA and CMA designation, a Master's of Economics from Queen's University and a Bachelor of Commerce from the University of British Columbia. She also holds the Canadian Institute of Corporate Directors designation (ICD.D).

Sir Richard Lapthorne has served as a director of the Corporation since September 2011 and has been the Chair of the Board since 2020. Sir Richard has served as a Finance Director or as Chairman of various FTSE 100 and non-quoted companies in the United Kingdom since 1986. He was Finance Director of Courtaulds plc from 1986 until 1992 as well as Finance Director of British Aerospace plc from July 1992 and Vice Chairman from April 1998 until his retirement in 1999. From 1996 to May 2003 he was Chairman of Amersham International plc (now GE Healthcare) having joined its board as a non-executive Director in 1989. After he floated Orange plc for British Aerospace in 1996 he was appointed a non-executive director until it was sold to Mannesmann in 1999. He then became a non-executive director again in 2001-2003 after it was acquired by France Telecom. He was also the Chairman of Cable & Wireless Communications plc and Cable & Wireless plc. from 2003 until 2016. He served as Chairman of CPP Group plc in England until 2021 and has received approval by the United Kingdom's regulatory Financial Conduct Authority under their designation of Chief Executive Function (CF3).His non-quoted appointments included Chairman of PWC's UK Public Advisory Board, McLaren and New Look, and positions with Flemings Bank and JP Morgan. He is also a fellow of each of the Chartered Institute of Management Accountants, Chartered Institute of Certified Accountants and the Institute of Corporate Treasurers in the United Kingdom.

Chih-Ting Lo has served as a director of the Corporation since March 2022. Ms. Lo is the founder and President of EELO Solutions, a management consulting firm specializing in the development of strategic plans and technical solutions focused on equitable transition to a decarbonized world. Over the past 20 years, she has worked with a number of mining companies, public utilities, and government agencies to innovate and to improve their carbon footprint and sustainability practices. She is currently Board Vice Chair at the Metro Vancouver Zero Emissions Innovation Centre, a federally seeded impact investment fund to catalyze, accelerate and scale climate action innovation. Ms. Lo holds a Professional Engineer designation from Engineers and Geoscientists BC, a Masters of Science, Chemical Engineering degree from Queen's University, and a Bachelor of Applied Science, Chemical Engineering from the University of British Columbia.

Lisa Pankratz has served as a director of the Corporation since November 2013. Ms. Pankratz has over 30 years' experience in the investment industry and capital markets in both executive and advisory capacities working with multinational and international companies. For over 20 years, she has served as a board member of corporations in the financial services, global media and mining industries. Ms. Pankratz currently serves as Chair of the HSBC Independent Review Committee for HSBC Global Asset Management (Canada) Limited and is a member of the board of B2Gold Corp. Ms. Pankratz is also a member of the Investment Committee and the Audit and Finance Committee of the Vancouver Foundation and a member of the board of Friends of the Canadian Museum for Human Rights.

She previously served on the boards of UBC Investment Management Trust Inc. (2015-2022), IA Clarington Investments Inc. (2012-2018), The Canadian Museum for Human Rights (2009- 2018), Canwest Media, Inc. (2005-2008), The Insurance Corporation of British Columbia (2001-2007), and was a member of the Accounting Policy and Advisory Committee advising the Ministry of Finance for the Province of British Columbia (2002-2004). From 2006 to 2010, Ms. Pankratz served as the President of Mackenzie Cundill Investment Management Ltd. and from 2002 until 2006 as the President, Chief Compliance Officer and Director of Cundill Investment Research Ltd. and the Chief Compliance Officer of The Cundill Group.

Ms. Pankratz is a Fellow of the Institute of Chartered Professional Accountants of British Columbia and a Chartered Financial Analyst charter holder. She received an Honours Bachelor of Arts in Business Administration from the Richard Ivey School of Business at the University of Western Ontario.

John Warwick is a special advisor to Paradigm Capital Inc. He was previously the Managing Director, Investment Banking, founding partner and Head of Corporate Finance of Paradigm Capital Inc., where he advised and assisted companies on financing and capital structure matters. He was, a director and Chairman of NorZinc Ltd. (now sold to RCF VI CAD LLC) where he was a member of the Compensation, Nominating and Governance, and Health, Safety, Social and Environment committees. Prior to 2015, he was the Managing Director, Investment Banking, founding partner and Head of Corporate Finance of Paradigm Capital Inc. where he advised and assisted companies on financing and capital structure matters.

The following table sets forth as at March 31, 2023 the names, province of residence and office of the executive officers of the Corporation.

Name and province of residence	Office with the Corporation
1. Leon Binedell *(Ontario, Canada)*	President and Chief Executive Officer
2. Yasmin Gabriel *(Ontario, Canada)*	Chief Financial Officer
3. Greg Honig *(Ontario, Canada)*	Chief Commercial Officer
4. Chad Ross *(Ontario, Canada)*	Chief Human Resources Officer
5. Daniel (Dan) Rusnell *(Alberta, Canada)*	Senior Vice President, Metals
6. Elvin Saruk *(Alberta, Canada)*	Senior Vice President, Oil & Gas and Power, and Head of Growth Projects
7. E.A (Ward) Sellers *(Ontario, Canada)*	Senior Vice President, General Counsel and Corporate Secretary

The following sets out as at March 31, 2023, the principal occupations of the executive officers (other than Mr. Binedell, in respect of whom information is provided above) for the past five years:

Yasmin Gabriel was appointed Chief Financial Officer effective August 4, 2021. Ms. Gabriel joined Sherritt in 2010 and progressed through a number of senior roles, including Vice-President, Finance. She holds a Bachelor of Commerce – Accounting degree, is a Chartered Professional Accountant, and a member of the Institute of Chartered Professional

Accountants of Ontario. Prior to joining Sherritt, she had 5 years of experience at Ernst & Young specializing in public company reporting.

Greg Honig was appointed Chief Commercial Officer on August 4, 2021. Mr. Honig is a seasoned mining executive with diverse international experience spanning private equity, corporate development, and investment banking. Mr. Honig has extensive experience in the development and execution of business strategies and in the sourcing, evaluation, and execution of investment opportunities. Most recently, Mr. Honig was with Resource Capital Funds as Principal, Director of Canada and as an Investment Committee Member for their Opportunities Fund. Mr. Honig's experience also includes business development and strategy, marketing and research at Xstrata Nickel. Mr. Honig holds an Honours Bachelor of Commerce degree from Queen's University and is a graduate of the University of Toronto's Rotman Directors Education Program.

Chad Ross was appointed Chief Human Resources Officer effective August 4, 2021. Prior to this appointment, Mr. Ross served as Director, HR Analytics & Operations at Sherritt. Mr. Ross is a strategic HR Practitioner, with an extensive financial background and a passion for leveraging diverse thought to achieve successful outcomes. Since joining Sherritt in 2011, Mr. Ross has demonstrated the ability to lead high-performance teams and continuous improvement initiatives along with the ability to diagnose organizational opportunities, identify appropriate resources and engage stakeholders to deliver effective solutions.

Dan Rusnell was appointed Senior Vice President, Metals effective December 2021. Mr. Rusnell has more than 20 years of engineering and leadership experience, including 14 years at Syncrude Canada Ltd., 5 years at Nexen Energy ULC (now CNOOC International) and over 4 years at Sherritt. Mr. Rusnell is a Professional Engineer registered with APEGA and holds a Bachelor of Science in Engineering (Chemical Engineering) from the University of Saskatchewan.

Elvin Saruk was appointed Senior Vice President, Oil & Gas and Power effective April 3, 2012, having previously served as Senior Vice President, Ambatovy Construction from August 2009, and as Senior Vice President, Oil & Gas and Power from July, 2007.

E.A. (Ward) Sellers was appointed Senior Vice President, General Counsel and Corporate Secretary effective October, 2013. Prior to joining the Corporation, Mr. Sellers was a partner in a large Canadian law firm, in its Toronto, Montreal and New York offices, and acted as co-chair of the firm's M&A specialty group and head of the Montreal office's corporate department, as well as Managing Partner of that office. Mr. Sellers holds a Bachelor of Commerce (Hons), Economics/Finance from McGill University, and his LLB from the University of Toronto.

The number and percentage of voting securities of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Corporation as a group, as at March 31, 2023, was as follows:

Security	Number of voting securities	Approximate percentage of outstanding voting securities(1)
Common shares	2,449,285	0.62%

(1) Sherritt had 397,288,680 shares issued and outstanding as of March 31, 2023.

TRANSFER AGENT AND REGISTRAR

The Corporation's transfer agent and registrar for its shares and Notes is TSX Trust Company ("TSX Trust"). The location at which transfer of the Corporation's securities may be affected by TSX Trust is as follows:

Security	Transfer Locations
Shares	Toronto, Montreal, Calgary and Vancouver
8.50% Senior Second Lien Secured Notes Due 2026	Toronto, Montreal, Calgary and Vancouver
10.75% Unsecured PIK Option Notes Due 2029	Toronto, Montreal, Calgary and Vancouver

MATERIAL CONTRACTS

Set out below are descriptions of Sherritt's material contracts, as filed on SEDAR www.sedar.com.

The Trust Indenture dated August 31, 2020 among Sherritt, certain Sherritt subsidiaries (as guarantors) and TSX Trust Company (Canada) as trustee and collateral agent for the 8.50% Senior Second Lien Secured Notes Due 2026.

The Trust Indenture dated August 31, 2020 among Sherritt, certain Sherritt subsidiaries (as guarantors) and TSX Trust Company (Canada) as trustee for the 10.75% Unsecured PIK Option Notes Due 2029.

The Cobalt Swap dated October 13, 2022 among Sherritt, certain Sherritt subsidiaries and Sherritt's Cuban partners to settle its outstanding Cuban receivables by December 31, 2027.

INTEREST OF EXPERTS

Auditors

Deloitte LLP are the Corporation's auditors and have issued an opinion with respect to Sherritt's consolidated financial statements as at and for the year ended December 31, 2022.

Deloitte LLP is independent of the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Qualified Persons

The technical information regarding the Moa Joint Venture included in this AIF has been approved by Bryce Reid, P.Eng., and by Béatrice Foret, M.Sc., MAusIMM. Both Bryce Reid and Béatrice Foret are a "qualified person" as such term is defined in NI 43-101. Bryce Reid is an employee, and Béatrice Foret is independent, of the Corporation.

The Corporation has been advised that each of the foregoing experts holds less than 1% of the securities of any class issued by the Corporation.

ADDITIONAL INFORMATION

Additional information relating to Sherritt may be found on SEDAR at www.sedar.com.

ADDITIONAL DOCUMENTS

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation's information circular dated March 23, 2023 for its upcoming annual meeting of shareholders to be held May 11, 2023 and involving the election of directors.

Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the 2022 financial year, filed on SEDAR and available at www.sedar.com.

AUDIT COMMITTEE

The Audit Committee may from time to time request that an audit service proposal be sent to certain select audit firms, including the incumbent, and make a recommendation to the Board to propose the appointment by shareholders of a certain auditor. In early 2006, the Audit Committee received proposals. Following a review of the proposals, the Board accepted the recommendation of the Audit Committee to propose the appointment by shareholders of Deloitte, as auditor, which was approved by shareholders at the annual meeting held on May 25, 2006. The Corporation annually proposes, at shareholder meetings, the appointment of its auditor by shareholders.

The mandate of the Audit Committee, along with the mandates of the Board and all other committees of the Board, are reviewed annually. The current mandate of the Audit Committee is attached as Schedule C.

Composition of the Audit Committee

The members of the Audit Committee are: Ms. Lisa Pankratz (Chair), Sir Richard Lapthorne, Mr. John Warwick and Anna Ladd-Kruger. Each member is independent and financially literate as those terms are defined in National Instrument 52-110– *Audit Committees*.

Education and experience

Ms. Lisa Pankratz has served as chair of the Audit Committee since 2017 and has been a member of the Audit Committee since November 2013. Ms. Pankratz is a Chartered Professional Accountant and a Chartered Financial Analyst. She is a Fellow of the Institute of Chartered Professional Accountants of British Columbia, and a member of the Institute of Chartered Professional Accountants of Ontario, the Vancouver Society of Financial Analysts, and the CFA Institute. Ms. Pankratz is not standing for re-election as a director at the Corporation's upcoming annual meeting of shareholders. It is anticipated that John Warwick will assume the position of Audit Committee chair at that time.

Sir Richard Lapthorne has served as a member of the Audit Committee since 2011. Sir Richard holds a Bachelor of Commerce, specialized in accounting and served as a Finance Director at various FTSE 100 companies between 1986 and 1998. He is also a fellow of each of the Chartered Institute of Management Accountants, Chartered Institute of Certified Accountants and the Institute of Corporate Treasurers in the United Kingdom.

John Warwick has served as a member of the Audit Committee since 2017. Mr. Warwick is a Chartered Financial Analyst. He holds an MBA from the University of Toronto and has 40 years of experience in investment research and banking.

Anna Ladd-Kruger has served as a member of the Audit Committee since March, 2023 when she joined the Corporation's board of directors. She is a Chartered Professional Accountant and a Certified Management Accountant who also holds a Master's of Economics from Queen's University and a Bachelor of Commerce from the University of British Columbia. Ms. Ladd-Kruger also holds the Canadian Institute of Corporate Directors designation (ICD.D). She is a seasoned mining industry financial executive with more than 20 years of experience in mining exploration and operations.

Pre-approval policies and procedures

In accordance with its mandate, the Audit Committee pre-approves the nature and fees of all non-audit services provided by the external auditor.

Audit fees

The following table sets out total fees paid to the Corporation’s external auditor, Deloitte relating to audit fees, audit-related fees, tax fees and other fees for 2022 and 2021:

	2022	2021
Audit fees(1)	$2,623,820	$2,310,450
Audit-related fees(2)	$425,000	$0
Tax-related fees(3)	$108,000	$106,000
Other fees(4)	$0	$0
Total fees	$3,156,820	$2,416,450

Notes:

(1) Audit fees consist of fees for the audit and review of the Corporation’s annual and quarterly consolidated financial statements, respectively, or services that are normally provided in connection with statutory and regulatory filings or engagements. During 2022 and 2021, the services provided in this category included research of accounting and audit-related issues and assurance audits.

(2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation’s consolidated financial statements and are not reported as audit fees.

(3) Tax-related fees consist of fees for assistance and advice in relation to the preparation of corporate income tax returns and expatriate services, other tax compliance and advisory services.

(4) Other fees related to training and development, and strategy consulting services.

FORWARD-LOOKING STATEMENTS

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

Forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; production results; realized prices for production; earnings and revenues; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; the commercialization of certain proprietary technologies and services; advancements in environmental and greenhouse gas (GHG) reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to Environmental, Social and Governance (ESG) matters which are based on assumptions or developing standards; environmental rehabilitation provisions; environmental risks and liabilities; compliance with applicable environmental laws and regulations; risks related to the U.S. government policy toward Cuba; and certain corporate objectives, goals and plans for 2023. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this Annual Information Form not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, security market fluctuations and price volatility; level of liquidity and the related ability of the Moa Joint Venture to pay dividends; access to capital; access to financing; the risk to Sherritt's entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa Joint Venture, the impact of infectious diseases (including the COVID-19 pandemic), the impact of global conflicts; changes in the global price for nickel, cobalt, oil, gas, fertilizers or certain other commodities; risks related to Sherritt's operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; political, economic and other risks of foreign operations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations; maintaining social license to grow and operate; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; risks to information technologies systems and cybersecurity; identification and management of growth opportunities; the ability to replace depleted mineral reserves; risk of future noncompliance with debt restrictions and covenants; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba; risks associated with mining, processing and refining activities; potential interruptions in transportation; uncertainty of gas supply for electrical generation; reliance on key personnel and skilled workers; growth opportunity risks; the possibility of equipment and other failures; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies, including diesel; supplies quality issues; risks related to the Corporation's corporate structure; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; credit risks; shortage of equipment and supplies; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; legal contingencies; risks related to the Corporation's accounting policies; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the *Corruption of Foreign Public Officials Act* or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2023; and the ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents.

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

Additional risks, uncertainties and other factors include, but are not limited to, the ability of the Corporation to achieve its financial goals; the ability of the Corporation to continue to realize its assets and discharge its liabilities and commitments; the Corporation's future liquidity position, and access to capital, to fund ongoing operations and obligations (including debt obligations); the ability of the Corporation to stabilize its business and financial condition; the ability of the Corporation to implement and successfully achieve its business priorities; and the ability of the Corporation to comply with its contractual obligations, including without limitation, its obligations under debt arrangements. 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 Annual Information Form 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 Annual Information Form and in the Corporation's other documents filed with the Canadian securities authorities should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from those in the oral forward-looking statements. The forward-looking information and statements contained in this Annual Information Form 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.

NON-GAAP AND OTHER FINANCIAL MEASURES

This annual information form includes references to the following non-GAAP financial measures: unit operating cost/net direct cash cost (NDCC), average-realized price and spending on capital.

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

These measures are incorporated by reference to Sherritt's Management Discussion and Analysis (MD&A) for the three months and year ended December 31, 2022, dated February 8, 2022, which are included in Sherritt's *2022 Financial Report* which is available on the Sherritt's website and SEDAR.

The measures referenced in this annual information form and their reconciliation to the most directly comparable IFRS measures are in the Non-GAAP and other financial measures section of the MD&A on the following pages:

- Average-realized price: page 61
- Unit operating cost/net direct cash cost (NDCC): page 63.
- Spending on capital: page 67.

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 excludes revenue from the sale of finished nickel purchased from a third party as it was not internally produced. The average-realized price for power excludes by-product revenue, as this revenue is not earned directly for power generation. Transactions by a Moa Joint Venture marketing company, included in other revenue, are excluded. Management uses this measure, and believes investors use this measure, to compare the relationship between the revenue per unit and direct costs on a per unit basis in each reporting period for nickel, cobalt, fertilizer and power and provide comparability with other similar external operations.

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

Combined spending on capital

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

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

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

For a description and reconciliation of these and other non-GAAP measures, please refer to the heading "Non-GAAP and other financial measures" on page 55 in the Corporation's MD&A for the year ended December 31, 2022, which section is incorporated by reference herein and is available on SEDAR under the Corporation's profile at www.sedar.com.

SCHEDULE A

GLOSSARY OF TERMS

The following are brief explanations of certain terms and abbreviations used in this document:

"abandonment and reclamation costs" means all costs associated with the process of restoring a reporting issuer's property that has been disturbed by oil and gas activities to a standard imposed by applicable government or regulatory authorities.

"API" or **"degrees API"** refers to the generally accepted measurement standard for the density of oil using the American Petroleum Institute Scale.

"bbl" means barrel or 34.962 imperial gallons or 42 U.S. gallons or 158.987 litres.

"block" or **"Block"** means a geographic area that is subject to a production-sharing contract or other form of oil and gas permit.

"bopd" means barrels of oil per day.

"Co" means cobalt.

"CO_2" means carbon dioxide.

"condensate" means a mixture of pentanes and heavier hydrocarbons recovered as a liquid from field separators, scrubbers or other gathering facilities or at the inlet of a processing plant before gas is processed.

"cost-recovery oil" means the crude oil allocated to the Corporation under a production-sharing contract in respect of eligible capital and operating expenses.

"cost recovery pool" means, in respect of a production-sharing contract, cumulative eligible capital expenditures and operating expenses, less the value of cumulative cost-recovery oil allocated from past production, which may be recovered against future crude oil production.

"crude oil" or **"oil"** means a mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other non-hydrocarbon compounds but does not include liquids obtained from the processing of natural gas.

"directional drilling" or **"directional well"** means the intentional deviation of the trajectory of an oil and gas well to a target that is not located vertically beneath a drilling rig.

"exploratory well" means a well that is not a development well, a service well or a stratigraphic test well.

"Fe" means iron.

"field" means a defined geographic area consisting of one or more oil pools.

"first point of sale" means the first point after initial production at which there is a transfer of ownership of a product type.

"forecast prices and costs" means future prices and costs that are: (a) generally accepted as being reasonable outlook of the future;

if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the reporting issuer is legally bound by contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in subparagraph (a).

"free on board" means that the seller pays for transportation of the goods to the port of shipment, plus loading costs. The buyer pays the cost of marine freight transport, insurance, unloading, and transportation from the arrival port to the final destination.

"gas" or **"natural gas"** means a naturally occurring mixture of hydrocarbon gases and other gases.

"GCFO6" means U.S. Gulf Coast Fuel Oil No.6, 3% Sulphur, a benchmark residual fuel oil.

"GHG" means greenhouse gas and, more specifically, can be any of the commonly used gasses that are known to have the potential to add to global warming. These are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons

(HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6). Some of these have subcategories. Each GHG has a global warming potential in relation to CO_2.

”gross working-interest production” means a working-interest (operating or non-operating) share of gross oil and gas production before deduction of royalty obligations and of production to be allocated to government authorities under a production-sharing contract or other oil and gas permit.

“grade” refers to the concentration of an element of interest (Ni, Co, etc.) in a potentially mineable ore deposit. Usually expressed as a percentage, in grams per tonne or in parts per million (ppm).

”ha” means hectares, a metric unit of land measure equal to 10,000 square metres or 2.47 acres.

“high pressure acid leach” is a process by which lateritic ore is treated with sulphuric acid at high temperatures and pressures to convert valuable metals into soluble salts to allow further purification and recovery.

“hydrocarbon” means a compound consisting of hydrogen and carbon, which, when naturally occurring, may also contain other elements such as Sulphur.

“hydrometallurgy” is a technique within the field of extractive metallurgy. Hydrometallurgy involves the use of aqueous solutions for the recovery of metals from ores, concentrates, and recycled or residual materials.

“Indicated Resource” is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

“Inferred Resource” is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity.

“kW” means a kilowatt; equivalent to 1,000 watts of electric power.

“kWh” means kilowatt hour; equivalent to the supply of one kilowatt of electric power for a continuous one hour period. “**lb**” means a pound;

“laterite” means a soil layer that is rich in iron oxide and derived from a wide variety of rocks weathering under strongly oxidizing and leaching conditions.

“light crude oil” means crude oil with a relative density greater than 31.1 degrees API.

“limonite” means the yellow-brown clay-like material that is the principal ore-bearing layer in nickel laterite deposits, synonymous with ferralite.

“LPG” means liquefied petroleum gases consisting predominantly of propane, butanes and ethane.

“Mcf” means thousand cubic feet.

“Measured Resource” is that part of a Mineral Resource for which quantity, grade or quality, shape, and physical characteristics are so well established that it can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production, planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes that are spaced closely enough to confirm both geological and grade continuity.

“Metallurgy” is a branch of science and technology concerned with the properties of metals and their production and purification.

“medium crude oil” means crude oil with a relative density greater than 22.3 degrees API and less than or equal to 31.1 degrees API gravity.

“Mineral Resource” means a concentration or occurrence of solid material of economic interest in or on the earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction.

“Mineral Reserve” means the economically mineable part of a measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

“mixed sulphides” refers to an intermediate product produced from lateritic ore at Moa Nickel, primarily composed of nickel and cobalt sulphides and minor impurities.

“MMcf” means million cubic feet.

“MMcfpd” means millions of cubic feet per day.

“MT” means millions of tonnes. **“MW”** means a megawatt; equivalent to one thousand kilowatts.

“MWh” means a megawatt hour; equivalent to one thousand kilowatt hours.

“Ni” means nickel.

“overburden” means materials that overlie a mineral deposit.

“pool” means a subsurface oil accumulation.

“production sharing contract” or **“PSC”** means a form of contract between a contractor and an agency of the government of the Republic of Cuba under which the contractor acquires the right to explore for and develop hydrocarbon deposits within a specified geographic area.

“profit oil” means the volume of oil to be allocated under a production-sharing contract after cost-recovery oil has been allocated to the contractor.

“Probable Reserve” means, in a context other than oil and gas, the economically mineable part of an indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

“Proven Reserve” means, in a context other than oil and gas, the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

“reservoir” means a porous and permeable subsurface rock formation that contains a separate accumulation of petroleum that is confined by impermeable rock or water barriers and is characterized by a single pressure system.

“saprolite” − means a soft, decomposed rock that is rich in clay; a secondary ore–bearing layer in nickel laterite deposits that lies beneath limonite and that has high magnesium, making it undesirable as feed to a PAL process.

“service well” means a well drilled or completed for the purpose of supporting production in an existing field. Specific purposes of service wells include gas injection, water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion.

“sintering” refers to the coalescence of powdered metal in briquettes into a solid mass, without liquefaction, by applying heat below the melting point.

“sulphur” for the purposes of the Oil and Gas business, means elemental sulphur recovered by the conversion of hydrogen sulphide and other sulphur compounds extracted from crude oil or natural gas.

“supernatant liquid” means the usually clear liquid overlying material deposited by settling, precipitation, or centrifugation.

“Tpd” means tonnes per day.

“USGC HSFO” means U.S. Gulf Coast High Sulfur Fuel Oil, a benchmark residual fuel oil and has replaced GCFO6 as a reference benchmark as of January 3, 2017.

“working-interest” means the interest held by the Corporation in an oil or gas property, which interest normally bears its proportionate share of the costs of exploration, development and operation as well as any royalties or other production burdens, including the allocation of crude oil to government authorities under a production-sharing contract.

SCHEDULE B TECHNICAL INFORMATION

MOA JOINT VENTURE

Properties

Resource information set out below is derived from the 2023 Moa JV Technical Report for the Mineral Resource and Mineral Reserve Estimate on the Moa Project, Province of Holguin, Cuba dated March 31, 2023. The technical information in this AIF regarding Moa Joint Venture has been reviewed by Bryce Reid, P.Eng., and by Béatrice Foret, M.Sc., MAusIMM. Both Bryce Reid and Béatrice Foret are a "qualified person" under NI 43-101. Bryce Reid is an employee, and Béatrice Foret is independent, of the Corporation.

Moa Project

Property description, location and access

The Moa property consists of ten separate mineral concessions which cover approximately 9,600 ha. The seven central concessions are located approximately four kilometres to the south and southeast of the city of Moa in the province of Holguin in northeastern Cuba. The three Eastern satellite properties lie 10 to 15 kilometres southeast of the Moa Nickel processing plant (see "Mineral Reserves and Mineral Resources Estimates–Moa Joint Venture" for more information). The main open pit lateritic ore mines lie south of the city. The Moa Nickel plant site, which processes the mined ore into mixed sulphides using high-pressure acid leaching, lies on the southern edge of the residential area of the city of Moa.

The operating mining areas are connected to the plant site through a well-developed network of secondary paved roads and dirt roads. The three Eastern satellite concessions can be accessed by a network of secondary dirt roads that provide access from the paved coastal highway, although accessibility can be difficult in the wet season. The processing plant and the technical and administrative offices can be accessed from Moa city streets. The City of Moa is connected to the provincial capital of Holguin by both paved highway and a small commercial airport with limited schedules to other Cuban cities. The closest large international airports are at Holguin and Santiago de Cuba.

In Cuba, mineral rights are the property of the state. Mineral exploration and mining rights are granted under decrees or resolutions administered by the ONRM, the Cuban government agency that oversees and regulates mining activity. In the case of the rights granted to Moa Nickel, the key features of the decrees and resolutions are:

- Moa Nickel has the right to mine the limonite, along with normal mining dilution at the top and bottom of the limonite horizon;
- Moa Nickel has received official approval to mine and utilize in the existing process, saprolite with more than 1% nickel and 25% to 35% iron in most concessions. Moa Nickel has also received approval to utilize saprolite underlying the remaining deposits;
- Detailed mine plans are under review and will be updated to implement an economic cut-off grade methodology. Based on initial discussions with the ONRM, it is expected that the Moa JV will have access to ore down to 25% iron and 0.7% Ni; however, ore will only be processed which is calculated to have economic value;
- When the property rights revert to the ONRM, the mining rights to the saprolite may be granted to another company; and
- Moa Nickel has been granted a mining concession containing calcium carbonate, which is used in the process as a neutralizing agent.

History

Viable nickel and cobalt resources in eastern Cuba were first identified in the 1940s. By the late 1950s, just prior to the Cuban Revolution, open pit mining had begun on the nickel laterites near Moa.

From the early 1960s to the early 1990s, the Cuban government's state mining company mined the Moa Occidental concession. In 1994, the Corporation and GNC formed Moa Nickel. Moa Nickel was granted mining rights on November 30, 1994. It continued mining operations at the Moa Occidental concession and initiated mining operations at Moa Oriental in 2000.

The Camarioca Concessions were first explored in the early to mid-1970s by Soviet geologists. Evaluation of the Camarioca Concessions was resumed by Empresa Geominera Oriente, the Cuban state contractor for geological and exploration activities, ("Geominera") in 2003. In 2005, Moa Nickel was granted the right to continue the exploration and evaluation of the Camarioca Concessions deposits.

Moa Nickel obtained its rights to the Yagrumaje Oeste and Playa La Vaca-Zona Septentrional III deposits in 2013, with data regarding previous exploration results provided to Moa Nickel by the ONRM. Parts of the Yagrumaje Oeste deposit had been mined prior to Moa Nickel obtaining its rights and the mineralized zone had been drilled on a 33 metre grid. Mining rights for Yagrumaje Oeste were obtained in 2013. Mining rights for Playa La Vaca and Zona Septentrional III were obtained in November 2020.

Cantarrana, La Delta and Santa Teresita were first explored in the 1960s. A second exploration program was conducted by Geominera for Gencor Ltd. in 1996 (the "Gencor Campaign") as a due diligence check on the earlier work. Following additional exploration, the Cantarrana and La Delta deposits were approved as concessions for exploitation in 2018, and Santa Teresita was approved as a concession in 2022.

Geological setting mineralization and deposit types

The central Moa concessions are situated on the Moa-Baracoa complex. The Moa-Baracoa complex is composed primarily of a tectonised harzburgite that is highly depleted by 20–30% partial melting. To the east of the central Moa concessions, a number of podiform chromitite bodies lie along a west-northwest trending line. Several intersections of chromitite also exist in the northwest extremity of Camarioca Norte. The region also contains several bodies of gabbros and north-east trending gabbroic dikes.

The nickeliferous laterite deposits in the Moa region occur as a thick surface blanket of residual soils, clays and partially decomposed rock. The thickest and most homogenous laterite deposits are generally associated with rounded ridge crests and spurs representing the least eroded portion of the laterite blanket.

The upper zone of the commercial laterite profile called limonite has been historically defined either by a nickel cut-off of 1% and an iron cut-off of 35% or, in certain deposits, by a 0.9% nickel cut-off. The limonite zone typically varies from three to seven metres in thickness, locally increasing to a thickness of up to 20 metres. The lower contact of the limonite zone is defined by the 35% iron grade cut-off and is highly irregular with frequent 'ribs' and 'pinnacles' of decomposing bedrock material projecting up into the limonite. Saprolite zone mineralization is usually encountered below the limonite zone. The original mining concession granted the right to mine in the limonite zone only. However, the ONRM has granted the Moa Joint Venture the rights to mine the upper portions of the saprolite zone on most mineral concessions. An economic cut-off grade methodology has been developed to guide ore selection and mine planning. The updated methodology will guide plans to mine and process limonite material with less than 1% nickel and saprolite material which has a calculated economic value.

The Cantarrana ultramafic body is surrounded by the same gabbro body that sets the eastern limit of the La Delta ultramafic. Isolated in the ultramafic is a small body of gabbro, approximately 2x1 kilometres, which limits the southern extent of the La Delta deposit.

The analysis of mineralization of the Eastern satellites concessions is based on the assays taken from the drilling programs discussed in "*Exploration and Drilling"* below. The drilling campaign conducted in the 1960s assayed for Fe, Ni and Co. The Gencor Campaign analyzed for Fe, Ni, Co, Mg, Mn, Al, Si and Ca and the moisture content of each sample was also reported. The 2008 campaign (as described below) assayed for Fe, Ni, Co, Mg, Mn, Al, Cr and Si.

Exploration and drilling

The drilling campaigns conducted at the Moa properties have generally been carried out on surveyed square grid patterns, using continuous-spiral and hollow-stem auger drills to extract samples from each metre of penetration in vertical holes.

The majority of the deposits were drilled prior to the formation of the Moa Joint Venture using progressively closer grid spacings from 300 to 33 metres. In addition, test pits were excavated to yield information on mineralogy, moisture content and tonnage factors. Drilling campaigns conducted by the Moa Joint Venture have generally drilled exploration grids of 100 metres and 33-35 metres- spacings. For exploitation and production planning the operation uses grids at 16 metre-spacing for definition of the overburden thickness, grade control and metallurgical characterization of the ore. In 2005/2006, Moa Nickel conducted field trials of ground penetrating radar technology in the Camarioca Concessions. In 2022, Moa Nickel began using ground penetrating radar technology to further define the limonite/saprolite boundary in Playa La Vaca.

The exploration database contains 52,640 drill holes for 509,707 m drilled up to end of 31st December 2022. Over 90% of the drill holes used for resource estimation are post-1995 Moa JV drill holes.

Sampling, analysis and data verification

Sample preparation

Drill cuttings are logged manually by field geologists in a notebook at the drill site. Logged notes are then later entered into a computer data base in the office. The samples are removed from the auger spirals, placed in plastic bags and tagged with the sample number. The sample numbers are simple sequences without the borehole number. For every twentieth sample, the geologist takes a duplicate assay sample for use as an internal control and another duplicate sample for use as an external control.

When external contractors, like Geominera, have been contracted to perform the drilling and sampling, a Moa Nickel geologist checks the contractor's activities in the field. Additional surveying has also been conducted by Ceproniquel, Centro Internacional de La Habana S.A. and Geocuba Oriente Sur.

Through early September 2007, samples were shipped by truck to Geominera's facilities in Santiago de Cuba. Since September 2007, assay pulp preparation has been carried out at a new facility in Moa and the pulps shipped to Santiago de Cuba for assay at the Elio Trincado Figueredo Laboratory operated by Geominera. An independent consultant retained by the Corporation has examined the sample preparation facilities and the Geominera assay laboratory and reviewed their procedures, and believes that they are satisfactory. The Geominera work at the new sample preparation facility in Moa has been directly monitored by a Moa Nickel geologist.

Sample analyses

Analysis of Ni, Co, Al_2O_3, Cr_2O_3, Fe_2O_3, MgO, MnO and SiO_2 are done by sodium carbonate fusion and inductively coupled plasma atomic emission spectroscopy (ICP-AES), an emission spectrophotometric technique that uses the fact that excited electrons emit energy at a given wavelength as they return to their ground state. For the past many years, the annual production reconciliations have confirmed that there is no systematic bias in resources and reserves calculated from the drill hole data.

Routine assays are done by the Geominera assay laboratory in Santiago de Cuba; external check assays have been done by Sherritt's technologies group and other external laboratories. In the producing areas of the mine, check analyses are also done at the Moa Nickel process control laboratory where routine production sampling of trucks and thickener slurry is done. The process control lab uses pressed pellet XRF analysis calibrated regularly by atomic absorption analysis.

Security of samples

A sample of auger drilling usually consist of seven consecutive chips (auger screw lifts) representing1m of drilling. The samples are collected directly from the auger after removing the contamination from the walls and placed in a plastic bag, logged, tagged and sealed. The sample bags are transported by truck from the field directly to the processing facility operated by Geominera in Moa. At no point are the bags re-opened until the laboratory begins its preparation work. If bags are broken, have become unsealed or appear to be contaminated with other material, which occurs very rarely, the laboratory does not process the sample and no analytical data is available for that sample interval.

Data verification

Quality assurance and quality control ("QA/QC") of the analytical data and the assay databases is conducted by the Moa exploration team who uses internal duplicates to monitor the precision or repeatability of assays. Additional duplicate samples checked by external laboratories provide data for monitoring the reliability of assay data, by measuring potential relative bias. The Moa database manager monitors on a batch-by-batch basis the results of the internal/external duplicates, and actions are taken when the results diverge from the targets. As part of quality control, the database manager and the resource team perform routine checks on the database, to reduce the errors to a minimum.

Additionally, Geominera assay laboratory performs its own internal quality assurance and quality control program, notably by the insertion of duplicates by a quality control agent, which are blind to the laboratory staff. Standard reference material is used to ensure the correct calibration of the equipment.

To address continuous improvement in the QA/QC program and to meet best practice, the Corporation's personnel are working together with Moa Nickel, with the assistance of external consultants, towards the implementation of several additions to the QA/QC program. This includes notably the insertion of coarse duplicates, blanks, and standard reference material. These quality control samples will reinforce the confidence in the exploration/exploitation database by assessing the repeatability of the sample preparation/assaying process, higher in the chain, by ensuring that no-cross contamination is taking place in the sample preparation process, and by checking for potential bias in the assay laboratory. The standard operating procedures will be updated to reflect these changes. Other potential improvements for the QA/QC program will be reviewed in the coming year, such as the implementation of digital loggers and homogenization of the databases, quality control of the density measurements and collar coordinates, and a thorough review of the historical database.

The Moa Nickel mine has been operating for 60 years, and there is a general consistency between the drillhole grades produced by the Geominera laboratory and the grades actually mined, as measured by Moa Nickel's own plant process control data, as well as with the external check assays. The Corporation's personnel continue to collaborate with Moa Nickel and the Geominera laboratory to promote continuous improvement.

Mining and processing, refining, expansion, marketing and sales

Mining operations

The mining method used by Moa Nickel consists of an excavator/truck operation. Bench mining is executed in opened deposits using hydraulic backhoe excavators and articulated mine haulage trucks. The mine operates 365 days per year, weather permitting.

Mining has been carried out within the area covered by the Moa Occidental concession for close to 60 years. Prior to the formation of the Moa Joint Venture, the property was operated by the Cuban state and, prior to the Cuban Revolution, private mining companies. In the past 20 years, improvements in mining operations and at the processing plant have allowed the annual production rate to rise. In 2022, a total of 4.22 million tonnes of ore and 3.17 million tonnes of waste material was mined.

Processing and recovery operations

Ore is processed through the ore preparation plant where the ore is slurried with water and the resultant slurry is screened to reject partially or wholly unweathered material which has higher magnesium content. The oversize reject material is processed through a reject treatment circuit that achieves a high recovery of the limonite contained in the material. The final dry-rock reject is used for road construction or is deposited into mined-out areas.

The fine fraction of the screened ore is thickened and pumped to a pressure acid leaching circuit consisting of vertical, steam-agitated pachucas (reactors). Sulphuric acid is added to dissolve nickel and cobalt from the ore. The leach discharge slurry is processed through a countercurrent decantation wash circuit to separate the nickel and cobalt-containing solution from the leach residue slurry that is impounded in an acid leach tailings facility ("ALTF") with surface water reclaimed for the process. Excess sulphuric acid in the solution is neutralized with calcium carbonate and the gypsum residue is processed through the wash circuit with the leach tailings. Nickel and cobalt are recovered from the solution by precipitation, at an elevated temperature and pressure, with hydrogen sulphide gas to produce mixed sulphides.

The ALTF is currently in the closure stage. As mining progresses, additional tailings disposal capacity is required to accommodate the tailings generated from the life of mine ore. Additional tailings capacity has been designed and new areas are currently under construction. Moa Nickel has initiated a feasibility study for a long term solution for tailings management.

In 2022, production of nickel and cobalt contained in mixed sulphides at Moa Nickel was 32,496 tonnes (100% basis), compared to production of 32,997 tonnes (100% basis) in 2021.

Refining

In the refining process, which occurs in Fort Saskatchewan, nickel and cobalt present in the Moa mixed sulphides and various other feeds are blended and leached in an ammonia and ammonium sulphate solution. Nickel, cobalt and other metals are dissolved and sulphide sulphur is oxidized and combined with ammonia to form ammonium sulphate. Any unleached material is separated from the metal-rich solution, washed, filtered and shipped and recycled back through Moa Nickel's process.

Nickel is recovered in powder form. After washing and drying, powder can be packaged or compacted into briquettes, which can be sintered (passed through a furnace) or left unsintered. The relative proportion of powder, sintered and unsintered material changes and is based upon prevailing market conditions. Cobalt is also recovered in powder form and is compacted and sintered into briquettes or packaged as powder for sale.

The remaining, essentially metal-free, solution is evaporated to crystallize ammonium sulphate, which is dried and sold as fertilizer. The on-site ammonium sulphate plant has an annual capacity of approximately 190,000 tonnes. Other metals present in the feed, such as copper and zinc, are collected in the form of sulphide residues and sold.

In 2022, total production of finished nickel and cobalt was 32,268 tonnes and 3,368 tonnes (100% basis), respectively, compared to 31,184 tonnes and 3,526 tonnes (100% basis), respectively, in 2021.

The refinery maintained its ISO 9001:2015 certification for nickel and cobalt production.

Expansion

In 2021, with support from Sherritt Technologies, the Moa Joint Venture embarked on a low capital intensity expansion strategy to capitalize on the growing demand for high purity nickel and cobalt being driven by the accelerated adoption of EVs. The scope of the expansion programme was narrowed during 2022 to better reflect the evolving intermediate market for nickel and cobalt and to focus on the most critical components of growth in light of supply chain challenges and inflationary price pressures on capital. The current programme is aimed at increasing annual MSP production by 20% or 6,500 t of contained nickel and cobalt (100% basis).

The expansion programme consists of two phases with phase one focused on the construction of the new slurry preparation plant (NSPP) at Moa, and phase two focused on the expansion of the Moa processing plant including the leach plant sixth train and fifth sulphide precipitation train as well as construction of additional acid storage capacity at the plant. The total capital cost is expected to be US$77.0 million (100% basis) or approximately US$13,200 per additional annual tonne of contained nickel for the full expansion. Growth spending on capital for the expansion programme is expected to be self-funded by the Moa JV primarily using operating cash flows.

Phase one was approved by Sherritt and the Moa JV Board in November 2021 with an expected cost of US$27.0 million (100% basis). In phase one, the completion of the new SPP is expected to be completed in early 2024 and is anticipated to deliver several benefits including reduced ore haulage distances and lower carbon intensity from mining. Upon completion it is expected to increase MSP production by approximately 1,700 t of contained nickel and cobalt annually.

Phase two was approved in November 2022 with an expected cost of US$50.0 million (100% basis). In phase two, the completion of the Moa Processing Plant improvements is scheduled at the end of 2024, and is expected to increase annual MSP production by approximately an additional 4,800 t of contained metals annually and reduce Net Direct Cash Costs (NDCC) of the operation by approximately US$0.20/lb.

With substantial growth in demand stemming from EV batteries, Sherritt sees an opportunity to focus its strategy on increasing production of intermediary products that will enable it to fully utilise existing capacity at the refinery and also consider direct sales of intermediate product into the EV battery supply chain.

Upon completion of the expansion in 2024, Sherritt estimates that approximately two thirds of the increased MSP production will be processed into finished nickel and cobalt at the CRC refinery utilizing existing capacity and the remaining MSP could be available for sale as an intermediary product. To accommodate the increased MSP feed at the refinery, some current lower margin third-party processing would be displaced. Sherritt believes there is an active intermediate market, and given developing market conditions, expects to be able to have the option to sell the MSP into the market. The Moa JV does still retain the option to expand the refinery at a later date in order to treat all of the MSP production from the PSA Plant.

The 2023 Moa JV Technical Report is based on the processing capacity at Moa processing plant as at August 2022. and does not include the incremental production and related economic benefits of the Moa JV Expansion. On the assumption that the Moa JV could simply accelerate the mining sequence in order to meet the expected increased production of the expansion programme, the LOM would likely shorten by three to five years, resulting in a LOM of approximately 21 to 23 years. This increased production would still be expected to increase cashflows and the NPV of the Project.

Infrastructure, permitting and compliance activities

The City of Moa has a population of approximately 72,000 (2021) and is the source, together with several surrounding towns, of most of the skilled and unskilled labour required for both the mining and processing operations.

The water supply for the processing plant comes from a water-bore near the plant-site and from the Nuevo Mundo reservoir which feeds into the Moa River. Both the plant site and the mine site are served by the national electric power grid and grid power lines cross the mine site. Moa Nickel has the required surface rights and necessary infrastructure, including bridge access, roads, maintenance shops, power supplies and offices to support its current mining operations.

For information regarding Environment, Health and Safety and Community Investment please see “5. Environment, health and safety and sustainability”.

Resolutions 5859 and 5860, dated December 29, 2006, of the Executive Committee of the Council of Ministers of the Republic of Cuba granted Moa Nickel the right and obligation to evaluate the limonitic nickel mineralization on the La Delta and Cantarrana concessions. These Resolutions detail 28 obligations, most of which relate to: 1) geological education and safety of employees; 2) road construction, protection of environment near rivers, protection of forest cover; and 3) rehabilitation measures after work programs have been completed.

The ONRM approved the exploitation permit for the Santa Teresita concession in the fourth quarter of 2022.

SCHEDULE C

MANDATE OF THE AUDIT COMMITTEE

Mandate

The mandate of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Sherritt International Corporation (the "Corporation") is to assist the Corporation in ensuring the integrity and accuracy of the Corporation's financial reporting and disclosure controls and procedures. The Committee shall fulfill its mandate by providing an open avenue of communication among management, the auditors (external and internal) and the Board.

Duties and responsibilities

(a) review and recommend for approval to the Board the Corporation's interim financial statements, MD&A and earnings press releases prior to disclosure and report to the Board thereon;
(b) review and recommend for approval to the Board the Corporation's annual financial statements, MD&A and earnings press releases and report to the Board thereon;
(c) ensure the adequacy of procedures for the review of other corporate disclosure that is derived or extracted from the financial statements and periodically assess the adequacy of those procedures;
(d) ensure that management fulfills its responsibilities to maintain effective disclosure controls and procedures and an effective system of internal control over financial reporting and Environment, Social and Governance (ESG) reporting and consider if and when ESG information ought to receive independent assurance; report any deficiencies to the Board;
(e) review the Corporation's processes for the selection, preparation and disclosure of sustainability performance data and information to external stakeholders and the public, and the adequacy of the Corporation's transparency on its performance in this area;
(f) review, monitor and report to the Board on the findings of any significant examination or audit by external auditors concerning ESG matters and review the audit scope and approach of any external auditors related to ESG matters;
(g) ensure management adequately identifies, manages, monitors and discloses the principal financial and business risks that could impact the Corporation's financial results and reporting;
(h) recommend and propose guidelines for the disclosure of information, such that relevant information is disclosed in a timely manner and is not selective;
(i) ensure that, taken together, the work of the external and internal auditors provides an appropriate level of audit coverage and is effectively coordinated, to the extent appropriate;
(j) oversee procedures for the receipt, retention and treatment of complaints received regarding accounting, internal controls or auditing matters, and procedures to allow confidential and anonymous submission of concerns regarding questionable accounting or auditing matters;
(k) review all material public documents relating to the Corporation's financial performance, financial position or financial analyses prior to release and (ii) ESG matters prior to release, including the AIF, Management Information Circular, annual guidance and earnings call presentation, and sustainability reports;
(l) review the accounting principles and practices to be applied and followed by the Corporation during the fiscal year and any significant changes from those applied and followed during the previous year;
(m) review all litigation and claims involving the Corporation which could materially affect its financial position and which the auditors or General Counsel may refer to the Committee;
(n) approve the Corporation's tax policy;
(o) review, at least annually, the Corporation's tax status, significant tax issues and reviews by tax authorities
(p) review, at least annually, management's IT strategy and assess the adequacy of the Corporation's cyber-security plan;
(q) review the adequacy of insurance coverage;
(r) ensure management undertake an appropriate enterprise risk management process and review management identification and evaluation of risks and risk mitigation procedures (including hedging);
(s) review other information provided by management relating to the financial affairs of the Corporation;
(t) review, at least annually, the quality and sufficiency of the Corporation's accounting and financial personnel; and
(u) perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time.

With regard to fulfilling their obligations as set out above, Committee members or the Board may request management, from time to time, to present information to the Committee on such matters relating to the financial affairs of the Corporation as deemed appropriate.

Relationship with external auditors

The external auditors report directly to the Committee and are accountable to the Board and the Committee. The Committee shall:

(a) recommend for approval to the Board the appointment and oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services;
(b) approve the audit plan (including scope, timing and materiality);
(c) review the qualifications and performance of the external auditors and recommend approval of fees;
(d) report to the Board regarding the nomination, remuneration and other material terms of the engagement of the external auditors as well as their performance;
(e) review the results of the external auditors' work. The external auditors' report on the results of their work should include their views on the quality, not just the acceptability, of the implementation of generally accepted accounting principles, with a particular focus on the accounting estimates made by management and management's selection of accounting principles;
(f) assess working relationships with management and resolve any disagreements between management and the external auditors about financial reporting;
(g) pre-approve the nature and fees of non-audit services. The Chair has the authority to pre-approve proposals for services to be provided by the Company's auditors up to a value of C$150,000 per engagement, and to report any such approvals to the Committee as a whole at the next Committee meeting and
(h) review and approve the hiring policies regarding partners and employees and former partners and employees of the present and former external auditors.

The Committee should review and discuss written reports by the external auditors detailing all factors that might have an impact on the external auditors' independence, including all services provided and fees charged. The Committee should satisfy itself regarding the independence of the external auditors and report its conclusions and the basis for those conclusions to the Board.

The external auditors are entitled to receive notice of every meeting of the Committee and be heard thereat.

The external auditors are entitled to and are responsible for providing their views directly to the shareholders if they disagree with an approach being taken by the Committee.

Relationship with internal auditors

The Internal Audit function reports to the Chief Financial Officer and is accountable to the Committee. The Committee shall:

(a) approve the mandate for the internal audit department and annually review its objectives and goals and staffing levels;
(b) approve the internal audit charter;
(c) approve the internal audit plan;
(d) approve the internal audit budget and resource plan;
(e) receive communications from the Internal Audit function on performance relative to its plan and other matters;
(f) ensure that the Internal Auditor function has direct and open communication with the Committee with respect to progress on planned audits, significant audit findings, recommendations made and management's response;
(g) approve the appointment or removal of the Director, Internal Auditor; and
(h) review management's decisions related to the need for an internal audit.

Composition and Chair

The members of the Committee shall, subject to appointments made as a result of resignations or retirements, be appointed annually by the Board on the recommendation of the Nominating and Corporate Governance Committee.

The Committee shall consist of not less than three directors, each of whom shall be "independent" as determined under applicable Canadian securities laws. All members of the Committee are required to be financially literate. The requirements for qualification of Committee members shall be determined and interpreted by the Board from time to time based upon recommendations by the Nominating and Corporate Governance Committee.

The Board shall annually designate a Committee Chair from among the Committee members on the recommendation of the Nominating and Corporate Governance Committee. If, in any year, the Board does not appoint a Chair, the Committee members shall appoint a Chair from their number.

Meetings

The Committee shall meet as often as the Committee determines is necessary to fulfill its responsibilities and not less than four times a year.

Notice of every meeting will be given to each member.

A majority of the Committee members will constitute a quorum. No business may be transacted by the Committee except at meetings at which a quorum is present.

Any Board member not currently sitting on the Committee shall have a standing invitation to attend and participate in all Committee meetings.

The Committee may invite such members of management or such outside advisors as it may see fit from time to time to attend its meetings and assist in the discussion and consideration of any matter.

A meeting of the Committee may be convened by the Chair, any two Committee members or the Corporation's external auditor.

An in-camera session will be held at each regularly scheduled Committee meeting with the following groups:
- management;
- external auditors; and
- internal auditors.

Reporting

The Committee will:
- regularly report to the Board on all significant matters it has addressed and with respect to such other matters that are within its responsibilities; and
- oversee the preparation of any disclosure required under applicable Canadian securities laws with respect to matters that are within its responsibilities.

Resources and authority of the Committee

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, provided that if the fees and expenses of any such special counsel or other experts or consultants retained by the Committee exceed, or are expected to exceed C$150,000, the approval of the full Board will be obtained.

The Committee has the authority to communicate directly with the internal and external auditors.

The Committee may engage outside experts to provide education relevant to the mandate of the Committee.

The Committee must pre-approve any experts or consultants retained by the Corporation if such experts or consultants are currently or have previously been retained by the Committee.

Tenure

Each member shall hold office until his or her term as a Committee member expires or is terminated.

Removal and vacancies

Any Committee member may be removed and replaced at any time by the Board and shall cease to be a Committee member upon ceasing to be a director. The Board shall fill vacancies in the Committee by appointment from among the members of the Board. If a vacancy exists on the Committee, the remaining members shall exercise all of the Committee's powers so long as a quorum remains in office.

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