2024

FINANCIAL RESULTS

Sherritt International Corporation

Sherritt International Corporation

2024 Annual Report

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Message from Sherritt's Chief Executive Officer

Sherritt performed well in 2024 and demonstrated exceptional agility in a year marked by significant external complexities. Despite unprecedented challenges, we not only maintained our operational integrity but achieved results that underscore the resilience of our business.

In Canada, we successfully navigated through rail and port labour disputes which disrupted transportation logistics across numerous industries. Challenges in Cuba presented additional obstacles with nationwide power grid failures and natural disasters. Beyond these extraordinary events, nickel and cobalt markets faced continued pressure from increased output in Indonesia and in the Democratic Republic of the Congo creating oversupply.

Yet, Sherritt emerged stronger. Our long-term strategy, adaptive capabilities, and robust risk mitigation approaches enabled us to prosper amid these challenging circumstances. Our achievements this year are a testament to the skill, dedication, and strategic foresight of our global team.

Strategic Management of Global Challenges

In 2024, Sherritt successfully executed a number of strategic management initiatives. Early in the year, our leadership team implemented a comprehensive organizational restructuring and cost reduction program, projected to generate approximately $17 million in annualized savings. In our Metals division, we proactively navigated market challenges by modifying our maintenance schedule to build a feed reserve at our refinery, effectively mitigating potential logistic disruptions while maintaining production and cost targets. Our Power division, through our ownership in Energas, played an instrumental role during the power outages in Cuba to restore the national grid.

We continued to enhance our safety performance framework, underscoring our unwavering commitment to operational excellence and workforce protection. Our comprehensive risk management protocols proved critical, successfully preventing any health and safety or environmental incidents during the natural disasters that hit Cuba.

Strong Performance Across Core Business Segments

Our Metals division achieved a significant year-over-year increase in nickel production and nickel sales volumes. Through focused cost management initiatives, we improved our net direct cash cost by 18%, compared to the previous year, even with much lower cobalt by-product credits. In addition, the contribution from our fertilizer business more than doubled on the strength of higher production and sales volumes.

We achieved a major milestone with the completion of phase one of our Moa Joint Venture expansion project, the Slurry Preparation Plant. With phase one complete, we significantly advanced phase two while prudently managing capital spending. When phase two of the expansion is ramped up, we will have significantly enhanced production capacity of mixed sulphides, ultimately filling the refinery to nameplate capacity and maximizing profitability by displacing lower margin third-party feeds. We are now in the final stages of phase two, with the Processing Plant scheduled for commissioning and ramp up this year.

Our Power division reached a six-year high in electricity production, driven by operational improvements and increased gas supply from new wells. The maintenance work completed in 2024 brought an additional turbine online and enhanced equipment availability, enabling us to process the increased gas supply. As a direct result of our multi-year strategy to optimize returns on our Power investment, the division has begun generating meaningful dividends in Canada with $13 million received in 2024. We anticipate this dividend to double in 2025, projecting dividends in the range of $25 million to $30 million.

Financial Resilience in Challenging Markets

Despite our operational achievements, we continue to navigate a challenging market for nickel and cobalt prices. The average reference prices of nickel and cobalt fell further in 2024 with both, declining 22% and reaching multi-year lows. While the long-term fundamentals for nickel and cobalt prices remain positive, we have adapted to the near-term pressures, with the implemented cost reduction initiatives.

Even with the ongoing pressure on nickel and cobalt prices, we successfully secured $30 million in distributions under the Cobalt Swap, which resumed in the fourth quarter.

In response to current market dynamics, we have prioritized capital allocation, which includes prudently deferring certain non-critical maintenance activities. While these measured adjustments support our near-term financial resilience, we recognize the potential long-term implications and are implementing comprehensive risk mitigation strategies. Regardless of market conditions, we always uphold a safety-first philosophy and are dedicated to our operational integrity.

Looking Ahead

The achievements of 2024 would not have been possible without the dedication and expertise of our talented teams and the resilience and support from our partners in Cuba. We remain focused on enhancing safety, maximizing operational efficiency, maintaining disciplined cost management, building balance sheet strength and upholding our commitment to responsibly sourced minerals and sustainable operations. Maximizing cashflows from our Power and Fertilizer businesses during the trough in both nickel and cobalt markets is a priority, while we continue to advance our longer-term strategic priorities and growth initiatives at a moderated pace as we remain unwaveringly driven to creating sustainable value for all our stakeholders in the years ahead.

I thank you for your continued trust and support in Sherritt.

Sincerely,

Leon Binedell

FOURTH QUARTER AND FULL YEAR 2024 RESULTS AND SELECTED DEVELOPMENTS[(1)]

- **Finished nickel and cobalt production** at the Moa Joint Venture ("Moa JV") in Q4 2024 was 3,853 tonnes and 465 tonnes, respectively, (Sherritt's share[(1)]). For the full year 2024 finished nickel and cobalt production was 30,331 tonnes and 3,206 tonnes, respectively, (100% basis) both within their respective annual guidance ranges.
- **Finished nickel sales** totaled 4,326 tonnes in Q4 2024 and 15,678 tonnes for the full year both exceeding production. Sales in Q4 2024 were the highest in two years. Year-over-year finished nickel sales increased by 22% reflecting Sherritt's focused effort to expand market opportunities. Finished cobalt sales were 465 tonnes in Q4 2024 and 1,638 tonnes for the full year.
- **Net direct cash cost ("NDCC")**[(2)] was US$5.44/lb in Q4 2024. Full year 2024 NDCC[(2)] of US$5.94/lb was within its guidance range and was a pronounced improvement over 2023 being 18% lower year-over-year despite a 41% reduction in cobalt by-product credits due to lower average-realized prices[(2)]. This improvement was driven by notably lower mining, processing, and refining costs per pound of nickel sold ("MPR/lb").
- **Electricity production** was 171 GWh in Q4 2024 and 816 GWh for the full year, respectively. In Q4 2024, Sherritt's Power division played a meaningful role in restoring the Cuban national grid following nationwide power outages. Despite the power outages, electricity production in 2024 reached a six-year high as a result of Sherritt's multiyear efforts to optimize its Power division by bringing new gas wells into production, improving equipment availability and increasing utilization rates.
- **Electricity unit operating cost**[(2)] was $30.64/MWh in Q4 2024. Full year was $34.29/MWh, slightly above the upper end of the annual guidance range of $34.00/MWh, due to the power outages and frequency control measures in Cuba, as well as the weaker Canadian dollar on U.S. dollar-denominated costs for the full year 2024.
- **Organizational restructuring and cost reduction** initiatives in 2024 are expected to yield annualized savings of approximately $17.0 million.
- **Net loss from continuing operations** was $22.5 million, or $(0.06) per share in Q4 2024 and $73.1 million, or $(0.18) per share for the full year.
- **Adjusted net loss from continuing operations**[(2)] was $10.2 million or $(0.03) per share in Q4 2024 and $56.3 million or $(0.14) per share for the full year, and primarily excludes $8.4 million non-cash impairment of intangible assets in Oil and Gas recognized in Q4 and $6.9 million and $8.2 million non-cash loss on rehabilitation provisions, respectively, as a result of updates to valuation assumptions for rehabilitation and closure costs on legacy Oil and Gas assets in Spain.
- **Adjusted EBITDA**[(2)] was $15.4 million in Q4 2024 and $32.4 million for the full year.
- **Cobalt Swap distributions** totaled $29.8 million in Q4 2024, including $23.7 million in cash and 223 tonnes of finished cobalt valued at $6.1 million (including both Sherritt's share and the General Nickel Company S.A. ("GNC") redirected share).
- **Power division dividends** in Canada were $7.0 million in Q4 2024, totaling $13.0 million for the year.
- **Available liquidity in Canada** as of December 31, 2024 was $62.4 million.
- **Construction on phase two of the Moa JV expansion** project progressed with piping installation and internal brick lining of vessels during the quarter, along with some pre-commissioning activities. With lower nickel and cobalt prices, Sherritt continues to exercise capital preservation measures and has scheduled certain expenditures for Q1 2025 when construction is expected to be completed and following which, the ramp-up is expected to commence.

(1) References to operating and financial metrics in this press release, unless otherwise indicated, are to "Sherritt's share" which is consistent with the Corporation's definition of reportable segments for financial statement purposes. Sherritt's share of "Metals" includes the Corporation's 50% interest in the Moa JV, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan ("Fort Site") and its 100% interests in subsidiaries established to buy, market and sell certain of the Moa JV's nickel and cobalt production and the Corporation's cobalt inventory received under the Cobalt Swap agreement ("Metals Marketing"). Sherritt's share of Power includes the Corporation's 33⅓% interest in Energas S.A. ("Energas"). References to Corporate and Other and Oil and Gas includes the Corporation's 100% interest in these businesses. Corporate and Other refers to the Corporate head office and technology support. References to Fort Site directly is to the Corporation's 100% interest in the utility and fertilizer operations.

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

(3) For additional information on the Cobalt Swap, see Note 12 – Advances, loans receivable and other financial assets of the consolidated financial statements for the year ended December 31, 2024.

2025 ANNUAL GUIDANCE

Metals:

- Finished nickel and cobalt production are expected to be between 31,000 to 33,000 tonnes (100% basis) and 3,300 to 3,600 tonnes (100% basis), respectively. This increase is attributed to enhanced availability of mixed sulphides from the Moa mine site to the refinery, following the completion, ramp up and debottlenecking of the phase two expansion. Production is expected to be weighted towards the latter part of the year. To maximize refinery operation efficiencies before and during the ramp-up period, third-party feed will be procured and processed as necessary, subject to market conditions.
- NDCC(1) is expected to be between US$5.75 to US$6.25 per pound of nickel sold based on a forecast negative impact from future commodity prices which are expected to result in year-over-year lower cobalt by-product credits and higher input costs as well as planned Fort Site ammonia and Moa JV acid plant maintenance offsetting the benefits of higher expected production and sales and cost optimization initiatives implemented in 2024.
- Sustaining spending on capital(1), excluding spending on the new tailings facility, is expected to be $35.0 million (Moa JV 50% basis, Fort Site 100% basis).
- Sustaining spending on capital(1) of $40.0 million (50% basis) is related to advancing Moa JV's tailings management project as outlined in its 2023 National Instrument 43-101 Technical Report. The new tailings facility will be engineered and built to international standards and will provide a tailings solution for the Moa mine over the entirety of its current mine life of approximately 25 years. The estimated spending in 2025 includes early works spending that was deferred from 2024. Subsequent to year end, the Moa JV secured a US$60.0 million (100% basis) equivalent loan in Cuban pesos from a Cuban financial institution with a 5-year maturity that will primarily be utilized to support capital spending on tailings management.
- Growth spending on capital(1) is expected to be $5.0 million (Moa JV 50% basis) due to planned deferral of spending from 2024 which is to be used for the completion of phase two of the Moa JV expansion as noted above.

Power:

- Electricity production is expected to be between 800 to 850 GWh (33⅓% basis) on higher gas and equipment availability and improved utilization rates despite lower production from Varadero due to planned grid frequency control.
- Electricity unit operating cost(1) is expected to be between $23.00 to $24.50 per MWh on lower maintenance and higher electricity production.
- Spending on capital(1) is expected to be $2.0 million (33⅓% basis) reflecting lower maintenance spending.

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

Q4 2024 FINANCIAL HIGHLIGHTS

$ millions, except per share amount		For the three months ended 2024 December 31	2023 December 31	Change		For the year ended 2024 December 31	2023 December 31	Change
Revenue	**$**	**45.7**	$ 34.8	31%	**$**	**158.8**	$ 223.3	(29%)
Combined revenue[1]		**160.3**	140.5	14%		**577.6**	652.9	(12%)
Loss from operations and joint venture		**(16.9)**	(43.4)	61%		**(43.5)**	(43.4)	-
Net loss from continuing operations		**(22.5)**	(53.4)	58%		**(73.1)**	(64.3)	(14%)
Net loss for the period		**(22.9)**	(53.4)	57%		**(72.8)**	(64.6)	(13%)
Adjusted EBITDA[1]		**15.4**	(7.0)	320%		**32.4**	46.2	(30%)
Adjusted loss from continuing operations[1]		**(10.2)**	(27.9)	63%		**(56.3)**	(28.1)	(100%)
Net loss from continuing operations ($ per share)		**(0.06)**	(0.13)	54%		**(0.18)**	(0.16)	(13%)
Adjusted loss from continuing operations ($ per share)[1]		**(0.03)**	(0.07)	57%		**(0.14)**	(0.07)	(100%)
Cash used by continuing operations for operating activities		**(21.5)**	(18.1)	(19%)		**(25.9)**	28.2	(192%)
Combined free cash flow[1]		**(20.2)**	(39.1)	48%		**(19.2)**	(15.9)	(21%)
Average exchange rate (CAD/US$)		**1.398**	1.362	3%		**1.370**	1.350	1%

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

$ millions, as at		2024 December 31	2023 December 31	Change
Cash and cash equivalents				
Canada	**$**	**32.0**	$ 21.5	49%
Cuba[1]		**113.1**	96.3	17%
Other		**0.6**	1.3	(54%)
		145.7	119.1	22%
Loans and borrowings		**372.5**	355.6	5%
The Corporation's share of cash and cash equivalents in the Moa Joint Venture, not included in the above balances:	**$**	**5.7**	$ 5.9	(4%)

(1) As at December 31, 2024, $111.4 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2023 - $93.9 million).

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2024

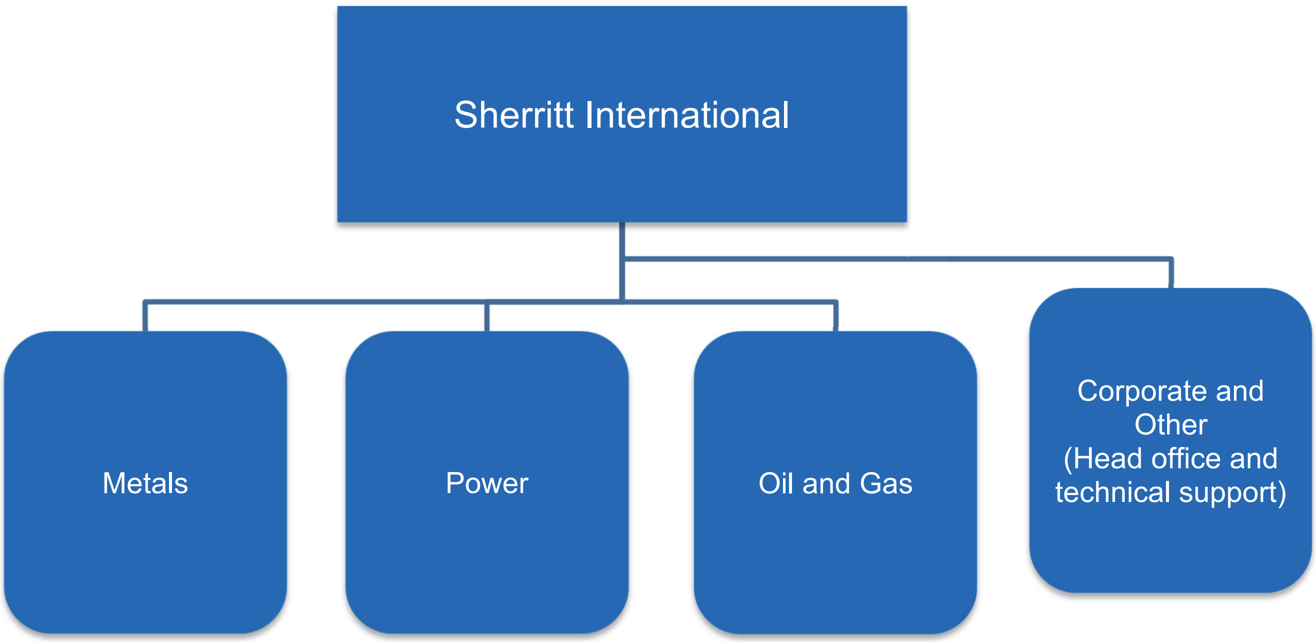
This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Sherritt International Corporation's operations, financial performance and the present and future business environment. This MD&A, which has been prepared as of February 5, 2025, should be read in conjunction with Sherritt's audited consolidated financial statements for the year ended December 31, 2024. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR+ at www.sedarplus.ca or on the Corporation's website at www.sherritt.com.

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

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

Overview of the business

Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt's Moa JV has an estimated mine life of approximately 25 years and is advancing an expansion program focused on increasing annual mixed sulphide precipitate ("MSP") production by 20% of contained nickel and cobalt. The Corporation's Power division, through its ownership in Energas, is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Sherritt's common shares are listed on the Toronto Stock Exchange under the symbol "S".



METALS

Moa Joint Venture

Sherritt is an industry leader in the mining, hydrometallurgical processing and refining of nickel and cobalt from lateritic ore bodies. Sherritt has a 50/50 partnership with General Nickel Company S.A. ("GNC") of Cuba (the "Moa Joint Venture" or the "Moa JV").

The Moa JV is a vertically integrated joint venture that mines, processes and refines nickel and cobalt for sale worldwide (except in the United States). The joint venture has an open pit lateritic ore mine and processing facility in Moa, Cuba where ore is processed into mixed sulphide precipitate containing nickel and cobalt. The MSP is transported to its refining facilities in Fort Saskatchewan, Alberta, Canada. The resulting nickel and cobalt products are sold to various markets, primarily in Europe and Asia. The Moa JV filed an updated National Instrument 43-101 Technical Report on March 31, 2023.

The refinery facilities in Fort Saskatchewan have an annual combined production capacity of approximately 38,200 tonnes (100% basis) of nickel and cobalt.

The Moa JV has a current estimated mine life of 25 years and has embarked on an expansion program focused on increasing annual MSP production by 20% of current production of contained nickel and cobalt. This program capitalizes on the growing demand for high purity nickel and cobalt being driven by the accelerated adoption of electric vehicles and builds on the 30-year successful track record of the Moa Joint Venture.

Fort Site

Sherritt has a wholly-owned fertilizer business in Fort Saskatchewan (Fort Site) that provides inputs (ammonia, sulphuric acid and utilities) for the Moa Joint Venture's metals refinery, produces agriculture fertilizer for sale in Western Canada and provides fertilizer storage and administrative facilities.

Metals Marketing

The Corporation's Metals Marketing division includes its 100% interest in subsidiaries established to buy, market and sell certain of Moa JV's nickel and cobalt production and the Corporation's cobalt inventory received under the Cobalt Swap(1) agreement.

Strategic development

The Corporation is advancing its near-term strategic focus to expand its mixed hydroxide precipitate ("MHP") midstream processing refinery for the electric vehicle supply chain in North America.

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 partners entered the Cobalt Swap agreements in 2022 whereby GNC assumed the liabilities of Energas to repay the construction financing by way of cash and cobalt dividends generated by the Moa JV 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 from 2023 through 2027.

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 2024.

OIL AND GAS

Oil and Gas is not currently producing or exploring for oil and gas in Cuba but maintains an interest in two production-sharing contracts ("PSCs"), each in the exploration phase; however, substantive expenditures on further exploration in these blocks are neither budgeted nor planned in the short term. Its financial results relate to ancillary drilling services, provided to a customer and agencies of the Cuban government, and environmental rehabilitation costs for legacy assets in Spain, which are non-core operating activities of the Corporation. The wells drilled for agencies of the Cuban government provide gas to Energas for power generation.

CORPORATE AND OTHER

Corporate and Other represents the Corporate head office, which provides overall management of the Corporation's joint operations and subsidiaries and general corporate activities related to public companies, including business development, management of cash, publicly-traded debt and government relations, external technical services to third parties and growth and market development activities including early-stage test work and engineering.

(1) For additional information on the Cobalt Swap, see Note 12 – Advances, loans receivable and other financial assets of the consolidated financial statements for the year ended December 31, 2024.

The business we manage

ACCOUNTING PRESENTATION

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

	Relationship for accounting purposes	Interest	Basis of accounting
Metals - Moa Joint Venture ("Moa JV")	Joint venture	50%	Equity method
Metals - Metals Marketing	Subsidiaries	100%	Consolidation
Power	Joint operation	33⅓%	Share of assets, liabilities revenues and expenses
Oil and Gas	Subsidiaries	100%	Consolidation

For financial statement purposes, the Fort Site operations ("Fort Site") and Corporate and Other are a part of Sherritt International Corporation, the parent company, and are not separate legal entities.

The Moa JV is accounted for using the equity method of accounting, which recognizes the Corporation's share of earnings (loss) of Moa Joint Venture, net of tax, and its net assets as the Corporation's investment in Moa Joint Venture, net of tax. The Financial results and Review of operations sections in this MD&A present amounts by reportable segment, based on the Corporation's economic interest.

As a result of the organization-wide restructuring in January 2024, the former Technologies reportable segment and Corporate reportable segment were combined into a single Corporate and Other reportable segment, which includes the Corporation's management of its joint operations and subsidiaries and general corporate activities related to public companies, including business and market development, growth and external technical services activities, as well as management of cash, publicly-traded debt and government relations. Segmented information for the prior year was restated for comparative purposes to reflect the new Corporate and Other reportable segment. In the current year period, expenses incurred to support and enhance Metals' operations and business and market development, formerly reported within Technologies, are recognized within the Metals reportable segment.

The Corporation's reportable segments are as follows:

Metals: Includes the Corporation's:

Moa JV:	50% interest in the Moa JV;
Fort Site:	100% interest in the utility and fertilizer operations in Fort Saskatchewan;
Metals Marketing:	100% interests in subsidiaries established to buy, market and sell certain Moa JV's nickel and cobalt production and the Corporation's cobalt inventory received under the Cobalt Swap agreement.

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

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

Corporate and Other: Head office, joint venture management, business development, cash and debt management, government relations, external technical services to third parties and growth and market development activities.

Operating and financial results presented in this MD&A for reportable segments can be reconciled to note 5 of the consolidated financial statements for the year ended December 31, 2024.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Management uses these measures to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace IFRS® Accounting Standards measures, and do not have a standard definition under IFRS Accounting Standards and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies. Further information on the composition and usefulness of each non-GAAP and other financial measure, including reconciliation to their most directly comparable IFRS Accounting Standards measures, is included in the Non-GAAP and other financial measures section starting on page 60.

Highlights

FOURTH QUARTER AND FULL YEAR 2024 RESULTS AND SELECTED DEVELOPMENTS[1]

- **Finished nickel and cobalt production** at the Moa Joint Venture ("Moa JV") in Q4 2024 was 3,853 tonnes and 465 tonnes, respectively, (Sherritt's share[1]). For the full year 2024 finished nickel and cobalt production was 30,331 tonnes and 3,206 tonnes, respectively, (100% basis) both within their respective annual guidance ranges.
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- **Net direct cash cost ("NDCC")**[2] was US$5.44/lb in Q4 2024. Full year 2024 NDCC[2] of US$5.94/lb was within its guidance range and was a pronounced improvement over 2023 being 18% lower year-over-year despite a 41% reduction in cobalt by-product credits due to lower average-realized prices[2]. This improvement was driven by notably lower mining, processing, and refining costs per pound of nickel sold ("MPR/lb").
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- **Organizational restructuring and cost reduction** initiatives in 2024 are expected to yield annualized savings of approximately $17.0 million.
- **Net loss from continuing operations** was $22.5 million, or $(0.06) per share in Q4 2024 and $73.1 million, or $(0.18) per share for the full year.
- **Adjusted net loss from continuing operations**[2] was $10.2 million or $(0.03) per share in Q4 2024 and $56.3 million or $(0.14) per share for the full year, and primarily excludes $8.4 million non-cash impairment of intangible assets in Oil and Gas recognized in Q4 and $6.9 million and $8.2 million non-cash loss on rehabilitation provisions, respectively, as a result of updates to valuation assumptions for rehabilitation and closure costs on legacy Oil and Gas assets in Spain.
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2025 ANNUAL GUIDANCE

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- NDCC(1) is expected to be between US$5.75 to US$6.25 per pound of nickel sold based on a forecast negative impact from future commodity prices which are expected to result in year-over-year lower cobalt by-product credits and higher input costs as well as planned Fort Site ammonia and Moa JV acid plant maintenance offsetting the benefits of higher expected production and sales and cost optimization initiatives implemented in 2024.
- Sustaining spending on capital(1), excluding spending on the new tailings facility, is expected to be $35.0 million (Moa JV 50% basis, Fort Site 100% basis).
- Sustaining spending on capital(1) of $40.0 million (50% basis) is related to advancing Moa JV's tailings management project as outlined in its 2023 National Instrument 43-101 Technical Report. The new tailings facility will be engineered and built to international standards and will provide a tailings solution for the Moa mine over the entirety of its current mine life of approximately 25 years. The estimated spending in 2025 includes early works spending that was deferred from 2024. Subsequent to year end, the Moa JV secured a US$60.0 million (100% basis) equivalent loan in Cuban pesos from a Cuban financial institution with a 5-year maturity that will primarily be utilized to support capital spending on tailings management.
- Growth spending on capital(1) is expected to be $5.0 million (Moa JV 50% basis) due to planned deferral of spending from 2024 which is to be used for the completion of phase two of the Moa JV expansion as noted above.

Power:

- Electricity production is expected to be between 800 to 850 GWh (33⅓% basis) on higher gas and equipment availability and improved utilization rates despite lower production from Varadero due to planned grid frequency control.
- Electricity unit operating cost(1) is expected to be between $23.00 to $24.50 per MWh on lower maintenance and higher electricity production.
- Spending on capital(1) is expected to be $2.0 million (33⅓% basis) reflecting lower maintenance spending.

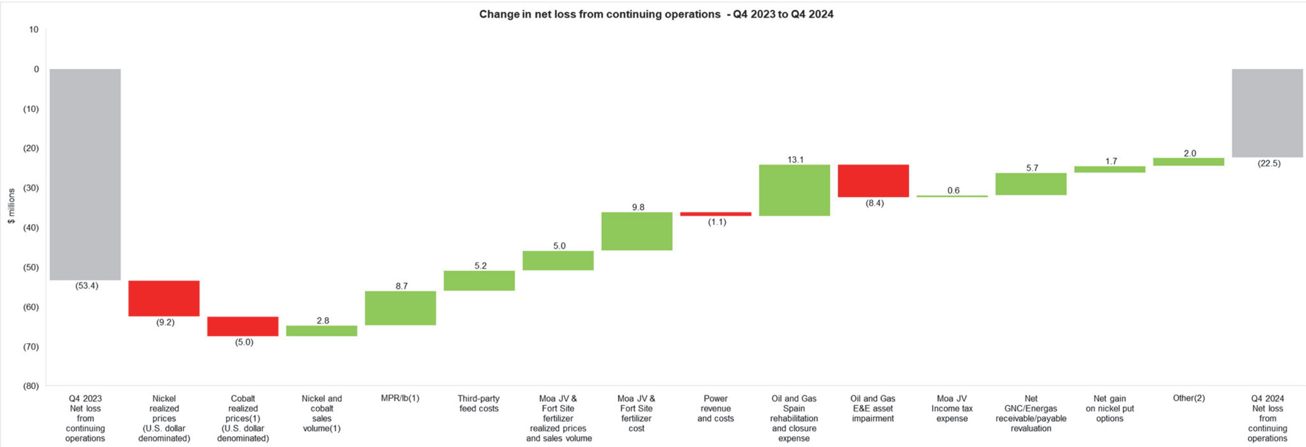
(1) Non-GAAP financial measures. For additional information see the Non-GAAP and other financial measures section.

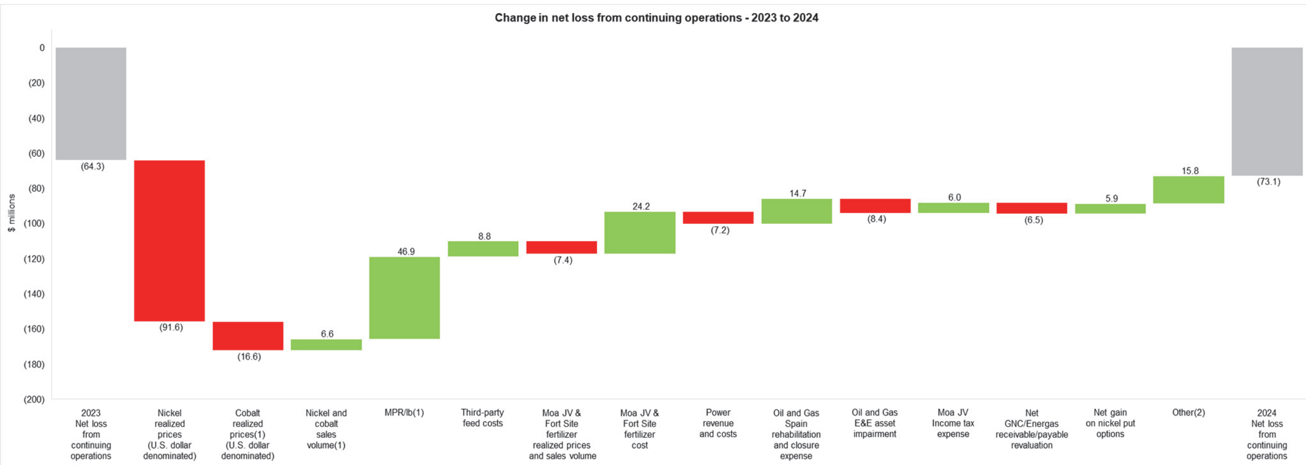
Financial results

	For the three months ended			For the year ended		
	2024	2023		**2024**	2023	
$ millions, except as otherwise noted	**December 31**	December 31	Change	**December 31**	December 31	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 45.7**	$ 34.8	31%	**$ 158.8**	$ 223.3	(29%)
Combined revenue(1)	**160.3**	140.5	14%	**577.6**	652.9	(12%)
Loss from operations and joint venture	**(16.9)**	(43.4)	61%	**(43.5)**	(43.4)	-
Net loss from continuing operations	**(22.5)**	(53.4)	58%	**(73.1)**	(64.3)	(14%)
Loss from discontinued operations, net of tax	**(0.4)**	-	-	**0.3**	(0.3)	200%
Net loss for the period	**(22.9)**	(53.4)	57%	**(72.8)**	(64.6)	(13%)
Adjusted net loss from continuing operations(1)	**(10.2)**	(27.9)	63%	**(56.3)**	(28.1)	(100%)
Adjusted EBITDA(1)	**15.4**	(7.0)	320%	**32.4**	46.2	(30%)
Net loss from continuing operations ($ per share) (basic and diluted)	**$ (0.06)**	$ (0.13)	54%	**$ (0.18)**	$ (0.16)	(13%)
Net loss ($ per share)			-			
(basic and diluted)	**(0.06)**	(0.13)	54%	**(0.18)**	(0.16)	(13%)
Adjusted loss from continuing operations(1) ($ per share)	**(0.03)**	(0.07)	57%	**(0.14)**	(0.07)	(100%)
CASH						
Cash and cash equivalents (as at December 31)	**$ 145.7**	$ 119.1	22%	**$ 145.7**	$ 119.1	22%
Cash (used) provided by continuing operations for operating activities	**(21.5)**	(18.1)	(19%)	**(25.9)**	28.2	(192%)
Combined free cash flow(1)	**(20.2)**	(39.1)	48%	**(19.2)**	(15.9)	(21%)
Distributions received from Moa Joint Venture						
Cash distributions - Cobalt Swap	**11.9**	-	-	**11.9**	32.0	(63%)
Cash distributions - GNC receivable receipts	**11.9**	-	-	**11.9**	32.0	(63%)
Proceeds from Cobalt Swap - Sherritt share	**-**	1.3	(100%)	**0.6**	40.2	(99%)
Proceeds from Cobalt Swap - GNC redirected share	**-**	1.3	(100%)	**0.6**	40.2	(99%)
OPERATIONAL DATA						
COMBINED SPENDING ON CAPITAL(1)	**11.7**	$ 22.5	(48%)	**$ 42.7**	$ 66.5	(36%)
PRODUCTION VOLUMES						
Mixed sulphides (50% basis, tonnes)	**3,552**	3,514	1%	**15,847**	15,084	5%
Finished nickel (50% basis, tonnes)	**3,853**	3,744	3%	**15,166**	14,336	6%
Finished cobalt (50% basis, tonnes)	**465**	330	41%	**1,603**	1,438	11%
Fertilizer (tonnes)	**67,648**	61,092	11%	**250,272**	219,707	14%
Electricity (gigawatt hours) (33⅓% basis)	**171**	225	(24%)	**816**	745	10%
SALES VOLUMES						
Finished nickel (50% basis, tonnes)	**4,326**	3,511	23%	**15,678**	12,888	22%
Finished cobalt (50% basis, tonnes)	**465**	399	17%	**1,638**	2,720	(40%)
Fertilizer (tonnes)	**63,299**	55,509	14%	**179,135**	170,161	5%
Electricity (gigawatt hours) (33⅓% basis)	**171**	225	(24%)	**816**	745	10%
AVERAGE EXCHANGE RATE (CAD/US$)	**1.398**	1.362	3%	**1.370**	1.350	1%
AVERAGE-REALIZED PRICES (CAD)(1)						
Nickel ($ per pound)	**$ 9.98**	$ 10.87	(8%)	**$ 10.30**	$ 13.36	(23%)
Cobalt ($ per pound)	**12.30**	17.23	(29%)	**13.30**	17.47	(24%)
Fertilizer ($ per tonne)	**502.93**	414.80	21%	**503.19**	548.16	(8%)
Electricity ($ per megawatt hour)	**53.19**	57.96	(8%)	**52.01**	57.45	(9%)
UNIT OPERATING COSTS(1)						
Nickel (NDCC) (US$ per pound)	**$ 5.44**	$ 7.87	(31%)	**$ 5.94**	$ 7.22	(18%)
Electricity ($ per megawatt hour)	**30.64**	29.16	5%	**34.29**	27.70	24%

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

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





(1) MPR costs and cobalt by-product credits include the cost and cobalt revenue, respectively, on cobalt sold from Sherritt's 50% share of cobalt received under the Cobalt Swap.

(2) Other primarily relates to changes in Moa Joint Venture royalties, net costs and revenue on sold cobalt from GNC under the Cobalt Swap agreement and other by-products, foreign exchange, depletion, and depreciation, amortization and administrative expenses and net revenue and costs of Oil and Gas, except rehabilitation and closure expense on assets in Spain and E&E impairments which are disclosed separately.

Consolidated revenue, which excludes revenue from the Moa JV as it is accounted for under the equity method, for Q4 2024 was $45.7 million compared to $34.8 million in Q4 2023. Revenue in Q4 2024 was higher as revenue from fertilizers at Fort Site increased 38% as a result of higher fertilizer average-realized prices[(1)] and sales volumes compared to Q4 2023. Fort Site fertilizer revenue for Q4 2024 was $23.8 million compared to $14.4 million in Q4 2023. Cobalt Swap revenue for Q4 2024 was $1.5 million compared to $2.0 million in Q4 2023.

Consolidated revenue for full year 2024 was $158.8 million compared to $223.3 million. Revenue was lower primarily due to the timing of receipts and sales of cobalt by Sherritt under the Cobalt Swap agreement[(2)]. Cobalt Swap revenue for full year 2024 was $2.4 million compared to $80.1 million in 2023. Fort Site fertilizer revenue for full year 2024 was $62.6 million compared to $64.1 million in 2023 as lower average-realized prices[(1)] more than offset higher sales volumes in 2024.

Combined revenue[(1)] which includes the Corporation's consolidated revenue and its 50% share of revenue of the Moa JV was $160.3 million in Q4 2024 compared to $140.5 million in Q4 2023 primarily as a result of higher consolidated revenue as discussed above and 13% higher nickel revenue of $95.3 million at the Moa JV as higher sales volumes offset lower average-realized prices[(1)].

Combined revenue for full year 2024 was $577.6 million compared to $652.9 million in 2023. While cobalt revenue under the Cobalt Swap was lower in 2024, cobalt revenue of the Moa JV was $45.6 million compared to $24.7 million in 2023. Nickel revenue of $355.9 million was 6% lower as lower average-realized prices[(1)] more than offset higher sales volumes compared to 2023.

In Q4 2024, average-realized prices(1) for nickel and cobalt were 8% and 29% lower, respectively, and 21% higher for fertilizers than in Q4 2023, respectively. For full year 2024, average-realized prices(1) for nickel, cobalt and fertilizers were 23%, 24% and 8% lower than in full year 2023, respectively.

While the timing of receipts and sales of cobalt under the Cobalt Swap results in variances in cobalt sales volumes, revenue and cost of sales for Sherritt, it does not have a material impact on earnings from operations, average-realized prices(1), cobalt by-product credit, or NDCC(1). For more information regarding the Cobalt Swap, refer to the Cobalt Swap sales section in the Metals Review of operations section.

The loss from continuing operations in Q4 2024 of $22.5 million compared to a loss from continuing operations of $53.4 million in Q4 2023. Higher contribution from fertilizer sales, lower MPR/lb of nickel sold, and higher nickel sales volumes more than offset the impact of lower average-realized prices(1) for nickel and cobalt. Fertilizer contribution was higher on higher revenue and lower maintenance costs in Q4 2024 compared to Q4 2023. MPR/lb were 14% lower primarily as a result of lower maintenance costs, increased operating efficiencies on better feed availability, and 44% lower natural gas and 22% lower diesel average prices. The average price for sulphur was 3% higher in Q4 2024. Earnings from operations in Power in Q4 2024 was lower than in Q4 2023 as a result of the impact of the nationwide power outage in Cuba which offset higher production and sales related to higher gas and equipment availability. The positive net change in net loss from continuing operations in Oil and Gas from Q4 2023 to Q4 2024 was primarily driven by an increase in rehabilitation and closure costs as a result of updated cost estimates provided by the operator of Sherritt's legacy Oil and Gas assets in Spain in Q4 2023, partly offset by a non-cash impairment of intangible assets in Q4 2024.

The loss from continuing operations for full year 2024 of $73.1 million compared to $64.3 million in 2023 as the impact of lower average-realized prices(1) for nickel and cobalt more than offset the benefits of lower MPR/lb and higher contribution from fertilizers. MPR/lb were 15% lower primarily as a result of lower sulphur, natural gas and diesel input prices, lower maintenance costs, lower purchases of sulphuric acid and increased operating efficiencies on better feed availability. For the full year 2024, average prices for sulphur, natural gas and diesel were 22%, 45% and 13% lower, respectively, compared to those in full year 2023. Fertilizer contribution was higher in full year 2024 as a result of significantly lower maintenance costs on relatively unchanged revenue compared to 2023. Earnings from operations in Power in full year 2024 was lower than in full year 2023 due to higher planned maintenance. The positive net change in net loss from continuing operations in Oil and Gas from 2023 to 2024 was primarily driven by the increase in rehabilitation and closure costs at Sherritt's legacy Oil and Gas assets in Spain in Q4 2023, partly offset by a non-cash impairment of intangible assets in Q4 2024.

Sherritt continues to realize savings in line with its estimated $17.2 million in annual savings from the workforce reductions announced in the first half of 2024 and organizational structure changes during the second half of 2024.

Amounts related to the GNC receivable and Energas payable pursuant to the Cobalt Swap are non-cash revaluation adjustments based on updates to valuation assumptions, primarily revisions to forecast timing of receipts of cobalt and cash distributions and forecast cobalt prices.

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

(2) For additional information on the Cobalt Swap, see Note 12 – Advances, loans receivable and other financial assets of the consolidated financial statements for the year ended December 31, 2024.

CONSOLIDATED FINANCIAL POSITION

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

$ millions, except as otherwise noted, as at December 31	**2024**	2023	Change
Current assets	**$ 384.8**	$ 399.0	(4%)
Current liabilities	**293.0**	287.3	2%
Working capital(1)	**91.8**	111.7	(18%)
Current ratio(2)	**1.31:1**	1.39:1	(5%)
Cash and cash equivalents	**$ 145.7**	$ 119.1	22%
Investment in Moa JV	**665.4**	646.7	3%
Non-current advances, loans receivable and other financial assets	**171.6**	170.2	1%
Property, plant and equipment	**152.1**	159.2	(4%)
Total assets	**1,382.8**	1,390.6	(1%)
Loans and borrowings	**372.5**	355.6	5%
Provisions	**109.5**	128.0	(14%)
Total liabilities	**785.4**	777.0	1%
Deficit	**(2,972.4)**	(2,899.6)	(3%)
Shareholders' equity	**597.4**	613.6	(3%)

(1) Working capital is calculated as the Corporation's current assets less current liabilities.
(2) The current ratio is calculated as the Corporation's current assets divided by its current liabilities.

Cash and cash equivalents were $145.7 million as at December 31, 2024 compared to $148.6 million as at September 30, 2024.

As at December 31, 2024, total available liquidity in Canada, which is composed of cash and cash equivalents in Canada of $32.0 million and available credit facilities of $30.4 million was $62.4 million compared to $71.4 million as at September 30, 2024. During the quarter, Sherritt received $23.7 million of Cobalt Swap cash distributions, $7.0 million of dividends from Energas and $4.7 million on the settlement of in-the-money nickel put options. These receipts were offset by cash used for operating activities primarily reflecting timing of working capital receipts and payments, $9.4 million for interest on the Corporation's 8.5% secured second lien notes ("Second Lien Notes"), and $3.6 million on contractually obligated rehabilitation and closure costs related to legacy Oil and Gas assets in Spain.

On a full year basis, total available liquidity in Canada was in line with the $63.0 million as at December 31, 2023. During 2024, Sherritt received $23.7 million of cash Cobalt Swap distributions and $13.0 million of dividends from Energas, $36.2 million of proceeds from operating activities at Fort Site on higher operating earnings and timing of working capital receipts and payments, $30.0 million as full repayment of short-term working capital advances made to the Moa JV in 2023 and $5.9 million net proceeds from nickel put options. These receipts were offset by cash used for operating activities primarily on timing of working capital receipts and to support planned maintenance activities at Power, $18.8 million for interest on the Second Lien Notes, $6.6 million for property, plant and equipment and $27.2 million on contractually obligated rehabilitation and closure costs related to legacy Oil and Gas assets in Spain.

At current spot nickel prices, the Corporation expects that cobalt dividends and cash distributions under the Cobalt Swap agreement will commence in the second half of the year and will not meet the annual minimum amount in 2025. The Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements. Determinants of liquidity include anticipated nickel and cobalt prices and sales volumes, planned spending on capital at the Moa JV including growth capital, capital committed toward the new tailings facility net of financing, working capital needs, expected financing and other expected liquidity requirements. Available cash is also impacted by changes in working capital primarily related to changes in inventory, and timing of receipts and payments, including receipts on nickel and cobalt sales subsequent to shipment.

With the completion of maintenance work in 2024 to bring online an additional turbine and to improve equipment availability to process gas from the recently completed wells and based on 2025 guidance estimates for production volumes, unit operating costs[1] and spending on capital[1] disclosed in the Outlook section, total dividends in Canada from Energas in 2025 are expected to be between $25.0 million and $30.0 million.

As at December 31, 2024, the Corporation was in compliance with all its debt covenants.

At the Second Lien Notes interest payment date in October 2024, the Corporation was not required to make a mandatory redemption of Second Lien Notes as it did not have Excess Cash Flow as defined in the Second Lien Notes indenture agreement for the two-quarter period ended June 30, 2024. For the two-quarter period ended December 31, 2024, Excess Cash Flow was $5.5 million. Subject to the minimum liquidity threshold of $75.0 million pursuant to the Second Lien Notes Indenture at the interest payment date in April 2025, the Corporation will be required to redeem, at par, total Second Lien Notes equal to 50% of Excess Cash Flow, or $2.8 million.

Subsequent to the quarter end, consistent with its prudent approach to managing liquidity, Sherritt elected not to pay cash interest due in January 2025 of $3.6 million and added the payment-in-kind interest to the principal amount owed to noteholders in its 10.75% unsecured PIK option notes ("PIK notes").

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

Significant factors influencing operations

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

NICKEL

In Q4 2024, the price of nickel on the London Metal Exchange ("LME") closed at US$6.85/lb decreasing from the Q3 2024 closing price of US$7.71/lb. The average nickel price of US$7.27/lb during the quarter was relatively unchanged compared to the average nickel price of US$7.37/lb in Q3 2024. For the full year 2024, the price of nickel decreased from US$7.39/lb at the beginning of the year and the average nickel price was US$7.63/lb.

Increased supply, primarily from Chinese and Indonesian miners, caused the market to end the year with an estimated surplus of approximately 140 thousand tonnes(1). Supply is expected to continue to increase in excess of demand in the near term on unabated Chinese and Indonesian production which is expected to keep nickel prices under pressure in the near term; however, adoption of reduced quotas in Indonesia could potentially provide some price recovery and stabilization.

While global nickel demand growth in 2024 was strong, it was lower than commodity analysts had initially forecast with the stainless steel sector driving most of the growth. In the near-term, demand is expected to face pressures from bearish economic growth estimates, especially in China, tariff tensions, and a stronger U.S. dollar.

Longer-term demand is expected to increase in excess of supply leading to a market balance deficit position beyond 2030(2); however, the timing of this shift in market balance will ultimately be dependent on the level of nickel production, including Indonesian government-driven supply intervention, the pace of substantial nickel demand growth from electric vehicle ("EV") adoption, and the adherence by governments and industries to existing climate policies and targets.

COBALT

In Q4 2024, Argus Chemical Grade cobalt price closed at US$11.50/lb, relatively unchanged from the Q3 2024 closing price of US$11.63/lb. The average cobalt price decreased to US$11.59 during the quarter from US$12.25/lb in Q3 2024. For the full year 2024, the price of cobalt decreased from US$14.25/lb at the beginning of the year and the average cobalt price was US$12.77/lb.

Recent supply surpluses are primarily driven by unabated production by copper-cobalt producers in the Democratic Republic of the Congo ("DRC") and nickel-cobalt producers in Indonesia outstripping demand increases. Supply from these regions continues to grow, with substantial metal refining capacity expanding in Indonesia and China. Meanwhile, most mined and refined projects outside the DRC, Indonesia, and China are delayed, further concentrating over 80% of global supply decisions in these three countries.

Cobalt demand from the portable electronics and transportation sectors grew by 5% and 9% in 2024, respectively. Transportation related demand was led by China, with modest growth in North America and stagnation in Europe(3). EV-related cobalt demand growth remains strong long-term, but faces risks in the medium term from weakening climate policy support and regulatory shifts.

FERTILIZER

In Q4 2024, fertilizer prices increased compared quarter-over-quarter, driven by rising input costs for natural gas and sulphur, alongside spring 2025 demand. Anticipated colder winter conditions in early 2025 may further elevate natural gas usage for heating, potentially sustaining higher fertilizer prices.

(1) CRU, Nickel Market Outlook, December 2024
(2) Wood Mackenzie, Nickel Market Balance, December 2024
(3) CRU, Cobalt Market Outlook, November 2024

Review of operations

METALS

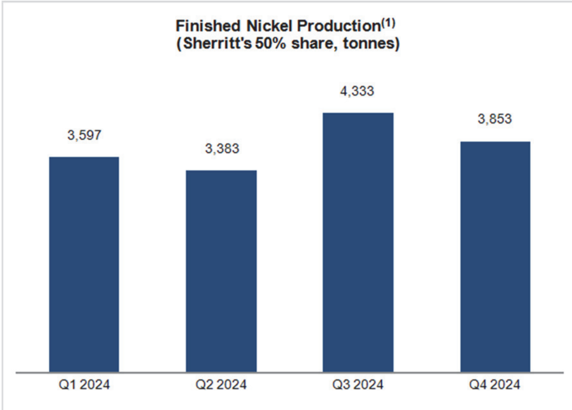
$ millions (Sherritt's share), except as otherwise noted	For the three months ended 2024 December 31	2023 December 31	Change	For the year ended 2024 December 31	2023 December 31	Change
FINANCIAL HIGHLIGHTS[1]						
Revenue	**$ 148.3**	$ 125.9	18%	**$ 526.6**	$ 603.7	(13%)
Cost of sales	**146.6**	146.6	-	**532.3**	601.4	(11%)
Loss from operations	**(1.0)**	(22.0)	95%	**(18.5)**	(2.1)	(781%)
Adjusted EBITDA[2]	**14.6**	(8.7)	268%	**40.0**	53.6	(25%)
CASH FLOW[1]						
Cash provided by continuing operations for operating activities[2]	**$ 5.9**	$ 3.4	74%	**$ 93.1**	$ 115.9	(20%)
Free cash flow[2]	**(0.3)**	(14.2)	98%	**59.1**	58.9	-
PRODUCTION VOLUME (tonnes)						
Mixed Sulphides	**3,552**	3,514	1%	**15,847**	15,084	5%
Finished Nickel	**3,853**	3,744	3%	**15,166**	14,336	6%
Finished Cobalt	**465**	330	41%	**1,603**	1,438	11%
Fertilizer	**67,648**	61,092	11%	**250,272**	219,707	14%
NICKEL RECOVERY[3] (%)	**84%**	89%	(6%)	**86%**	88%	(2%)
SALES VOLUME (tonnes)						
Finished Nickel	**4,326**	3,511	23%	**15,678**	12,888	22%
Finished Cobalt	**465**	399	17%	**1,638**	2,720	(40%)
Fertilizer	**63,299**	55,509	14%	**179,135**	170,161	5%
AVERAGE REFERENCE PRICE[4] (US$ per pound)						
Nickel	**$ 7.27**	$ 7.82	(7%)	**$ 7.63**	$ 9.74	(22%)
Cobalt	**11.59**	15.69	(26%)	**12.77**	16.30	(22%)
AVERAGE-REALIZED PRICE[2]						
Nickel ($ per pound)	**$ 9.98**	$ 10.87	(8%)	**$ 10.30**	$ 13.36	(23%)
Cobalt ($ per pound)	**12.30**	17.23	(29%)	**13.30**	17.47	(24%)
Fertilizer ($ per tonne)	**502.93**	414.80	21%	**503.19**	548.16	(8%)
UNIT OPERATING COST[2] (US$ per pound)						
Nickel - net direct cash cost[2]	**$ 5.44**	$ 7.87	(31%)	**$ 5.94**	$ 7.22	(18%)
SPENDING ON CAPITAL[2]						
Sustaining	**$ 6.0**	$ 19.0	(68%)	**$ 28.3**	$ 51.3	(45%)
Growth	**5.3**	2.3	130%	**11.4**	11.4	-
	$ 11.3	$ 21.3	(47%)	**$ 39.7**	$ 62.7	(37%)

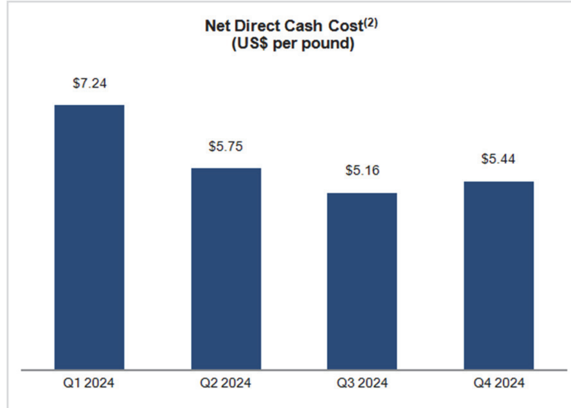
(1) The amounts included in the Financial Highlights and Cash Flow sections for Metals above include the combined results of the Moa JV, Fort Site and Metals Marketing. Breakdowns of revenue, Adjusted EBITDA, and the components of free cash flow (cash provided (used) by continuing operations for operating activities and Property, plant and equipment expenditures) for each of these operations are included in the Combined revenue, Adjusted EBITDA and Free cash flow reconciliations, respectively, in the Non-GAAP and other financial measures section of this MD&A.

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

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

(4) Reference source: Nickel - LME. Cobalt - Average chemical-grade cobalt price published by Argus.





(1) The annual refinery maintenance shutdown occurred in Q2 2024.
(2) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.

Metals revenue, cost of sales and NDCC[1] are composed of the following:

$ millions, except as otherwise noted	For the three months ended 2024 December 31	2023 December 31	Change	For the year ended 2024 December 31	2023 December 31	Change
REVENUE						
Nickel	**$ 95.3**	$ 84.1	13%	**$ 355.9**	$ 379.6	(6%)
Cobalt	**12.6**	15.2	(17%)	**48.0**	104.8	(54%)
Fertilizers	**31.8**	23.1	38%	**90.1**	93.3	(3%)
Other	**8.6**	3.5	146%	**32.6**	26.0	25%
	$ 148.3	$ 125.9	18%	**$ 526.6**	$ 603.7	(13%)
COST OF SALES[2]						
Mining, processing and refining (MPR)[3]	**$ 84.8**	$ 76.4	11%	**$ 323.6**	$ 275.0	18%
Third-party feed costs	**8.2**	11.9	(31%)	**20.8**	26.1	(20%)
Finished cobalt cost[4]	**1.4**	1.8	(22%)	**2.2**	86.1	(97%)
Fertilizers	**20.3**	26.3	(23%)	**62.0**	81.9	(24%)
Selling costs	**9.1**	8.2	11%	**31.3**	29.0	8%
Other	**7.2**	8.7	(17%)	**34.4**	49.1	(30%)
	$ 131.0	$ 133.3	(2%)	**$ 474.3**	$ 547.2	(13%)
NET DIRECT CASH COST[1] (US$ per pound of nickel)						
Mining, processing and refining costs[5]	**$ 6.29**	$ 7.35	(14%)	**$ 6.83**	$ 8.08	(15%)
Third-party feed costs	**0.63**	1.14	(45%)	**0.44**	0.68	(35%)
Cobalt by-product credits[5]	**(0.89)**	(1.34)	34%	**(0.99)**	(1.69)	41%
Net fertilizer by-product credit	**(0.85)**	0.31	(374%)	**(0.59)**	(0.30)	(97%)
Net impact of redirected cobalt[6]	**(0.01)**	(0.01)	-	**-**	0.09	(100%)
Other[7]	**0.27**	0.42	(36%)	**0.25**	0.36	(31%)
	$ 5.44	$ 7.87	(31%)	**$ 5.94**	$ 7.22	(18%)

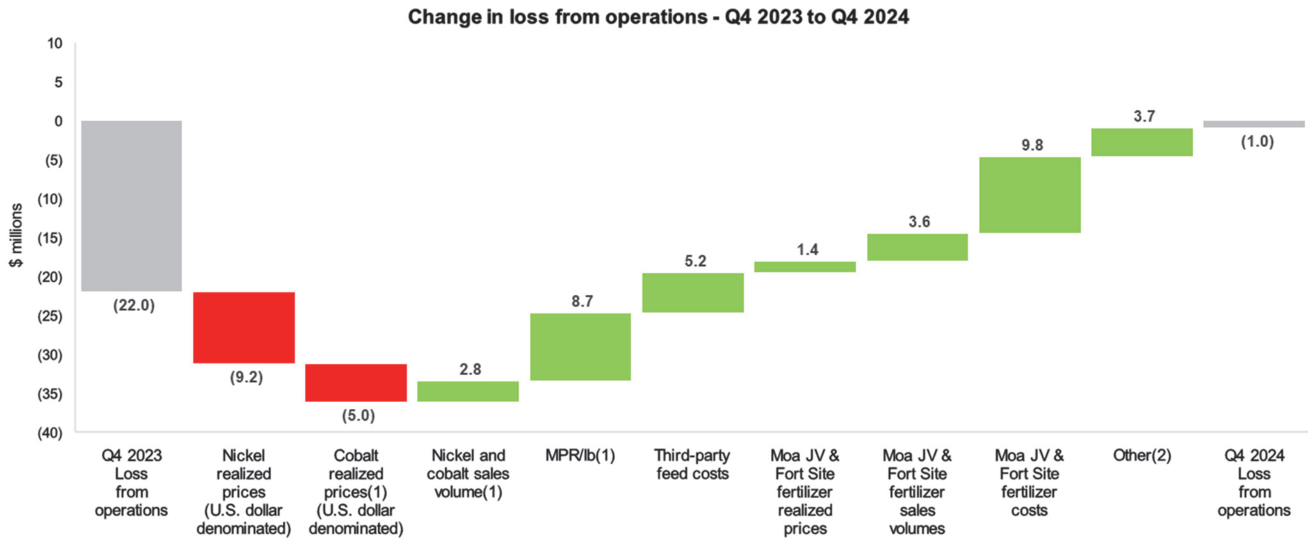
(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.
(2) Excludes depletion, depreciation and amortization and excludes impairment of property, plant and equipment.
(3) Effective January 1, 2023, MPR costs exclude the cost of cobalt volumes sold in accordance with the Cobalt Swap.
(4) Finished cobalt cost is based on the settlement value of the cobalt sold. The settlement value is based on an in-kind value of cobalt, calculated at the time of distribution as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and GNC in consideration of selling costs incurred by the Corporation.
(5) MPR and cobalt by-product credits include the cost and cobalt revenue, respectively, on cobalt sold from Sherritt's 50% share of cobalt received under the Cobalt Swap.
(6) Net impact of redirected cobalt includes the finished cobalt cost less cobalt by-product credits per pound of nickel sold on the cobalt sold from GNC's redirected cobalt received by Sherritt under the Cobalt Swap.
(7) Includes marketing costs, discounts/premiums, and other by-product credits.

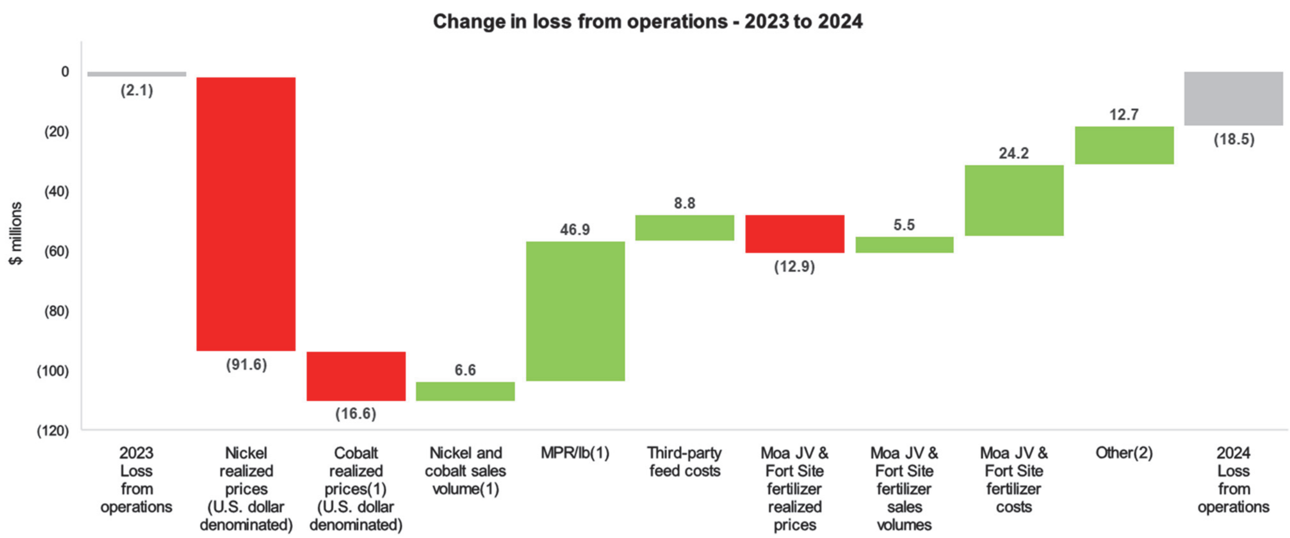
The following table summarizes average reference prices for key input commodities for Metals[1]:

	For the three months ended			For the year ended		
	2024	2023		**2024**	2023	
	December 31	December 31	Change	**December 31**	December 31	Change
Sulphur (US$ per tonne)	$ **187.75**	$ 181.79	3%	$ **179.95**	$ 230.30	(22%)
Diesel (US$ per litre)	**0.90**	1.16	(22%)	**0.98**	1.12	(13%)
Fuel oil (US$ per tonne)	**439.37**	483.33	(9%)	**468.57**	466.07	1%
Natural gas cost ($ per gigajoule)	**1.63**	2.93	(44%)	**1.60**	2.90	(45%)

(1) The above input commodity prices are the average prices incurred during the periods reflected in cost of sales or inventory.

The following graphs summarize the change in loss from operations for Metals:





(1) MPR and cobalt by-product credits include the costs and cobalt revenue, respectively, on cobalt sold from Sherritt's 50% share of cobalt received under the Cobalt Swap.

(2) Other is primarily composed of sulphuric acid revenue and costs, selling costs, royalty costs, administrative costs, net costs and revenue on sold cobalt redirected from GNC to Sherritt under the Cobalt Swap agreement, inventory impairments, depletion, depreciation and amortization.

Revenue

Metals revenue for the three months and year ended December 31, 2024 was $148.3 million and $526.6 million compared to $125.9 million and $603.7 million, respectively, in the same periods in 2023.

Nickel revenue for the three months and year ended December 31, 2024 was $95.3 million and $355.9 million compared to $84.1 million and $379.6 million, respectively, in the same periods in 2023. In Q4 2024, the 23% increase in nickel sales volume offset the 8% lower average-realized price[1]. For the year ended December 31, 2024, the 22% increase in nickel sales volume was more than offset by the 23% decrease in average-realized price[1] in 2024. Sales volumes were higher in line with higher production in each quarter in 2024, except in Q3 where demand is typically softer and as a result of the Canadian rail lock-out that temporarily disrupted logistics. In Q4 2024, sales volume was above production due to strong spot sales and the realization of sales deferred as a result of the Canadian rail lock-out in the third quarter.

Cobalt revenue for the three months and year ended December 31, 2024 was $12.6 million and $48.0 million compared to $15.2 million and $104.8 million, respectively, in the same periods in 2023. Lower revenue in the current year periods was primarily due to the timing of receipts and sales of cobalt by Sherritt under the Cobalt Swap agreement and lower average-realized prices[1]. The average-realized prices[1] for cobalt were 29% and 24% lower in the current year periods, respectively, compared to the same periods in 2023. For more information regarding the timing of Cobalt Swap receipts, sales and distributions in 2024, refer to the Cobalt Swap section below.

Sherritt will continue to leverage its marketing strategy in developing new avenues for sales which, concurrent with implementing strategic costs reductions, is expected to effectively weather the unabated oversupply strategy from China, Indonesia and the Democratic Republic of the Congo. Sherritt is actively pursuing spot sales opportunities, new customer development and market opportunities to counter dependance on supply from these countries.

Fertilizer revenue for the three months and year ended December 31, 2024 was $31.8 million and $90.1 million compared to $23.1 million and $93.3 million, respectively, in the same periods in 2023. Fertilizer sales volumes were 14% and 5% higher while average-realized prices[1] were 21% higher and 8% lower for the three months and year ended December 31, 2024, respectively, compared to the same periods in 2023. Higher fertilizer sales volumes in 2024 reflect better available production for sale compared to 2023 consistent with higher nickel production and better equipment availability.

Cobalt Swap

In Q4 2024, Sherritt focused efforts to maximize distributions under the Cobalt Swap agreement. In Q3 2024, Sherritt had indicated the Cobalt Swap distribution in Q4 could be up to a maximum of $50.0 million (including both Sherritt's share and GNC's redirected share) assuming midpoint guidance for annual nickel production and first half 2024 average nickel and cobalt reference prices of US$8.00/lb and US$13.50/lb continued in the second half of the year. Despite average nickel and cobalt reference prices in the second half of 2024 being US$7.32/lb and US$11.92/lb, respectively, well below their first half averages, Sherritt's focused efforts to prudently manage and maximize its cash flows in the Moa JV led to significant distributions of $23.7 million in cash and 223 tonnes of finished cobalt with an in-kind value of $6.1 million (including both Sherritt's share and GNC's redirected share) for a total of $29.8 million.

In Q4 2024, Sherritt sold 50 tonnes of the 223 tonnes of finished cobalt that it received under the Cobalt Swap agreement recognizing revenue of $1.5 million. In 2023, Sherritt had received 100% of the annual maximum amount of cobalt (2,082 tonnes) by the end of the second quarter and had sold virtually all of that cobalt by the end of the year, including 49 tonnes in Q4 2023. Sales of cobalt from the Cobalt Swap in full year 2024 were 73 tonnes, or $2.4 million, compared to 2,059 tonnes, or $80.1 million, in 2023.

At current spot nickel prices, the Corporation expects that cobalt dividends and cash distributions under the Cobalt Swap agreement will commence in the second half of the year and will not meet the annual minimum amount in 2025. The Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements. Determinants of liquidity include anticipated nickel and cobalt prices and sales volumes, planned spending on capital at the Moa JV including growth capital, capital committed toward the new tailings facility net of financing, working capital needs, expected financing and other expected liquidity requirements. Available cash is also impacted by changes in working capital primarily related to changes in inventory, and timing of receipts and payments, including receipts on nickel and cobalt sales subsequent to shipment.

While the timing of receipts and sales of cobalt under the Cobalt Swap results in variances in cobalt sales volume, revenue and cost of sales for Sherritt, they do not have a material impact on earnings from operations, average-realized prices[(1)], cobalt by-product credits, or NDCC[(1)]. This is because the variance in revenue and costs of Sherritt's share of cobalt under the Cobalt Swap is offset by Sherritt's share of revenue and costs of the Moa JV and the cost of cobalt sold on volumes of cobalt redirected from GNC is determined based on the in-kind value of cobalt calculated as the cobalt reference price from the month preceding distribution less a mutually agreed selling cost adjustment.

Production

Mixed sulphides production at the Moa JV for the three months and year ended December 31, 2024 was 3,552 tonnes and 15,847 tonnes, 1% and 5% higher, respectively, compared to the same periods in 2023. Lower maintenance and improved feed to the processing plant following the completion of the new Slurry Preparation Plant ("SPP") in the first quarter of 2024 contributed to higher production throughout the year. During Q4 2024 a number of external factors in Cuba occurred including an earthquake, hurricanes and nationwide power outages that individually did not materially impact mixed sulphide precipitate ("MSP") production but in aggregate and when combined with heavy rains which required the processing of lower grade stockpiles, resulted in MSP production being lower than it would have been otherwise.

Finished nickel production for the three months and year ended December 31, 2024 was 3,853 tonnes and 15,166 tonnes, 3% and 6% higher, respectively, compared to the same periods in 2023 primarily as a result of higher mixed sulphides feed availability at the refinery partly offset by lower third-party feed purchases in 2024.

Finished cobalt production for the three months and year ended December 31, 2024 was 465 tonnes and 1,603 tonnes, 41% and 11% higher, respectively, compared to the same periods in 2023 for the same reasons as finished nickel. Third-party feed processed in Q4 2024 had higher cobalt content compared to feed processed in Q4 2023.

Finished nickel and cobalt production for full year 2024, on a 100% basis, was within the annual guidance ranges.

Fertilizer production for the three months and year ended December 31, 2024 was 67,648 tonnes and 250,272 tonnes, 11% and 14% higher, respectively, compared to the same periods in 2023 in line with higher metals production and the implementation of operational improvements during 2024.

NDCC[(1)]

NDCC[(1)] per pound of nickel sold for the three months and year ended December 31, 2024 was US$5.44/lb and US$5.94/lb, respectively, compared to US$7.87/lb and US$7.22/lb in the same periods in 2023. In each of the current year periods, NDCC[(1)] significantly improved as a result of lower MPR/lb and third-party feed costs and higher net fertilizer by-product credits, partly offset by lower cobalt by-product credits. NDCC[(1)] was also positively impacted by higher nickel sales volume in each of the current year periods compared to the same periods in the prior year. NDCC[(1)] for 2024 was within the annual guidance range.

Overall, finished nickel and cobalt production significantly benefitted from the Corporation's multiyear production optimization and expansion programs that have resulted in improved mining production and refining process flows which provided operational stability and improved operational efficiencies and have been instrumental in driving NDCC[(1)] down in this volatile commodities market.

MPR/lb was 14% and 15% lower in Q4 and full year 2024, respectively, compared to the same periods in 2023. In Q4 2024, the average price for natural gas and diesel were 44% and 22% lower, respectively, while sulphur was 3% higher, compared those in Q4 2023. For the full year 2024, average prices for sulphur, natural gas and diesel were 22%, 45% and 13% lower, respectively, compared to those in 2023. Full year MPR was also positively impacted by lower maintenance costs, operational improvements and lower purchases of sulphuric acid.

Third-party feed costs were 45% and 35% lower in Q4 and full year 2024 compared to in the same periods in 2023 on lower feed availability.

Net fertilizer by-product credits were significantly higher in Q4 2024 compared to Q4 2023 as a result of higher sales volumes and average-realized prices[(1)] as well as lower maintenance costs. For the full year 2024, net fertilizer by-product credits were higher, however, lower fertilizer maintenance costs were partly offset by lower average-realized prices[(1)] in full year 2024 compared to 2023.

Cobalt by-product credits[(2)] were 34% and 41% lower in Q4 and full year 2024, respectively, primarily as a result of lower average-realized prices[(1)].

Spending on capital[1]

During the fourth quarter, in response to market conditions, Sherritt took a prudent approach and reduced its spending on capital[1] to conserve liquidity. As a result, total spending on capital for sustaining and growth activities for the year were both lower than 2024 guidance.

Sustaining spending on capital for the three months and year ended December 31, 2024 was $6.0 million and $28.3 million compared to $19.0 million and $51.3 million in the same periods in 2023, respectively.

Growth spending on capital for the three months and year ended December 31, 2024 was $5.3 million and $11.4 million compared to $2.3 million and $11.4 million in the same periods in 2023, respectively. Spending on capital in 2024 was primarily related to the second phase of the Moa JV expansion program.

(1) Non-GAAP and other financial measures. For additional information see the Non-GAAP and other financial measures section.
(2) Cobalt by-product credits include Sherritt's share of cobalt revenue per pound of nickel sold only.

Expansion program and strategic developments

Moa JV expansion program and tailings update

Sherritt's low cost and low capital intensity Moa JV expansion program continues to advance. Phase one, the SPP, was completed in early 2024 reducing ore haulage distances, lowering carbon intensity from mining and increasing throughput over the life of mine.

Construction on phase two progressed with piping installation and internal brick lining of vessels along with some pre-commissioning activities. With lower nickel and cobalt prices, Sherritt continues to exercise capital preservation measures and has scheduled certain expenditures for Q1 2025 when construction is expected to be completed and following which, the ramp-up is expected to commence.

Concurrent with the phase two completion and ramp up, the Moa JV is undertaking a series of measures to remove minor processing bottlenecks to support the expected 20% increase in annual MSP production. The additional MSP is expected to fill the refinery to nameplate capacity to maximize profitability from the joint venture's own mine feed, displacing lower margin third-party feeds and increasing overall finished nickel and cobalt production.

In line with its life of mine plan and in consideration of growing international focus on tailings risks, the Moa JV is advancing a tailings management project as outlined in its 2023 National Instrument 43-101 Technical Report. The new tailings facility will be engineered and built to international standards and will provide a tailings solution for the Moa mine over the entirety of its current mine life of approximately 25 years. The Corporation expects the new tailings facility to be commissioned in 2026. Spending on capital[1] in 2024 was $13.1 million for initial engineering and infrastructure work and the expected remaining capital cost is estimated to be approximately $40.0 million (50% basis) in each of 2025 and 2026. The tailings management project is a capital efficient and robust tailings solution driven to meet expected production needs, international standards, and Moa JV's strategic environmental priorities.

Strategic developments

Sherritt, through its mixed hydroxide precipitate processing project ("MHP Project"), is advancing a flowsheet to convert nickel intermediates via midstream processing to produce high-purity nickel and cobalt sulphates, two fundamental feedstock materials for the electric vehicle supply chain.

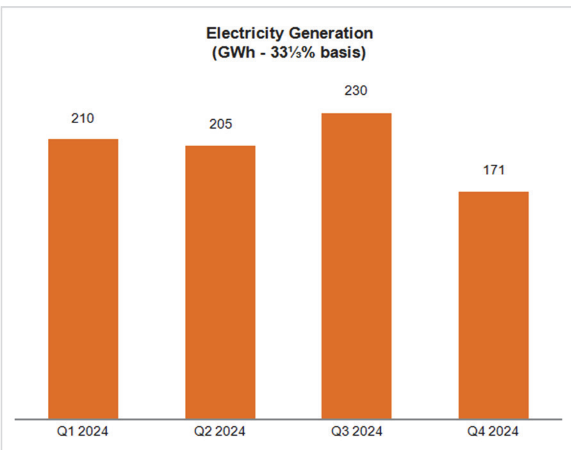
During the quarter, Sherritt continued to advance and derisk the MHP Project. The refinery flow sheet was validated through the completion of process development batch testing and continuous solvent extraction ("SX") pilot work programs which yielded high-purity nickel and cobalt products, meeting battery grade specifications. Initial engineering and capital cost estimates were completed, and site assessment activities identified four potential refinery locations in Canada. Sherritt continued to engage with federal and provincial governments, potential customers and funding partners, including offtake partners for refinery products and by-products. These engagement activities will continue in 2025 with a focus on securing external partners and funding support.

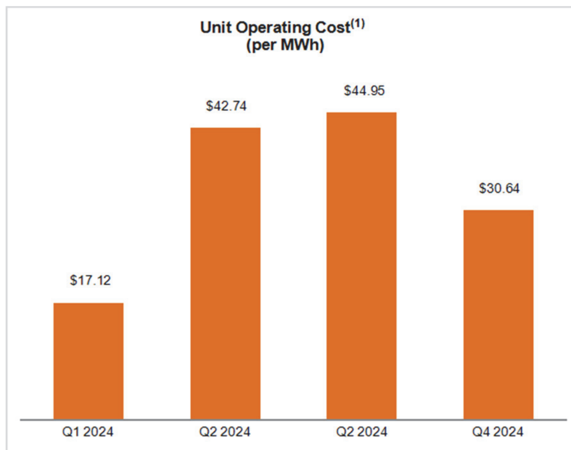
Additionally, Sherritt continues to selectively advance metallurgy research and flowsheet development programs on potential future sources of nickel and cobalt, in cooperation with third parties and via external technical services, towards ensuring sufficient future critical mineral processing capacity and supply in North America.

POWER

$ millions (Sherritt's share, 33⅓% basis), except as otherwise noted	For the three months ended 2024 December 31	2023 December 31	Change	For the year ended 2024 December 31	2023 December 31	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 11.1**	$ 14.0	(21%)	**$ 47.8**	$ 47.1	1%
Cost of sales	**5.9**	7.1	(17%)	**30.1**	22.7	33%
Earnings from operations	**4.8**	5.9	(19%)	**13.5**	20.7	(35%)
Adjusted EBITDA[1]	**5.5**	6.6	(17%)	**16.0**	23.2	(31%)
CASH FLOW						
Cash (used) provided by continuing operations for operating activities[1]	**$ (1.1)**	$ 7.4	(115%)	**$ (9.8)**	$ 16.9	(158%)
Free cash flow[1]	**(1.6)**	6.1	(126%)	**(12.7)**	13.7	(193%)
PRODUCTION AND SALES VOLUME						
Electricity (GWh[2])	**171**	225	(24%)	**816**	745	10%
AVERAGE-REALIZED PRICE[1]						
Electricity (per MWh[2])	**$ 53.19**	$ 57.96	(8%)	**$ 52.01**	$ 57.45	(9%)
UNIT OPERATING COST[1]						
Electricity (per MWh)	**30.64**	29.16	5%	**34.29**	27.70	24%
SPENDING ON CAPITAL[1]						
Sustaining	**$ 0.3**	$ 1.3	(77%)	**$ 2.9**	$ 3.2	(9%)

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





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

Power revenue is composed of the following:

	For the three months ended			For the year ended		
$ millions (Sherritt's share, 33⅓% basis)	**2024 December 31**	2023 December 31	Change	**2024 December 31**	2023 December 31	Change
Electricity sales	**$ 9.2**	$ 13.0	(29%)	**$ 42.5**	$ 42.8	(1%)
Varadero frequency control revenue	**1.1**	-	-	**1.1**	-	-
By-products and other	**0.8**	1.0	(20%)	**4.2**	4.3	(2%)
	$ 11.1	$ 14.0	(21%)	**$ 47.8**	$ 47.1	1%

During Q4 2024, as a result of the nationwide power outages in Cuba and challenges facing the national power grid, the government agency Unión Eléctrica ("UNE") required Energas to operate the Varadero facility in frequency control to help support the stability of the power grid, which reduced the power generation volume by approximately 25 GWh (Sherritt's share). Energas was fully compensated for this reduction under the same terms and conditions outlined in its contract. Energas expects that the Varadero facility will operate in frequency control throughout 2025 with an estimated reduction in electricity volume of approximately 150 GWh. Energas expects to continue to be fully compensated for this reduction and therefore Sherritt expects there will be no impact to Power's Adjusted EBITDA(1), earnings from operations or dividends from Energas to Sherritt in Canada. Energas' other facilities are expected to continue operating as usual.

Revenue

Revenue for the three months and year ended December 31, 2024 was $11.1 million and $47.8 million down 21% and up 1%, respectively, compared to the same periods in the prior year primarily due the impact of the nationwide power outages in Cuba in Q4 2024 partly offset by higher production related to additional gas and equipment availability and $1.1 million of Varadero frequency control revenue in compensation for lost electricity generation.

Production

Production volume for the three months and year ended December 31, 2024 was 171 GWh and 816 GWh, respectively. Production in Q4 2024 was 24% lower than in Q4 2023 due to the national electricity grid outage that occurred in October 2024 and the absence of production in November and December at the Varadero facility operating in frequency control. Full year 2024, production was 10% higher than in 2023 on better equipment availability and additional gas from new wells brought online in Q2 2023 and Q4 2024. Production for the full year 2024 was within the annual guidance range.

Unit operating cost(1)

Unit operating costs(1) for the three months and year ended December 31, 2024 were $30.64/MWh, and $34.29/MWh, compared to $29.16/MWh, and $27.70/MWh, respectively, for the same periods in 2023. Operating costs were higher in full year 2024 compared 2023 reflecting higher planned maintenance work at Puerto Escondido on three gas turbines in Q2 and Q3 completed in part to bring online an additional turbine to process gas being received from the new well that Power brought into production during the year. This maintenance work and related spend was successfully funded by Energas through the Moa Swap and was incorporated into Sherritt's 2024 Power division guidance range. The impact of a weaker Canadian dollar on U.S. dollar-denominated costs and lower electricity volumes as a result of the nationwide power outages in Cuba and subsequent implementation of frequency control at Varadero in the fourth quarter of 2024 contributed to unit operating costs(1) for the full year 2024 being slightly above the upper end of the annual guidance range of $34.00/MWh.

During Q3 2024, a new gas well was drilled and was put into production in early October. This new well was the third well to go into production since the second quarter of 2023, contributing to the improved utilization rates in the Power division and is expected to provide significantly higher levels of electricity production and increased levels of dividends in Canada going forward.

Spending on capital(1)

Spending on capital(1) for the three months and year ended December 31, 2024 was $0.3 million and $2.9 million, respectively primarily driven by planned maintenance activities completed in the year. Sustaining spending on capital(1) for the full year 2024 was lower than annual guidance as a result of the deferral of some of non-essential spending.

Dividends from Energas

Sherritt received $7.0 million of dividends in Canada from Energas in Q4 2024, bringing the total dividends in Canada to $13.0 million for the year, which was higher than previously estimated due to timing of dividend approvals at Energas, the impact of a weaker Canadian dollar and the deferral on non-essential capital expenditures.

With the completion of maintenance work in 2024 to bring online an additional turbine and to improve equipment availability to process gas from the recently completed wells and based on 2025 guidance estimates for production volumes, unit operating costs[(1)] and spending on capital[(1)] disclosed in the Outlook section total dividends in Canada from Energas in 2025 are expected to be between $25.0 million and $30.0 million in 2025.

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

CORPORATE AND OTHER

$ millions	For the three months ended 2024 December 31	2023 December 31 (Restated)	Change	For the year ended 2024 December 31	2023 December 31 (Restated)	Change
EXPENSES						
Administrative expenses	**$ 5.3**	$ 1.9	179%	**$ 25.7**	$ 17.0	51%

Corporate and Other's administrative expenses are primarily composed of employee costs, severance expenses, share-based compensation expenses (recoveries), legal fees, third-party consulting services and audit fees incurred to support head office activities and joint venture management, as well as costs for external technical services, business and market development, and growth activities including early-stage test work and engineering expenses.

Administrative expenses at Corporate and Other for the three months ended December 31, 2024 were $3.4 million higher compared to the prior year primarily as a result of the classification of employee costs incurred by the former Technologies reportable segment for business and market development, growth activities and external technical services as administrative expenses following Technologies' restructuring, while in the comparative period, employee costs incurred by the former Technologies reportable segment were classified within cost of sales. In addition, share-based compensation expense of $0.2 million compared to a recovery of $1.5 million in the prior year period primarily as a result of a $0.12 decrease in the Corporation's share price in the prior year period.

Administrative expenses at Corporate and Other for the year ended December 31, 2024 were $8.7 million higher compared to the prior year primarily as a result of the change in classification noted above following Technologies' restructuring. In addition, severance expense of $1.4 million was recognized in the current year period related to the restructuring of Technologies to reduce its scale in line with a narrower focus to deliver essential support and enhancements to internal operations and business development opportunities and the workforce reduction at Corporate. Lastly, share-based compensation expense of $1.5 million compared to a recovery of $1.8 million in the prior year period primarily as a result of a $0.21 decrease in the Corporation's share price in the prior year period and higher stock option plan expense in the current year period due to additional grants and vesting.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

In Q2 2024, Sherritt issued its 2023 sustainability, climate, and tailings management reports as well as its sustainability scorecard outlining the Corporation's performance on ESG matters. Highlights included:

- Achieved ISO 14001 (Environmental Management Systems) and ISO 45001 (Occupational Health and Safety Management Systems) Certification at the Fort Site;
- Maintained 100% alignment with the Organisation for Economic Co-operation and Development's ("OECD") 5-Step Framework and maintained conformity with the LME's Track B Responsible Sourcing Requirements;
- Received independent verification that its minerals are not associated with conflict, or risks such as human rights abuses, child or forced labour, or corruption;
- Provided approximately $1 million of support to local community investment projects in 2023; and
- Continued to support long-term community development project partnerships with UNICEF and Cowater in Cuba, and the Northern Alberta Institute of Technology in Canada.

During 2024, Sherritt:

- Had zero work-related fatalities across all Sherritt sites. In response to two fatalities in 2023, Sherritt completed a comprehensive root cause analysis and began implementing the resulting Fatality Prevention Action Plan at the Moa JV mine site, completed comprehensive safety strategy sessions with each of its operations, hired additional health and safety personnel, and refocused its attention on felt leadership, supervisor competencies, and contractor safety.
- Refreshed Sherritt's sustainability strategy and five-year goals to reflect the completion of past objectives and incorporate current priorities including the new health and safety strategy, Copper Mark certification, alignment with international good practice standards, and compliance with emerging disclosure standards.
- Completed baseline energy and greenhouse gas emission assessments at the Moa JV mine site and Fort Site. At both sites, Sherritt identified several potential decarbonization opportunities that would reduce the GHG emissions per quantity of product output;
- Completed a climate risk and opportunity assessment for Energas operations;
- Independently verified continued conformity with LME's Track B Responsible Sourcing Requirements;
- Completed a Responsible Business Alliance, Responsible Minerals Initiative and OECD-aligned risk assessment of Sherritt's mineral supply chain which did not identify any significant risks;
- Achieved self-assessed Level A in all Towards Sustainable Mining protocols at the Fort Site; and
- Continued to advance Sherritt's community partner programs and completed the development of its Indigenous Relations and Reconciliation Road Map.

Outlook

2024 AND 2025 PRODUCTION VOLUMES, UNIT OPERATING COSTS[1] AND SPENDING ON CAPITAL[1] GUIDANCE

Production volumes, unit operating costs[1] and spending on capital[1]	2024 Guidance	Year-to-date actual to December 31, 2024	**2025 Guidance**
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	30,000 - 32,000	30,331	**31,000 - 33,000**
Cobalt, finished	3,100 - 3,400	3,206	**3,300 - 3,600**
Electricity (GWh, 33⅓% basis)	775 - 825	816	**800 - 850**
Unit operating costs[1]			
Metals - NDCC (US$ per pound)	$5.50 - $6.00	$5.94	**$5.75 - $6.25**
Electricity - unit operating cost ($ per MWh)	$32.50 - $34.00	$34.29	**$23.00 - $24.50**
Spending on capital[1] ($ millions)			
Sustaining			
Moa Joint Venture (50% basis), Fort Site (100% basis)	$15.0	$15.2	**$35.0**
Moa Joint Venture - Tailings facility (50% basis)	$25.0	$13.1	**$40.0**
Power (33⅓% basis)	$5.5	$2.9	**$2.0**
Growth			
Moa Joint Venture (50% basis)	$15.0	$11.4	**$5.0**
Spending on capital[2]	$60.5	$42.6	**$82.0**

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

(2) Excludes negligible spending on capital of the Metals Marketing, Oil and Gas and Corporate and Other segments.

Metals

Nickel and cobalt production are both expected to increase in 2025 compared to 2024 primarily due to the enhanced availability of mixed sulphides from the Moa mine site to the refinery, following the completion, ramp up and debottlenecking of the phase two expansion. To maximize refinery operation efficiencies before and during the ramp-up period, third-party feed will be procured and processed as necessary, subject to market conditions. With the completion of the ramp up and as a result of the external challenges during the fourth quarter of 2024 which has resulted in lower beginning MSP inventory at the refinery, production is expected to be weighted towards the latter part of the year. Increased MSP production is expected to be delivered to the refinery in the second half of the year, especially in the fourth quarter of 2025, and finished nickel and cobalt production is expected to increase further in 2026.

NDCC[1] for 2025 is expected to be relatively consistent with 2024 and is expected to benefit from higher expected production and sales volumes and from previously implemented and continued cost optimization initiatives. Offsetting these benefits is the forecast negative impact from future commodity prices including lower cobalt prices, which are expected to result in year-over-year lower cobalt by-product credits, and higher sulphur prices, which are expected to result in higher input costs. In addition, guidance for 2025 includes the impact of the bi-annual Fort Site ammonia plant turnaround, and higher purchases of sulphuric acid required during planned acid plant maintenance at Moa.

By-product credits and input commodities included in NDCC[1] are subject to considerable change given the volatility of cobalt, fertilizer, sulphur, diesel and fuel prices. NDCC[1] guidance for 2025 is based on a forecast cobalt reference price of US$11.70 per pound and forecast sulphur price of US$215.00 per tonne including freight and handling.

Sustaining spending on capital[1], excluding spending on the new tailings facility, is expected to be $35.0 million (Moa JV 50% basis, Fort Site 100% basis).

Sustaining spending on capital[1] of $40.0 million (50% basis) is related to advancing Moa JV's tailings management project as outlined in its 2023 National Instrument 43-101 Technical Report. The new tailings facility will provide a tailings solution for the Moa mine over the entirety of its current mine life of approximately 25 years. The Corporation expects the new tailings facility to be commissioned in 2026. Spending on capital[1] in 2024 was $13.1 million for initial engineering and infrastructure work and the remaining expected capital cost which includes early works spending that was deferred from 2024 is estimated to be approximately $40.0 million (50% basis) in each of 2025 and 2026. The tailings management project is a capital efficient and robust tailings solution driven to meet expected production needs, international standards, and Moa JV's strategic environmental priorities. Subsequent to year end, the Moa JV secured a US$60.0 million (100% basis) equivalent loan in Cuban pesos from a Cuban financial institution with a 5-year maturity that will primarily be utilized to support capital spend on tailings management.

Growth spending on capital[1] is primarily related to deferred spending from 2024 which is to be used for the completion of construction of phase two of the expansion program at the Moa JV which remains on budget and is expected to be completed in the first half of 2025.

Power

Electricity production is expected to be higher in 2025 compared to 2024 despite the lower production at the Varadero facility due to the requirement to operate in frequency control as noted above. Production at Power's other facilities are expected to be higher as a result of the full year receipt of additional gas from the gas well that went into production in Q4 2024, better equipment availability and improved utilization rates with the completion of the maintenance in 2024.

The 2025 production guidance reflects a reduction of approximately 150 GWh associated with frequency control at the Varadero facility. Enegas expects to continue to be fully compensated for this reduction under the same terms and conditions outlined in its contract and the Corporation expects there will be no negative impact to Power's Adjusted EBITDA[1], earnings from operations or dividends from Energas to Sherritt in Canada as a result.

Unit operating cost[1] for electricity in 2025 reflects lower planned maintenance activities related to gas turbines and the impact of higher electricity production and sales.

Spending on capital[1] for sustaining activities is primarily for maintenance and equipment purchases.

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

Liquidity

As at December 31, 2024, total available liquidity in Canada was $62.4 million, which is composed of cash and cash equivalents in Canada in major currencies of $32.0 million and $30.4 million of available credit facilities and excludes restricted cash of $1.4 million. Cash in Cuba is primarily held by Energas for use locally by the joint operation. Cash in Cuba is denominated in Cuban pesos and not exchangeable into other major currencies unless sufficient foreign currency reserves exist in Cuba.

The main factors that affect liquidity in Canada include realized sales prices, timing of collection of receivables, production volume, cash production costs, working capital requirements, capital and environmental rehabilitation expenditure requirements, the timing of distributions from the Moa JV (including pursuant to the Cobalt Swap), advances from/to the Moa JV, the timing of cobalt sales and receipts, the timing of dividends from Energas in Canada, repayments of non-current loans and borrowings, credit capacity and debt and equity capital market conditions.

During the year ended December 31, 2024, Sherritt received full repayment of the $30.0 million of advances made for short-term working capital purposes at the Moa JV. Advances to the Moa JV under its credit facility with the Corporation were to the two non-Cuban operating companies of the Moa JV and were interest bearing at the Corporation's borrowing rates. Sherritt did not advance further amounts to the Moa JV under its credit facility in 2024.

Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements. Determinants of liquidity include anticipated nickel and cobalt prices and sales volumes, planned spending on capital at the Moa JV including growth capital, capital committed toward the new tailings facility net of financing, working capital needs, expected financing and other expected liquidity requirements. Available cash is also impacted by changes in working capital primarily related to changes in inventory, and timing of receipts and payments, including receipts on nickel and cobalt sales subsequent to shipment. During the year December 31, 2024, the Moa JV secured loans totaling US$22.0 million (100% basis), which it began utilizing during the year. Subsequent to period end, the Moa JV secured a US$60.0 million (100% basis) equivalent loan in Cuban pesos from a Cuban financial institution with a 5-year maturity to support spending on capital for tailings management. Refer to the Outlook section of the MD&A for further information on expected spending on capital related to tailings management.

During the year ended December 31, 2024, the Corporation received $23.7 million of cash distributions and 223 tonnes of finished cobalt with an in-kind value of $6.1 million (100% basis) pursuant to the Cobalt Swap. In Q3 2024, Sherritt had indicated the Cobalt Swap distribution in Q4 2024 could be up to a maximum of $50.0 million (including both Sherritt's share and GNC's redirected share), assuming first half 2024 average nickel and cobalt reference prices of US$8.00/lb and US$13.50/lb continued in the second half of the year. Despite average nickel and cobalt reference prices in the second half of 2024 being US$7.32/lb and US$11.92/lb, respectively, well below their first half averages, Sherritt's focused effort to prudently manage and maximize its cash flows in the Moa JV led to significant distributions, as noted above. As previously disclosed and as defined by the agreement, the shortfall in the annual minimum payment in 2024 will be added to the annual minimum payment in 2025. At current spot nickel prices, the Corporation expects that cobalt dividends and cash distributions under the Cobalt Swap agreement will commence in the second half of the year and will not meet the annual minimum amount in 2025.

During the year ended December 31, 2024, the Corporation received $13.0 million of dividends from Energas in Canada. With the completion of maintenance work in 2024 which brought online an additional turbine and to improve equipment availability to process gas from the recently completed wells and based on 2025 guidance estimates for production volumes, unit operation costs[(1)] and spending on capital[(1)] disclosed in the Outlook section, total dividends in Canada from Energas in 2025 are expected to be between $25.0 million and $30.0 million.

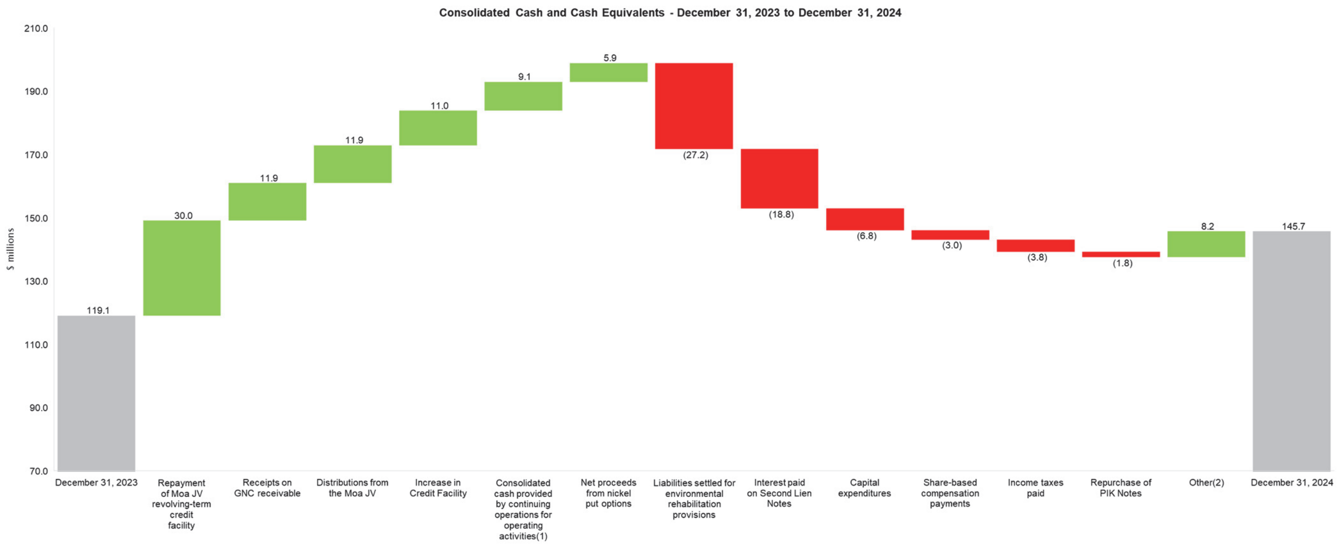
During the year ended December 31, 2024, the Corporation purchased put options on 3,876 tonnes of nickel, or 646 tonnes per month, at an exercise price of US$8.16/lb at a cost of $2.2 million for a six-month period from June 1, 2024, to November 30, 2024. The economic hedging strategy provided Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes in nickel prices by providing a minimum price of US$8.16/lb on approximately 25% of the 2024 nickel production from the Moa JV during the six-month period. During the year ended December 31, 2024, $5.9 million of cash was received upon settlement of nickel put options, net of purchase cost.

The Corporation's liquidity requirements are met through a variety of sources, including cash and cash equivalents, cash generated from operations, the existing credit facility, leases and debt and equity capital markets. Refer to the Capital resources section for further details on the 8.50% second lien secured notes due 2026 ("Second Lien Notes"), the 10.75% unsecured PIK option notes due 2029 ("PIK Notes") and the syndicated revolving-term credit facility ("Credit Facility"), including repurchases of the PIK Notes during the year ended December 31, 2024.

During the year ended December 31, 2024, the Corporation completed workforce reductions at its Corporate office and restructuring at its Canadian operations, which resulted in a reduction of its workforce by approximately 10%, with annual cost savings from employee and other cost reductions of $17.2 million expected to be realized.

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

Cash and cash equivalents as at December 31, 2024 increased by $26.6 million from December 31, 2023. The components of this change are shown below:



(1) Excludes net proceeds from nickel put options, liabilities settled for environmental rehabilitation provisions, interest paid on Second Lien Notes, share-based compensation payments and income taxes paid presented separately above.

(2) Other is composed of the effect of exchange rate changes on cash and cash equivalents, receipts of other financial assets, repayment of other financial liabilities and cash used by discontinued operations.

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

$ millions, as at December 31, 2024	Cash	Cash equivalents	Total
Canada	$ 31.8	$ 0.2	$ 32.0
Cuba[1]	113.1	-	113.1
Other	0.6	-	0.6
	$ 145.5	$ 0.2	$ 145.7
The Corporation's share of cash and cash equivalents in the Moa JV, not included in the above balances:			$ 5.7

(1) As at December 31, 2024, $111.4 million of the Corporation's cash and cash equivalents was held by Energas in Cuba (December 31, 2023 - $93.9 million).

SOURCES AND USES OF CASH

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

	For the three months ended			For the year ended		
	2024	2023		**2024**	2023	
$ millions	**December 31**	December 31	Change	**December 31**	December 31	Change
Cash (used) provided by operating activities						
Cash (used) provided by operating activities[1]						
Metals - Fort Site	**$ (12.0)**	$ 4.0	(400%)	**$ 36.2**	$ (10.0)	462%
Metals - Metals Marketing[2]	**(1.9)**	(1.1)	(73%)	**0.4**	(0.4)	200%
Power	**(1.1)**	7.4	(115%)	**(9.8)**	19.3	(151%)
Oil and Gas[3]	**0.4**	(10.7)	104%	**3.4**	(3.3)	203%
Corporate and Other[4]	**(10.1)**	(5.8)	(74%)	**(25.9)**	(36.4)	29%
Distributions from Moa JV						
Cash distributions - Cobalt Swap	**11.9**	-	-	**11.9**	32.0	(63%)
Proceeds from Cobalt Swap - GNC redirected share	**-**	1.3	(100%)	**0.6**	40.2	(99%)
Proceeds from Cobalt Swap - Sherritt share	**-**	1.3	(100%)	**0.6**	40.2	(99%)
Interest paid on notes	**(9.4)**	(9.4)	-	**(18.9)**	(22.3)	(15%)
Share-based compensation payments	**(0.3)**	(0.4)	(25%)	**(3.0)**	(24.9)	(88%)
Liabilities settled for environmental rehabilitation provisions	**(3.6)**	(4.2)	(14%)	**(27.2)**	(5.9)	361%
Net proceeds from nickel put options	**4.7**	-	-	**5.9**	-	-
Other cash used by operating activities	**(0.1)**	(0.5)	80%	**(0.1)**	(0.3)	67%
Cash (used) provided by continuing operations	**(21.5)**	(18.1)	(19%)	**(25.9)**	28.2	(192%)
Cash used by discontinued operations	**-**	(0.3)	100%	**(0.2)**	(0.9)	78%
Cash (used) provided by operating activities	**$ (21.5)**	$ (18.4)	(17%)	**$ (26.1)**	$ 27.3	(196%)
Cash provided (used) by investing activities	**$ 11.9**	$ (20.3)	159%	**$ 36.1**	$ (18.4)	296%
Cash (used) provided by financing activities	**(0.6)**	39.5	(102%)	**7.1**	(11.7)	161%
Effect of exchange rate changes on cash and cash equivalents	**7.3**	(2.1)	448%	**9.5**	(2.0)	575%
(Decrease) increase in cash and cash equivalents	**$ (2.9)**	$ (1.3)	(123%)	**$ 26.6**	$ (4.8)	654%
Cash and cash equivalents:						
Beginning of the year	**$ 148.6**	$ 120.4	23%	**$ 119.1**	$ 123.9	(4%)
End of the year	**$ 145.7**	$ 119.1	22%	**$ 145.7**	$ 119.1	22%

(1) Non-GAAP financial measure. For additional information, see the Non-GAAP and other financial measures section.
(2) Excluding proceeds from the Cobalt Swap, presented separately above.
(3) Excluding liabilities settled for environmental rehabilitation provisions related to legacy Oil and Gas assets in Spain, presented separately above.
(4) Excluding interest paid on notes and net proceeds from nickel put options, presented separately above.

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

Cash used by operating activities was higher for the three months ended December 31, 2024 and for the year ended December 31, 2024 compared to the same periods in the prior year, primarily as a result of the following:

- Higher cash used by operating activities at Fort Site for the three months ended primarily due to timing of working capital receipts with higher cash receipts on deferred revenue from fertilizer pre-buys in the third quarter of 2024 for the fall season sales, which was partially offset by higher operating earnings. Higher cash provided by operating activities at Fort Site for the year ended December 31, 2024 primarily due to higher operating earnings and timing of working capital receipts and payments;
- Higher cash used by operating activities at Power for the three months and year ended December 31, 2024 primarily due to planned maintenance work in the current year periods and timing of working capital payments, partially offset by higher receipts on higher production for the year. Refer to Power's Review of operations section for further details on the completion of the planned maintenance work. The planned maintenance costs were consistent with the Corporation's guidance for unit operating costs. Sherritt received dividends of $7.0 million and $13.0 million, respectively, in Canada during the three months and year ended December 31, 2024, from Energas, which was higher than previously estimated due to the timing of dividend approvals at Energas, impact of a weaker Canadian dollar and deferral on non-essential capital expenditures. The dividends are not reflected in the above table due to eliminations required for joint operations for accounting purposes;
- Higher cash provided by operating activities at Oil and Gas for the three months and year ended December 31, 2024 primarily due to timing of customer receipts on oil and gas service revenue and timing of working capital payments;

- Higher cash used by operating activities at Corporate and Other for the three months ended December 31, 2024 primarily due to timing of working capital payments, higher consulting fees and higher severance costs, partially offset by lower audit fees. During the year ended December 31, 2024, lower cash used by operating activities primarily due to lower audit fees, and timing of working capital payments, partially offset by higher consulting fees and higher severance costs;
- During the year ended December 31, 2024, lower cash distributions from the Cobalt Swap due to lower cash available for distribution primarily due to lower average-reference nickel and cobalt prices in 2024. Lower proceeds from the Cobalt Swap from the sale of cobalt to customers for the year ended December 31, 2024 as in the current year, cobalt was distributed in the fourth quarter with minimal sales prior to year end.
- For the year ended December 31, 2024, significantly lower and normalized cash used for share-based compensation payments following the payments for share-based units which vested in 2023 and were granted in 2020. The share-based units paid in 2023 were impacted by the material increase in the Corporation's share price during the vesting period; and
- For the year ended December 31, 2024, higher cash used for settlement of contractually obligated liabilities for environmental rehabilitation provisions for legacy Oil and Gas assets in Spain as a result of a higher amount of abandonment work required to be performed in the current year period.

Investing and financing activities for the three months ended December 31, 2024 primarily consist of expenditures on property, plant and equipment and the receipts of the GNC receivable (GNC's 50% share of cash distributions from the Moa JV redirected to the Corporation) pursuant to the Cobalt Swap. Investing and financing activities for the year ended December 31, 2024 primarily consist of expenditures on property, plant and equipment, full repayment of the advance from the Moa JV to the Corporation, receipts of the GNC receivable, repurchase of PIK Notes and borrowings on the Credit Facility.

RECONCILIATION OF ADJUSTED EBITDA TO CHANGE IN CASH AND CASH EQUIVALENTS

The Corporation's Adjusted EBITDA(1) reconciles to the change in cash and cash equivalents as follows:

$ millions	For the three months ended December 31, 2024	For the year ended December 31, 2024
Adjusted EBITDA(1)	$ 15.4	$ 32.4
Add (deduct) non-cash items:		
Moa JV Adjusted EBITDA(1)	(6.7)	(25.2)
Oil and Gas earnings from operations, net of depletion, depreciation and amortization and impairment of intangible assets	(10.3)	(9.7)
Finished cobalt cost of sales	1.4	2.2
Share-based compensation expense	0.1	0.3
Inventory write-down/obsolescence	0.1	1.0
Loss on environmental rehabilitation provisions	6.9	8.2
Net change in non-cash working capital	(30.0)	1.4
Interest received	1.1	5.0
Interest paid	(11.5)	(25.9)
Income taxes paid	(0.6)	(3.8)
Net proceeds from nickel put options	4.7	5.9
Distributions from Moa JV		
Proceeds from Cobalt Swap - Sherritt share	-	0.6
Proceeds from Cobalt Swap - GNC redirected share	-	0.6
Cash distributions - Cobalt Swap	11.9	11.9
Liabilities settled for environmental rehabilitation provisions	(3.6)	(27.2)
Share-based compensation payments	(0.3)	(3.0)
Other(2)	(0.1)	(0.6)
Cash used by continuing operations for operating activities per financial statements	(21.5)	(25.9)
Add (deduct):		
Cash used by discontinued operations	-	(0.2)
Property, plant, equipment and intangible asset expenditures	(2.2)	(6.8)
Increase in Credit Facility	-	11.0
Receipts of GNC receivable	11.9	11.9
Repayment of other financial liabilities	(0.7)	(2.1)
Receipts of advances to Moa JV	-	30.0
Repurchase of PIK Notes	-	(1.9)
Effect of exchange rate changes on cash and cash equivalents	7.3	9.5
Other(2)	2.3	1.1
Change in cash and cash equivalents	$ (2.9)	$ 26.6

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

(2) Other is primarily composed of receipts of finance lease receivables and other finance charges.

The Moa JV's Adjusted EBTIDA is based on revenue, cost of sales and other expenses recognized by the Moa JV based on the accrual method, while the Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements, as described above.

Capital resources

CAPITAL RISK MANAGEMENT

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

Subject to the limitations within the Second Lien Notes Indenture and Credit Facility agreement, in order to maintain or adjust its capital structure, the Corporation may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, repay outstanding debt, issue new debt (unsecured, convertible and/or other types of available debt instruments), issue subscription receipts exchangeable for common shares and/or other securities, issue warrants exercisable to acquire common shares and/or other securities, issue units of securities comprised of more than one of equity securities, debt securities, subscription receipts and/or warrants, refinance existing debt with different characteristics, acquire or dispose of assets or adjust the amount of cash and short-term investment balances.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS(1)

The Corporation's significant contractual commitments, obligations, and interest and principal repayments in respect of its financial liabilities, income taxes payable, provisions and capital commitments are presented in the following table on an undiscounted basis. For amounts payable that are not fixed, including mandatory redemptions discussed below, the amount disclosed is determined by reference to the conditions existing as at December 31, 2024.

Canadian $ millions, as at December 31, 2024	Total	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$ 172.5	$ 172.5	$ -	$ -	$ -	$ -	$ -
Income taxes payable	1.7	1.7	-	-	-	-	-
Second Lien Notes (includes principal, interest and premium)	285.5	18.8	266.7	-	-	-	-
PIK Notes (includes principal and interest)	109.5	-	-	8.8	8.8	91.9	-
Credit Facility	76.0	5.3	70.7	-	-	-	-
Other non-current financial liabilities	1.3	-	0.1	-	0.3	-	0.9
Provisions	194.5	4.8	2.4	9.1	10.2	11.7	156.3
Energas payable(2)	97.3	16.6	7.5	73.2	-	-	-
Lease liabilities	11.6	2.8	1.5	1.4	1.3	1.2	3.4
Capital commitments	4.0	4.0	-	-	-	-	-
Total	$ 953.9	$ 226.5	$ 348.9	$ 92.5	$ 20.6	$ 104.8	$ 160.6

(1) Excludes the contractual obligations and commitments of the Moa JV, which are disclosed separately in the Supplementary Information section below and are non-recourse to the Corporation.

(2) Repayment of the Energas payable is from Energas to GNC in Cuban pesos in Cuba and does not impact cash in Canada.

SECOND LIEN NOTES

As at December 31, 2024, the outstanding principal amount of the Second Lien Notes is $221.3 million (December 31, 2023 - $221.3 million) and the notes mature on November 30, 2026. Interest is payable semi-annually in cash in April and October.

The indenture governing the Second Lien Notes (the "Second Lien Notes Indenture") requires mandatory redemptions from excess cash (subject to the minimum liquidity condition noted below and the other terms and conditions set forth in the Second Lien Notes Indenture). 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 in the first half and second half of each year (a measure calculated based on cash provided (used) by 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, including cash distributions received by the Corporation from GNC pursuant to the Cobalt Swap and its assumption of the Energas CSA), which mandatory redemption shall be required to be made only if the Corporation has minimum liquidity of $75.0 million before and after the interest payment dates in April and October of each year calculated in accordance with the Second Lien Notes Indenture. Expected mandatory Excess Cash Flow redemptions have been included in the calculation of the effective interest rate of the Second Lien Notes.

For the two-quarter period ended December 31, 2024, Excess Cash Flow, as defined in the Second Lien Notes Indenture, was $5.5 million. At the interest payment date in April 2025, the Corporation will be required to redeem, at par, total Second Lien Notes up to an amount equal to 50% of Excess Cash Flow, or $2.8 million, subject to the minimum liquidity of $75.0 million being maintained before and after such payment is made, as defined in the indenture agreement.

The minimum liquidity amount is defined in the Second Lien Notes Indenture as all unrestricted cash, cash equivalents and short-term investments measured in accordance with IFRS Accounting Standards, held by the Corporation and its restricted subsidiaries in bank accounts located in Canada, less the principal amount drawn on the Credit Facility, plus the total amount of cash used on all repurchases of Second Lien Notes and 10.75% unsecured PIK option notes due 2029 during the relevant two-fiscal quarter period. As a result, the $0.4 million of cash used to repurchase unsecured PIK option notes during the six months ended December 31, 2024 and any outstanding amounts drawn on the syndicated revolving-term credit facility as at the interest payment date in April 2025 will be taken into account when calculating the minimum liquidity amount. The minimum liquidity provision of the indenture agreement was not met as at October 30, 2024, the most recent interest payment date.

The Second Lien Notes also include an option for the Corporation to redeem all or part of the notes outstanding prior to maturity at a price equal to 107% of the principal amount so redeemed, which was determined to be an embedded derivative. The fair value of this embedded derivative was nominal at inception and has not been presented separately from the Second Lien Notes within the Corporation's consolidated statements of financial position.

The Second Lien Notes Indenture provides for a 7% premium on (i) any optional early redemptions made at the election of the Corporation prior to maturity as mentioned above, and (ii) on repayment on the maturity date, provided that the aggregate amount of all premium payments paid by Sherritt with respect to the foregoing shall collectively not be less than $25.0 million. Mandatory redemptions do not incur a premium and ultimately do not affect the timing of when this 7% premium is paid. This premium is due upon the earlier of optional redemption and maturity of the Second Lien Notes and is accreted over the life of the instrument.

Under the Second Lien Notes Indenture, the Corporation is subject to various restrictions, which limit, among other things, the incurrence of indebtedness, liens, asset sales and payment of distributions and other restricted payments, unless certain financial ratios are met and subject to certain customary carve-outs and permissions, often referred to as "baskets". If the ratio of earnings before interest, taxes, depreciation and amortization ("EBITDA")-to-interest expense, both as defined in the agreement, is above 2.5:1, unsecured debt can be incurred without the use of a basket and restricted payments can be made to the extent the Corporation has sufficient room in an applicable basket, including the "builder basket" as calculated under the Second Lien Notes Indenture. As at December 31, 2024, the Corporation met the required financial ratio and has the capacity to make restricted payments up to $122.2 million.

As at December 31, 2024, the Corporation was in compliance with all the Second Lien Note covenants.

PIK NOTES

As at December 31, 2024, the outstanding principal amount of the PIK Notes is $66.7 million (December 31, 2023 - $63.4 million) and the notes mature on August 31, 2029. Interest is payable semi-annually in cash or in-kind, at Sherritt's election, in January and July. Expected payments of interest in-kind have been included in the calculation of the effective interest rate.

During the year ended December 31, 2024, the Corporation repurchased $3.7 million of principal of the PIK Notes at a cost of $1.9 million, plus $0.1 million of accrued interest, resulting in a gain on repurchase of notes of $1.8 million. During the year ended December 31, 2023, the Corporation repurchased $11.2 million of principal of the PIK Notes at a cost of $7.8 million, plus $0.1 million of accrued interest, resulting in a gain on repurchase of notes of $3.5 million.

During the year ended December 31, 2024, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest of $6.9 million and added the payment-in-kind interest to the principal amount owed to noteholders. During the year ended December 31, 2023, the Corporation elected not to pay cash interest of $3.8 million in January 2023 and added the payment-in-kind interest to the principal amount owed to noteholders and paid $3.4 million of interest in cash in July 2023.

Subsequent to period end, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest due in January 2025 of $3.6 million and added the payment-in-kind interest to the principal amount owed to noteholders.

As at December 31, 2024, the Corporation was in compliance with all PIK Notes covenants.

CREDIT FACILITY

As at December 31, 2024, the outstanding principal amount of the Credit Facility is $69.0 million (December 31, 2023 - $58.0 million) and the Credit Facility matures on April 30, 2026.

The maximum credit available is $100.0 million and the interest rate is CORRA plus 4.00%. Borrowings on the Credit Facility are available to fund working capital and capital expenditures. Borrowings under the Credit Facility for spending on capital expenditures cannot exceed $75.0 million in a fiscal year. This restriction does not apply to capital expenditures of Moa Nickel S.A. The total available draw is based on eligible receivables and inventories, which are pledged as collateral. Certain cash held in banks in Canada is also pledged as collateral.

The facility is subject to the following financial covenants and restrictions:

- Net Available Cash covenant, as defined in the agreement, of $25.0 million. The amount compared against this covenant is composed of cash and cash equivalents and short-term investments of the Corporation and its wholly-owned subsidiaries held in Canada, plus undrawn amounts on the Credit Facility;

- Senior Secured Net Debt-to-EBITDA covenant, as defined in the agreement, of less than 2:1. Senior Secured Net Debt is calculated as first-lien debt, or amounts drawn on the Credit Facility, any derivative liability and any additional security ranked equal to first-lien debt, less cash and cash equivalents and short-term investments of the Corporation and its wholly-owned subsidiaries held in Canada up to $25.0 million. EBITDA is calculated on a trailing 12-month basis with Energas included on a cash basis;
- EBITDA-to-Interest Expense covenant, as defined in the agreement, of not less than 1:1 and 1.5:1 for the quarters ended June 30, 2024 and September 30, 2024, respectively and not less than 2:1 thereafter. EBITDA is calculated on a trailing 12-month basis with Energas included on a cash basis. Interest expense excludes the payment-in-kind (PIK) interest on the Corporation’s PIK Notes; and
- Minimum Tangible Net Worth covenant, as defined in the agreement, of $600.0 million plus 50% of positive net earnings. Tangible Net Worth is calculated as total assets, less intangible assets, less amounts drawn on the Credit Facility, less the principal amount of the Second Lien Notes, less the principal amount of the PIK Notes, less any derivative liability and less any additional secured financing ranked equal to first-lien debt.

As at December 31, 2024, the Corporation has $0.6 million of letters of credit outstanding pursuant to this facility (December 31, 2023 - $0.5 million).

During the year ended December 31, 2024, the Credit Facility was amended to (i) extend its maturity for one year from April 30, 2025 to April 30, 2026 and (ii) change the EBITDA-to-Interest Expense covenant, as defined in the agreement, to not less than 1:1 and 1.5:1 for the quarters ended June 30, 2024 and September 30, 2024, respectively, and not less than 2:1 thereafter. The amendment included terms to transition the interest rate of bankers’ acceptance plus 4.00% to CORRA plus 4.00%. There were no other significant changes to the terms, financial covenants or restrictions.

During the year ended December 31, 2023, the Credit Facility was amended to (i) extend its maturity for one year from April 30, 2024 to April 30, 2025, (ii) add an accordion feature, which allows additional lenders to join the Credit Facility and increase the maximum credit available by up to $25.0 million, subject to certain conditions and (iii) increase the permitted debt outside of the Credit Facility from $25.0 million to $35.0 million, with no other significant changes to the terms, financial covenants or restrictions.

As at December 31, 2024, the Corporation was in compliance with all Credit Facility covenants.

GUARANTEES

The environmental rehabilitation obligations held by the Corporation’s Spanish Oil and Gas operations are secured by a parent company guarantee of €35.8 million until December 31, 2027. The parent company guarantee has no impact on the Corporation’s available liquidity.

CAPITAL STRUCTURE

$ millions, except as otherwise noted	**2024 December 31**	2023 December 31	Change
Loans and borrowings	**$ 372.5**	$ 355.6	5%
Other financial liabilities[1]	**107.2**	97.1	10%
Total debt	**$ 479.7**	$ 452.7	6%
Shareholders' equity	**597.4**	613.6	(3%)
Total debt-to-capital[2]	**45%**	42%	7%
Common shares outstanding	**397,288,680**	397,288,680	-
Stock options outstanding	**9,855,313**	6,612,673	49%

(1) Other financial liabilities include the Energas payable recognized as a result of the Cobalt Swap, as described in the Loans, borrowings and other financial liabilities (note 15) of the corporation’s consolidated financial statements for the year ended December 31, 2024.

(2) Calculated as total debt divided by the sum of total debt and shareholders’ equity.

COMMON SHARES

As at February 5, 2025, the Corporation had 397,288,680 common shares outstanding. An additional 9,855,313 common shares are issuable upon exercise of outstanding stock options granted to employees pursuant to the Corporation’s stock option plan.

Managing risk

For the purposes of this section, all capitalized terms that are not specifically defined herein, have the meaning ascribed to them in the 2023 AIF.

Sherritt manages a number of risks in each of its businesses in order to achieve an acceptable level of risk without appreciably hindering its ability to maximize returns. Management has procedures to identify and manage significant operational and financial risks. Significant risks include, amongst others:

- Commodity Risk
- Securities Market Fluctuations and Price Volatility
- Liquidity and Access to Capital
- Risks Related to Sherritt's Operations in Cuba
- Risks Related to U.S. Government Policy Towards Cuba
- Restrictions in Debt Instruments, Debt Covenants and Mandatory Repayments
- Environmental Risks and Liabilities
- Risks in relation to Information Technologies Systems and Cybersecurity
- Operating Risks
- Project Operations – Generally and Capital and Operating Cost Estimates
- Equipment Failure and Other Unexpected Failures
- Sourcing and Supply
- Identification and Management of Growth Opportunities
- Operating Risks
- Depletion of Reserves
- Reliance on Partners

COMMODITY RISK

Sherritt's principal businesses involve the sale of several commodities. Revenues, earnings and cash flows from the sale of nickel, cobalt 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, fertilizers 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 other mining companies, global and regional supply and demand, supply and market prices for substitute commodities, international trade dynamics and disputes, tariffs, 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 and may continue to do so in the future. 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 and the prices for these commodities have fluctuated widely in recent years and may continue to do so in the future.

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 EVs and the anticipated corresponding demand for cobalt and nickel; political and macro-economic factors, including global conflicts and hostilities; tariffs; Sherritt's operating performance; the proximity of the maturity dates of the Corporation's Notes and perceptions as to the Corporation's ability to repay or refinance this indebtedness, 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 cover 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 Notes on terms that are acceptable to the Corporation. As noted in the risk factor entitled "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 Credit Facility. The total available draw under the Credit 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 Credit Facility. Certain debt covenants under the Credit 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 Credit 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 Credit Facility will be provided without concessions on the part of the Corporation or at all.

Agencies of the Government of Cuba 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 Government of Cuba 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 the risk factor entitled "Risks Related to Sherritt's Operations in Cuba" for additional information. Please see the risk factor entitled "Restrictions in Debt Instruments and Debt Covenants and Mandatory Repayments" for more information on Sherritt's loans and borrowings and on the effect of non-compliance with certain debt covenants.

RISKS RELATED TO SHERRITT'S OPERATIONS IN CUBA

The Corporation directly or indirectly holds significant interests in mining, metals processing and the generation of electricity in Cuba. The operations of the Cuban businesses and the ability of the Government of Cuba 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 and thereafter, Cuba has 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, fuel, food and medicine shortages, electricity outages and sporadic civil demonstrations. The first President Trump 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. In addition, with resulting additional adverse impacts, on January 12, 2021, that administration designated Cuba as a State Sponsor of Terrorism. While the now former U.S. administration of President Biden announced on January 14, 2025 that it would remove Cuba from the State Sponsor of Terrorism list, this decision was revoked by President Trump a few days later, on January 20, 2025, the first day of his second administration. 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 the Government of Cuba 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, often accompanied by power outages. 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 Government of Cuba 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 Government of Cuba 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.

All sales of electricity made by Energas in Cuba are made to an agency of the Government of Cuba. The access of the Government of Cuba 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. In 2023, the Moa Joint Venture distributed 100% of the annual maximum cobalt volume pursuant to the Cobalt Swap and paid cash distributions in order for the total value of cobalt and cash distributions to meet the annual dollar minimum of US$114.0 million (100% basis) pursuant to the Cobalt Swap. In 2024, the Moa Joint Venture distributed $29.8 million of cash and in-kind cobalt to the Corporation pursuant to the Cobalt Swap. While the Cobalt Swap agreement contains default and retroactive interest provisions in the event that the total outstanding principal amount is not repaid by December 31, 2027, there can be no assurance that it will be repaid by maturity, as cobalt and cash distributions are at the discretion of the Board of Directors of the Moa Joint Venture and subject to its available liquidity and finished cobalt production to make such distributions to the Corporation.

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 comprehensive 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 entities, Cuban-origin goods, and Cuban nationals, and it bars all persons subject to the jurisdiction of the United States from participating in such transactions or dealings unless such persons have general or specific licenses from the U.S. Department of the Treasury ("U.S. Treasury") authorizing their participation in such activities. Persons "subject to the jurisdiction of the United States" include U.S. citizens and U.S. lawful permanent residents, regardless of where they reside or by whom they are employed; legal entities organized under U.S. laws; and entities wherever located that are owned or controlled by any of the foregoing; as well as individuals and entities located in the United States. The embargo also targets dealings directly or indirectly involving entities deemed to be owned or controlled by Cuba, including entities owned or controlled by the Government of Cuba, by entities organized under the laws of Cuba, or by Cuban nationals. Additionally, the embargo applies to persons and entities designated by the U.S. Treasury as specially designated nationals ("SDNs") pursuant to the U.S. embargo against Cuba. The three entities constituting the Moa Joint Venture in which Sherritt holds an indirect 50% interest have been designated SDNs by the 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 or dealings involving the Cuban-related businesses of the Corporation, and may in certain circumstances restrict the ability of persons subject to the jurisdiction of the U.S. from engaging in transactions with Sherritt more generally. Furthermore, goods, technology and software ("items") that are subject to U.S. jurisdictions, including U.S. origin items, non-U.S. items that include more than 10% U.S.-origin content by value, and certain non-U.S. direct products of specified U.S. technology or software, cannot under U.S. law be transferred to Cuba or used in the Corporation's operations in Cuba. Additionally, the embargo also generally 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 and cobalt. 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. Persons subject to the jurisdiction of the United States are advised to consult their independent advisors before acquiring common shares of Sherritt.

The Helms Burton Act

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

Title III of the Helms-Burton Act creates a private cause of action and authorizes U.S. nationals with claims to confiscated property in Cuba to file suit in U.S. courts against persons that may be "trafficking" in that property. All Presidents of the United States in office since the enactment of the Helms-Burton Act suspended Title III for successive six-month periods until the first administration of President Trump ceased that practice 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. On January 14, 2025, President Biden issued a six-month suspension of Title III prior to leaving office, however, President Trump then revoked the suspension before it took effect, allowing Title III to remain in force. 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 through Title III, Title IV of the Helms-Burton Act authorizes the U.S. Secretary of State and the U.S. Attorney General to deny visas and 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 adverse 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".

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. During its first term in office, President Trump'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. 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.

RESTRICTIONS IN DEBT INSTRUMENTS, DEBT COVENANTS AND MANDATORY REPAYMENTS

Sherritt is a party to certain agreements in connection with the Credit 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 Credit Facility or any future debt instruments or credit agreements, could materially adversely affect the Corporation's business, results of operations and financial performance.

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. An example of such liabilities are the environmental rehabilitation obligations associated with the Corporation's legacy Oil and Gas assets in Spain.

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. Currently, the Corporation provides this reclamation security by way of bank guarantees, corporate guarantees and irrevocable letters of credit issued under its 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.

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 the Risk Factors entitled "Risks Related to Sherritt's Operations in Cuba" and "Climate Change/Greenhouse Gas Emissions" in Sherritt's 2023 AIF for additional information.

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, timely execution 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 Life of Mine ("LOM") optimization planning, Moa Nickel has set out a proposed sequence for the development, operation, and closure of its Tailings Management Facilities ("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.

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. The foregoing risks may be heightened in circumstances in which capital expenditure is constrained. 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.

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. Global conflicts and hostilities, such as Russia's invasion of Ukraine in February 2022 and Hamas' attack on Israel on October 7, 2023 and resulting sanctions, restrictions and impacts, tariffs, together with the global pandemic, 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 circumstances, the Corporation may rely on a single supplier with no commercially reasonable alternative.

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 Government of Cuba. The PSC for the PE-Yumuri Block reverted to the Government of Cuba 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.

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.

OTHER RISKS

Below is a list of the other significant business risks as presented in the Corporation's 2023 AIF. Further detail of these and other risks and the strategies designed to manage them can be found in the Corporation's 2023 AIF to the extent not included herein.

- Political, economic, and other risks of foreign operations
- Environment, health, and safety
- Climate change/greenhouse gas emissions
- Community relations and social license to grow and operate
- Sourcing and Supply
- Uncertainty of gas supply to Energas
- Reliance on key personnel and skilled workers
- Uncertainty of resources and reserves estimates
- Risks related to Sherritt's corporate structure
- Foreign exchange and pricing risks
- Credit risk
- Competition in product markets
- Future market access
- Interest rate changes
- Insurable risk
- Labour relations
- Legal rights
- Legal contingencies
- Accounting policies
- Government permits
- Government regulation
- Anti-corruption and bribery
- Controls Relating to Corporate Structure Risk

Critical accounting estimates and judgments

For the purposes of this section, all capitalized terms that are not specifically defined herein, have the meaning ascribed to them in the December 31, 2024 consolidated financial statements.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. These estimates and judgments are continuously evaluated and are based on management's experience and knowledge of relevant facts and circumstances. Actual results may differ from estimates. The critical accounting estimates and judgments the Corporation has made, and how they affect the amounts reported in the consolidated financial statements, are incorporated in this section.

CRITICAL ACCOUNTING ESTIMATES

Measurement of the recoverable amount of the Metals CGU

The recoverable amount of the Corporation's Metals CGU is the higher of its fair value less costs of disposal ("FVLCD") and its value in use. The Corporation determined that the Metals CGU's FVLCD exceeded its value in use. The Metals CGU's fair value is measured based on a forecast of future cash flows including estimated recoverable production, market or contracted commodity prices, foreign exchange rates, an inflation rate, production levels, cash costs of production, capital expenditures, reclamation costs and conversion of resources to reserves, discounted at an appropriate discount rate reflecting the time value of money, uncertainty inherent in the cash flows and a risk premium. Forecasts inherently require assumptions and judgments to be made about each of the factors affecting future cash flows.

Measurement of the recoverable amount of the investment in Moa Joint Venture

In determining the recoverable amount of the investment in Moa Joint Venture, the Corporation estimates: (a) its share of the present value of the estimated future cash flows expected to be generated by the Moa Joint Venture, including the cash flows from the operations of the Moa Joint Venture and the proceeds from the ultimate disposal of the investment; or (b) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal, both of which are based on the same assumptions as the measurement of the recoverable amount of the Metals CGU, noted above.

Measurement of the fair value of the GNC receivable and Energas payable

The Corporation estimates the fair value of the GNC receivable and Energas payable at each reporting period using discounted cash flows in a Monte Carlo simulation model, which includes the use of in-kind forecast cobalt prices and discount rates, which are significant unobservable inputs in the case of the GNC receivable, and changes in the fair value of these financial instruments may have a significant impact on the Corporation's financial results.

Environmental rehabilitation provision costs

The Corporation's environmental rehabilitation provisions are subject to environmental regulations in Canada, Cuba and Spain. Many factors such as future changes to environmental laws and regulations, life of mine estimates, the cost and time it will take to rehabilitate the property and discount rates, all affect the carrying amount of environmental rehabilitation provisions. As a result, the actual cost of environmental rehabilitation could be higher than the amounts the Corporation has estimated. For certain operations, actual costs will ultimately be determined after site closure in agreement with predecessor companies.

Environmental rehabilitation provision discount rates

The Corporation's environmental rehabilitation provisions are assessed quarterly and measured by discounting the expected cash flows. The applicable discount rates are pre-tax rates that reflect the current market assessment of the time value of money which is determined based on government bond interest rates and inflation rates. The actual rates depend on a number of factors, including the timing of rehabilitation activities that can extend decades into the future and the location of the property.

Property, plant and equipment

The capitalization of costs, the determination of estimated recoverable amounts and the depletion and depreciation of these assets have a significant impact on the Corporation's financial results.

For those assets depreciated on a straight-line basis, management estimates the useful life of the assets and their components, which in certain cases may be based on an estimate of the producing life of the property. These assessments require the use of estimates and assumptions including market conditions at the end of the asset's useful life, costs of decommissioning the asset and the amount of recoverable reserves.

Asset useful lives and residual values are re-evaluated at each reporting date.

CRITICAL ACCOUNTING JUDGMENTS

Interests in other entities

The Corporation applies judgment in determining the classification of its interest in other entities, such as: (i) the determination of the level of control or significant influence held by the Corporation; (ii) the legal structure and contractual terms of the arrangement; (iii) concluding whether the Corporation has rights to assets and liabilities or to net assets of the arrangement; and (iv) when relevant, other facts and circumstances. The Corporation has determined that Energas represents a joint operation, while the Moa JV represents a joint venture as described in IFRS 11, "Joint Arrangements". All other interests in other entities have been determined to be subsidiaries as described in IFRS 10, "Consolidated Financial Statements".

Assessment for impairment of non-financial assets and identification of CGUs

The Corporation assesses the carrying amount of non-financial assets, including property, plant and equipment, intangible assets subject to depreciation and amortization and assets under construction, at each reporting date to determine whether there are any indicators that the carrying amount of the assets may be impaired or require a reversal of impairment. Impairment is assessed at the asset or CGU level and the determination of CGUs is an area of significant judgment, particularly with the grouping of the Metals assets as a single CGU on the basis that it is a vertically integrated operation which generates largely independent cash inflows. The Moa Joint Venture is a significant part of the vertically integrated assets within the Metals CGU.

There are a number of potential indicators that could trigger an impairment or impairment reversal, which may require critical accounting judgments to determine the extent to which external and/or internal factors may impact the assets' recoverable amount. Such internal factors include changes to estimated recoverable production, contracted prices, production levels, cash costs of production, capital expenditures and reclamation costs. External factors include commodity prices, foreign exchange rates, the inflation rate and the Corporation's market capitalization deficiency and other changes in economic conditions.

For purposes of determining recoverable amount, management uses the higher of value in use and fair value less costs of disposal and an appropriate discount rate. Projections of future cash flows are based on factors relevant to the asset and inherently require assumptions and judgments to be made about each of the factors affecting future cash flows. Changes in any of these assumptions or judgments could result in a significant difference between the carrying amount and fair value of these assets. In the event that management's estimate of future cash flows is not representative of actual events, impairments may be identified, which could have a material impact on the Corporation's consolidated financial statements. Where necessary, management engages qualified third-party professionals to assist in the determination of the recoverable amount.

Assessment for Impairment of the Corporation's investment in the Moa JV

The Corporation accounts for its investment in the Moa JV using the equity method. The Corporation assesses the carrying amount of the investment in the Moa JV at each reporting date to determine whether there are any indicators that the carrying amount may be impaired. The Corporation applies judgment in determining if there has been objective evidence of impairment as a result of one or more loss events which has an impact on the estimated future cash flows from the investment that can be reliably estimated.

Measurement of the fair value of the GNC receivable and Energas payable

The Corporation measures the GNC receivable and Energas payable at fair value. For purposes of determining fair value, management uses discounted cash flows in a Monte Carlo simulation model, which includes the use of in-kind forecast cobalt prices and discount rates, which are significant unobservable inputs in the case of the GNC receivable and requires assumptions and judgments to be made. Management engages a third-party valuation specialist to assist in the valuation. Changes in these assumptions or judgments may result in a significant change in fair value.

Service concession arrangements

The Corporation determined that the contract terms regarding the Boca de Jaruco and Puerto Escondido, Cuba, facilities operated by Energas represent service concession arrangements as described in IFRIC 12, "Service concession arrangements" (IFRIC 12). The Corporation uses judgment to determine whether the grantor sets elements of the services provided by the operator, whether the grantor retains any significant ownership interest in the infrastructure at the end of the agreement, and to determine the classification of the service concession asset as either a financial asset or intangible asset.

Accounting pronouncements

ADOPTION OF NEW AND AMENDED ACCOUNTING PRONOUNCEMENTS

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)

In October 2022, the IASB finalised issuance of Classification of Liabilities as Current or Non-current and Non-Current Liabilities with Covenants, which made amendments to IAS 1 Presentation of Financial Statements. The amendments clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments are effective for annual periods beginning on or after January 1, 2024. Effective January 1, 2024, the Corporation adopted these requirements. The application of these amendments did not have a material impact on the Corporation's consolidated financial statements.

International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework ("Pillar Two") and on June 20, 2024, the Government of Canada enacted the Global Minimum Tax Act ("GMTA") for fiscal years beginning on or after December 31, 2023. Based on the currently applicable revenue thresholds, the Corporation would not be in scope of the GMTA rules that implement the global minimum tax under Pillar Two into Canadian domestic law.

Amendments to the IAS 12 standard apply to income taxes arising from the GMTA enacted to implement the Pillar Two model rules including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments apply for annual periods beginning on or after January 1, 2023. Effective January 1, 2023, the Corporation adopted these requirements. Following the amendments to IAS 12, the Corporation has applied the exception available under the amendments to IAS 12 published by the IASB in May 2023. Given that the Corporation's revenues are below the currently applicable thresholds and hence not in scope of the GMTA rules, it is not recognizing or disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

On November 28, 2024, the Government of The Bahamas enacted the Domestic Minimum Top-Up Tax Act, 2024 ("the Act"), which seeks to impose a Domestic Minimum Top-Up Tax ("DMTT") and would result in an effective tax rate of 15% on the profits of multinational entities ("MNE") operating in The Bahamas with revenues of at least €750 million in two of the last four years. The Act became effective January 1, 2024 and applies to fiscal years of an MNE group that begin after December 31, 2023 where any Constituent Entities in The Bahamas would be subject to the Income Inclusion Rule ("IIR") or the Undertaxed Profits Rules ("UTPR") in another jurisdiction. For all other MNE groups, the Constituent Entity would be subject to a DMTT for fiscal years beginning January 1, 2025. The Corporation did not meet the revenue threshold of at least €750 million in any MNEs operating in The Bahamas in any two years of the four years prior to January 1, 2024 and therefore is not in scope of the DMTT for the year ended December 31, 2024 and deferred until fiscal year beginning January 1, 2025.

On May 15, 2024, the Government of Barbados enacted the Corporation Top-up Tax Act, 2024 for fiscal years commencing on or after January 1, 2024, and every subsequent fiscal year, which will result in a DMTT of 15% being levied on Qualifying Multinational Enterprises with annual revenue surpassing €750 million. Based on the currently applicable revenue thresholds, the Corporation was not in scope of the rules for the year ended December 31, 2024.

ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

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

Lack of Exchangeability (Amendments to IAS 21)

In August 2023, the IASB finalised issuance of Lack of Exchangeability, which made amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates. The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The amendments are effective for annual periods beginning on or after January 1, 2025. Earlier application was permitted, but the amendments were not early adopted.

The Corporation does not expect the application of these amendments to have a material impact on the Corporation's consolidated financial statements.

Presentation and Disclosure in Financial Statements ("IFRS 18")

In April 2024, the IASB finalised issuance of Presentation and Disclosure in Financial Statements, which will replace IAS 1, "Presentation of Financial Statements". The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses and provide disclosures on management-defined performance measures in the notes to the financial statements.

The standard is effective for annual periods beginning on or after January 1, 2027. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

Summary of quarterly results

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

$ millions, except per share amounts, for the three months ended	**2024 Dec 31**	2024 Sept 30	2024 Jun 30	2024 Mar 31	2023 Dec 31	2023 Sept 30	2023 Jun 30	2023 Mar 31
Revenue	**$ 45.7**	$ 32.9	$ 51.4	$ 28.8	$ 34.8	$ 36.4	$ 93.5	$ 58.6
Share of (loss) earnings of Moa Joint Venture, net of tax	**(3.4)**	(1.8)	(1.2)	(12.3)	(14.5)	(5.0)	11.5	29.9
Net (loss) earnings from continuing operations	**(22.5)**	1.8	(11.5)	(40.9)	(53.4)	(24.8)	0.3	13.6
(Loss) earnings from discontinued operations, net of tax(1)	**(0.4)**	0.3	-	0.4	-	-	-	(0.3)
Net (loss) earnings for the period	**$ (22.9)**	$ 2.1	$ (11.5)	$ (40.5)	$ (53.4)	$ (24.8)	$ 0.3	$ 13.3
Net (loss) earnings per share, basic ($ per share)								
Net (loss) earnings from continuing operations	**$ (0.06)**	$ 0.00	$ (0.03)	$ (0.10)	$ (0.13)	$ (0.06)	$ 0.00	$ 0.03
Net (loss) earnings	**(0.06)**	0.01	(0.03)	(0.10)	(0.13)	(0.06)	0.00	0.03

(1) (Loss) earnings from discontinued operations, net of tax, relates to expenses in respect of provisions retained by the Corporation.

In general, net earnings or losses of the Corporation are primarily affected by production and sales volumes, commodity prices, maintenance and operating costs, and exchange rates. The average Canadian dollar cost to purchase one U.S. dollar for the above quarters ranged from $1.3414 (Q3 2023) to $1.3982 (Q4 2024) and period-end rates ranged between $1.3226 (Q4 2023) to $1.4389 (Q4 2024).

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

- Q4 2024: $8.4 million non-cash loss on impairment of intangible assets in the Oil and Gas reportable segment and a $6.9 million non-cash loss on legacy environmental rehabilitation provisions partially offset by a $2.5 million realized gain on nickel put options. In addition, the Corporation's net loss includes a net non-cash gain on revaluation of the GNC receivable and Energas payable of $3.5 million pursuant to the Cobalt Swap;
- Q3 2024: $1.1 million gain on repurchase of notes and a $1.8 million non-cash gain on environmental rehabilitation provisions. In addition, the Corporation's net earnings includes a net non-cash gain on revaluation of the GNC receivable and Energas payable of $11.5 million pursuant to the Cobalt Swap;
- Q2 2024: $3.4 million unrealized gain on nickel put options and $1.6 million (50% basis) inventory write-down/obsolescence at the Moa JV. In addition, the Corporation's net loss includes a net non-cash loss on revaluation of the GNC receivable and Energas payable of $5.3 million pursuant to the Cobalt Swap;
- Q1 2024: $3.6 million non-cash loss on environmental rehabilitation provisions and $3.5 million of severance expense related to the restructuring (Sherritt's share). In addition, the Corporation's net loss includes a net non-cash loss on revaluation of the GNC receivable and Energas payable of $9.1 million pursuant to the Cobalt Swap;
- Q4 2023: $20.0 million loss on environmental rehabilitation provisions. The net impact of the Cobalt Swap on the Corporation's net loss was not material;
- Q3 2023: $7.3 million write-down of inventory, $6.8 million non-cash loss on environmental rehabilitation provisions and $0.9 million unrealized foreign exchange gains in continuing operations. The net impact of the Cobalt Swap on the Corporation's net loss was not material;
- Q2 2023: $2.2 million gain on repurchase of notes. The net impact of the Cobalt Swap on the Corporation's net earnings was not material; and
- Q1 2023: $1.3 million gain on repurchase of notes, $1.9 million of share-based compensation expense within cost of sales and administrative expenses and $0.9 million of unrealized foreign exchange losses in continuing operations. The net impact of the Cobalt Swap on the Corporation's net earnings was not material.

Three-year trend analysis

The following table presents select financial and operational results for the last three years:

$ millions, except per share amounts for the years ended December 31	2024	2023	2022
Revenue	**$ 158.8**	$ 223.3	$ 178.8
(Loss) earnings from operations and joint venture	**(43.5)**	(43.4)	118.7
Net (loss) earnings from continuing operations	**(73.1)**	(64.3)	63.7
Net (loss) earnings for the year	**(72.8)**	(64.6)	63.5
Adjusted EBITDA(1)	**32.4**	46.2	233.1
Loss per common share (basic and diluted) ($ per share):			
Net loss from continuing operations	**(0.18)**	(0.16)	0.16
Net loss for the year	**(0.18)**	(0.16)	0.16
Total assets	**1,382.8**	1,390.6	1,555.6
Non-current liabilities	**492.4**	489.7	493.1
PRODUCTION VOLUMES			
Moa Joint Venture (50% basis)			
Finished nickel (tonnes)	**15,166**	14,336	16,134
Finished cobalt (tonnes)	**1,603**	1,438	1,684
Electricity (gigawatt hours) (33⅓% basis)	**816**	745	598

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

In each year, the primary factors affecting on-going operating results are production and sales volumes, commodity prices, primarily nickel, cobalt and fertilizer; input commodity prices; maintenance and operating costs, which are discussed in the Review of operations sections; and the foreign exchange relationship between the Canadian and U.S. dollars. Other impacts such as impairments, gains/losses on sale of assets, fair value gains/losses on financial instruments and changes in estimates on environmental rehabilitation provisions, among others, are recognized periodically as events occur.

In addition to the impacts of production volumes, commodity prices and input commodity prices, the following factors impacted operating results:

In 2024, net loss from continuing operations was negatively impacted by a non-cash $8.4 million loss on impairment of intangible assets in the Oil and Gas reportable segment, a loss on legacy Oil and Gas environmental rehabilitation provisions in Spain of $8.2 million and $3.5 million (Sherritt's share) of severance expense related to restructuring and workforce reductions. The aforementioned losses and expense were partially offset by employee cost savings due to the restructuring and workforce reductions, a realized gain on nickel put options of $5.9 million and a gain on the repurchase of notes of $1.8 million.

In 2023, net loss from continuing operations was negatively impacted by a loss on legacy Oil and Gas environmental rehabilitation provisions in Spain of $22.9 million and an inventory write-down of $9.8 million. The aforementioned losses were partially offset by a net gain on the revaluation of the GNC receivable and Energas payable of $7.1 million and a gain on the repurchase of notes of $3.5 million.

In 2022, net earnings from continuing operations was positively impacted by a gain on repurchase of notes of $20.9 million and a gain on the modification of Cuban receivables of $4.0 million. The aforementioned gains were partially offset by a revaluation of allowances for expected credit losses related to the Energas conditional sales agreement of $49.0 million, primarily as a result of the Cobalt Swap, a net loss on revaluation of the GNC receivable and Energas payable of $1.6 million, an impairment loss of intangible assets of $1.3 million and a loss on environmental rehabilitation provisions of $15.0 million.

Off-balance sheet arrangements

As at December 31, 2024, the Corporation had no off-balance sheet arrangements.

Transactions with related parties

The Corporation and its subsidiaries provide goods, labour, advisory and other administrative services to jointly controlled entities at fair value. The Corporation and its subsidiaries also market, pursuant to sales agreements, a portion of the nickel, cobalt and certain by-products produced by and purchased from certain jointly controlled entities. For further detail, refer to notes 7 and 22 of the Corporation's consolidated financial statements for the year ended December 31, 2024.

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

Canadian $ millions, for the years ended December 31		**2024**		2023
Total value of goods and services:				
Provided to Energas	**$**	**48.7**	$	46.6
Provided to Moa Joint Venture		**262.8**		372.8
Purchased from Moa Joint Venture		**781.7**		844.0
Net financing income from Moa Joint Venture		**1.7**		0.8

Canadian $ millions, as at December 31		**2024**		2023
Accounts receivable from Moa Joint Venture	**$**	**37.6**	$	44.7
Accounts payable to Moa Joint Venture		**82.7**		72.2
Advances and loans receivable from Moa Joint Venture		**-**		30.3

Goods and services provided to Moa Joint Venture primarily relate to services provided by Fort Site to the Moa Joint Venture.

KEY MANAGEMENT PERSONNEL

Key management personnel are composed of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer, Chief Human Resources Officer and Senior Vice Presidents of the Corporation. The following is a summary of key management personnel compensation:

Canadian $ millions, for the years ended December 31		**2024**		2023
Short-term benefits	**$**	**5.6**	$	5.0
Post-employment benefits[1]		**0.3**		0.3
Termination benefits		**0.8**		-
Share-based compensation		**4.3**		4.6
	$	**11.0**	$	9.9

(1) Post-employment benefits include a non-registered defined contribution executive supplemental pension plan. The total cash pension contribution for key management personnel was nil for the year ended December 31, 2024 (nil for the year ended December 31, 2023). The total pension expense that is attributable to key management personnel was nil for the year ended December 31, 2024 (nil for the year ended December 31, 2023).

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining adequate internal control over disclosure controls and procedures, as defined in National Instrument 52-109 of the Ontario Securities Commission ("NI 52-109"). Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management, with the participation of the certifying officers, has evaluated the effectiveness of the design and operation, as of December 31, 2024, of the Corporation's disclosure controls and procedures. Based on that evaluation, the certifying officers have concluded that such disclosure controls and procedures are effective and designed to ensure that material information known by others relating to the Corporation and its subsidiaries is provided to them.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in NI 52-109. Internal control over financial reporting means a process designed by or under the supervision of the CEO and CFO, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards.

The internal controls are not expected to prevent and detect all misstatements due to error or fraud. Management advises that there have been no changes in the Corporation's internal controls over financial reporting during 2024 that have materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Management, with the participation of the certifying officers, conducted an evaluation of the effectiveness of the Corporation's internal controls over financial reporting, as of December 31, 2024, using the Internal Control-Integrated Framework published in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013 Framework). Based on this evaluation, the CEO and CFO have concluded that the internal controls over financial reporting were effective as of December 31, 2024.

Supplementary information

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation's net earnings and earnings per share from continuing operations for the year ended December 31, 2024 from a change in selected key variables. The impact is measured changing one variable at a time and may not necessarily be indicative of sensitivities on future results.

Factor		Increase	Approximate change in annual net earnings (CAD$ millions) Increase/ (decrease)	Approximate change in annual basic earnings per share (EPS) Increase/ (decrease)
Prices				
Nickel - LME price per pound[(1)]	US$	1.00	$ 35	$ 0.09
Cobalt - Argus price per pound[(1)]	US$	5.00	19	0.05
Fertilizers - price per tonne[(1)]	$	50.00	8	0.02
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	(6)	(0.02)
Operating costs[(1)]				
Natural gas - cost per gigajoule (Moa JV and Fort Site)	$	1.00	(4)	(0.01)
Fuel oil - cost per tonne (Moa JV and Fort Site)	US$	50.00	(3)	(0.01)
Sulphur - cost per tonne (Moa JV and Fort Site)	US$	25.00	(4)	(0.01)

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

INVESTMENT IN MOA JOINT VENTURE

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

Statements of financial position

Canadian $ millions, 100% basis, as at	2024 December 31	2023 December 31	Variance	
Assets				
Cash and cash equivalents	**$ 11.3**	$ 11.8	(0.5)	Decrease is primarily due to cash distributions to the Corporation pursuant to the Cobalt Swap, full repayment of the credit facility to the Corporation and spending on capital, partially offset by cash provided by operating activities.
Income taxes receivable	**7.0**	6.4	0.6	
Other current assets	**40.9**	20.9	20.0	Increase is primarily due to a receivable for cash and cobalt distributions to the Corporation pursuant to the Cobalt Swap not yet declared as dividends. The receivable will be extinguished upon declaration as dividends.
Trade accounts receivable, net	**90.3**	82.6	7.7	
Inventories	**382.3**	424.7	(42.4)	Decrease is primarily due to nickel sales volumes exceeding production volumes during the year, coupled with lower cost of nickel and cobalt inventories.
Other non-current assets	**17.9**	23.3	(5.4)	
Property, plant and equipment	**1,136.6**	1,089.1	47.5	Increase is primarily due to spending on sustaining and growth capital as well as an increase in the U.S dollar relative to the Canadian dollar, partially offset by amortization.
Deferred income taxes	**10.3**	-	10.3	Increase is primarily due to higher taxable losses in 2024 as compared to 2023 at one of the operating companies of the Moa JV.
Total assets	**1,696.6**	1,658.8	37.8	
Liabilities				
Trade accounts payable and accrued liabilities	**111.9**	117.4	(5.5)	
Income taxes payable	**1.0**	2.8	(1.8)	
Other current financial liabilities	**0.2**	30.4	(30.2)	Decrease is primarily due to the full repayment of the credit facility with the Corporation.
Deferred revenue	**21.0**	-	21.0	Increase is primarily due to a prepayment received from a customer for deliveries of nickel in 2025.
Loans and borrowings	**40.5**	23.5	17.0	Increase is primarily due to financing received from a Cuban financial institution for expansion.
Environmental rehabilitation provisions	**86.9**	84.9	2.0	
Other non-current financial liabilities	**2.9**	3.7	(0.8)	
Deferred income taxes	**11.2**	18.3	(7.1)	Decrease is primarily due to the reclassification of deferred income tax liabilities to deferred income tax assets noted above.
Total liabilities	**275.6**	281.0	(5.4)	
Net assets of Moa Joint Venture	**$ 1,421.0**	$ 1,377.8	43.2	
Proportion of Sherritt's ownership interest	**50%**	50%		
Total	**710.5**	688.9		
Intercompany capitalized interest elimination	**(45.1)**	(42.2)		
Investment in Moa Joint Venture	**$ 665.4**	$ 646.7		

Foreign currency translation differences are included in the financial information of the Moa JV presented in the financial statements and MD&A, as the Corporation's presentation currency is the Canadian dollar, while certain of the operating companies within the Moa JV's functional currency is the U.S. dollar. As at December 31, 2024, the U.S. dollar increased in value relative to the Canadian dollar, resulting in higher assets and liabilities reported in Canadian dollars as compared to December 31, 2023.

Statements of comprehensive (loss) income

Canadian $ millions, 100% basis	For the year ended 2024 December 31	2023 December 31	Variance	
Revenue	$ **868.9**	$ 884.3	(15.4)	Decrease is primarily due to a decrease in nickel revenue, as a result of lower average-realized nickel price, partially offset by higher nickel sales volume, and higher cobalt revenue. Cobalt revenue increased in the current year primarily due to cobalt sold by the Moa JV. In the prior year, cobalt revenue was primarily recognized by the Corporation pursuant to the Cobalt Swap.
Cost of sales	**(902.8)**	(832.7)	(70.1)	Increase is primarily due to an increase in cobalt cost of sales due to lower cobalt sales recognized by the Moa JV in the current year. In the prior year, cobalt cost of sales was primarily recognized by the Corporation pursuant to the Cobalt Swap. The increase in cobalt cost of sales was partially offset by lower sulphur, natural gas and diesel prices, as well as lower purchases of sulphuric acid, operational improvements and lower maintenance costs.
Cobalt (loss) gain	**(0.7)**	5.5	(6.2)	Cobalt (loss) gain represent the difference between the Moa JV's cost to produce finished cobalt internally and the in-kind value of cobalt distributed under the Cobalt Swap. In the prior year, higher volumes of finished cobalt were distributed to the Corporation as compared to the current year.
Impairment of property, plant and equipment	**(1.0)**	(3.0)	2.0	
Administrative expenses	**(10.8)**	(9.9)	(0.9)	
(Loss) earnings from operations	**(46.4)**	44.2	(90.6)	
Financing income	**0.7**	2.3	(1.6)	
Financing expense	**(16.3)**	(11.5)	(4.8)	
Net finance expense	**(15.6)**	(9.2)	(6.4)	
(Loss) earnings before income tax	**(62.0)**	35.0	(97.0)	
Income tax recovery (expense)	**10.5**	(1.4)	11.9	Decrease is primarily due to higher taxable losses in 2024 compared to 2023 at the operating companies of the Moa Joint Venture.
Net (loss) earnings and comprehensive (loss) income of Moa Joint Venture	$ **(51.5)**	$ 33.6	(85.1)	
Proportion of Sherritt's ownership interest	**50%**	50%	-	
Total	**(25.8)**	16.8	(42.6)	
Intercompany elimination	**7.1**	5.1	2.0	
Share of (loss) earnings of Moa Joint Venture, net of tax	$ **(18.7)**	$ 21.9	(40.6)	

For the year ended December 31, 2024, Moa JV's revenue was positively impacted and cost of sales and other expenses were negatively impacted by a stronger average U.S. dollar relative to the Canadian dollar compared to the same periods in the prior year.

Moa JV commitments

The Moa JV's significant undiscounted commitments, which are non-recourse to the Corporation, are presented below on a 50% basis:

- Environmental rehabilitation commitments of $144.6 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of $56.0 million;
- Loans and borrowings of $20.3 million; and
- Property, plant and equipment commitments of $46.5 million, which includes $19.7 million of commitments for tailings and $4.7 million of commitments for growth capital for the ordering of long-lead materials and equipment, and civil and mechanical construction.

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

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

Combined revenue

The Corporation uses combined revenue as a measure to help management assess the Corporation's financial performance across its core operations. Combined revenue includes the Corporation's consolidated revenue, less Oil and Gas revenue, and includes the revenue of the Moa JV within the Metals reportable segment on a 50% basis. Revenue of the Moa JV is included in share of earnings of Moa Joint Venture, net of tax, as a result of the equity method of accounting and excluded from the Corporation's consolidated revenue.

Revenue at Oil and Gas is excluded from Combined revenue as the segment is not currently exploring for or producing oil and gas and its revenue relate to ancillary drilling services, provided to a customer and agencies of the Government of Cuba, which is not reflective of the Corporation's core operating activities or revenue generation potential. The exclusion of revenue at Oil and Gas from Combined revenue represented a change in the composition of Combined revenue during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and revenue generation potential and the prior year measure has been restated for comparative purposes.

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

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

	For the three months ended			For the year ended		
$ millions	**2024 December 31**	2023 December 31 (Restated)	Change	**2024 December 31**	2023 December 31 (Restated)	Change
Revenue by reportable segment						
Metals[(1)]	**$ 148.3**	$ 125.9	18%	**$ 526.6**	$ 603.7	(13%)
Power	**11.1**	14.0	(21%)	**47.8**	47.1	1%
Corporate and Other	**0.9**	0.6	50%	**3.2**	2.1	52%
Combined revenue	**$ 160.3**	$ 140.5	14%	**$ 577.6**	$ 652.9	(12%)
Adjustment for Moa Joint Venture	**(115.6)**	(107.7)		**(434.5)**	(442.2)	
Adjustment for Oil and Gas	**1.0**	2.0		**15.7**	12.6	
Financial statement revenue	**$ 45.7**	$ 34.8	31%	**$ 158.8**	$ 223.3	(29%)

(1) Revenue of Metals for the three months ended December 31, 2024 is composed of revenue recognized by the Moa JV of $115.6 million (50% basis), which is equity-accounted and included in share of earnings of Moa JV, net of tax, coupled with revenue recognized by Fort Site of $30.1 million and Metals Marketing of $2.6 million, both of which are included in consolidated revenue (for the three months ended December 31, 2023 - $107.7 million, $15.3 million and $2.9 million, respectively). Revenue of Metals for the year ended December 31, 2024 is composed of revenue recognized by the Moa JV of $434.5 million (50% basis), coupled with revenue recognized by Fort Site of $85.6 million and Metals Marketing of $6.5 million (for the year ended December 31, 2023 - $442.2 million, $77.9 million and $83.6 million, respectively).

Adjusted EBITDA

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

Earnings/loss from operations at Oil and Gas (net of depletion, depreciation and amortization and impairment, if applicable) is deducted from/added back to Adjusted EBITDA as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and agencies of the Government of Cuba, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or cash generation potential. The adjustment for earnings/loss from operations at Oil and Gas (net of depletion, depreciation and amortization and impairment, if applicable) represented a change in the composition of Adjusted EBITDA during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and cash generation potential and the prior year measure has been restated for comparative purposes.

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

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

$ millions, for the three months ended December 31						2024
	Metals[(1)]	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
(Loss) earnings from operations and joint venture per financial statements	**$ (1.0)**	**$ 4.8**	**$ (18.8)**	**$ (4.8)**	**$ 2.9**	**$ (16.9)**
Add (deduct):						
Depletion, depreciation and amortization	**2.8**	**0.7**	**0.1**	**0.1**	**-**	**3.7**
Impairment of intangible assets	**-**	**-**	**8.4**	**-**	**-**	**8.4**
Oil and Gas earnings from operations, net of depletion, depreciation and amortization and impairment of intangible assets	**-**	**-**	**10.3**	**-**	**-**	**10.3**
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	**12.8**	**-**	**-**	**-**	**-**	**12.8**
Impairment of property, plant and equipment	**-**	**-**	**-**	**-**	**-**	**-**
Net finance expense	**-**	**-**	**-**	**-**	**0.7**	**0.7**
Income tax recovery	**-**	**-**	**-**	**-**	**(3.6)**	**(3.6)**
Adjusted EBITDA	**$ 14.6**	**$ 5.5**	**$ -**	**$ (4.7)**	**$ -**	**$ 15.4**

$ millions, for the three months ended December 31						2023 (Restated)
	Metals[(1)]	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
(Loss) earnings from operations and joint venture per financial statements	$ (22.0)	$ 5.9	$ (23.3)	$ (5.1)	$ 1.1	$ (43.4)
Add (deduct):						
Depletion, depreciation and amortization	2.8	0.7	-	0.2	-	3.7
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	-	-	23.3	-	-	23.3
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	10.5	-	-	-	-	10.5
Net finance income	-	-	-	-	1.9	1.9
Income tax recovery	-	-	-	-	(3.0)	(3.0)
Adjusted EBITDA	$ (8.7)	$ 6.6	$ -	$ (4.9)	$ -	$ (7.0)

$ millions, for the year ended December 31						2024
	Metals(2)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
(Loss) earnings from operations and joint venture per financial statements	**$ (18.5)**	**$ 13.5**	**$ (18.3)**	**$ (24.4)**	**$ 4.2**	**$ (43.5)**
Add:						
Depletion, depreciation and amortization	**10.5**	**2.5**	**0.2**	**0.8**	**-**	**14.0**
Impairment of intangible assets	**-**	**-**	**8.4**	**-**	**-**	**8.4**
Oil and Gas loss from operations, net of depletion, depreciation and amortization and impairment of intangible assets	**-**	**-**	**9.7**	**-**	**-**	**9.7**
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	**47.5**	**-**	**-**	**-**	**-**	**47.5**
Impairment of property, plant and equipment	**0.5**	**-**	**-**	**-**	**-**	**0.5**
Net finance income	**-**	**-**	**-**	**-**	**1.0**	**1.0**
Income tax recovery	**-**	**-**	**-**	**-**	**(5.2)**	**(5.2)**
Adjusted EBITDA	**$ 40.0**	**$ 16.0**	**$ -**	**$ (23.6)**	**$ -**	**$ 32.4**

$ millions, for the year ended December 31						2023 (Restated)
	Metals(2)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
(Loss) earnings from operations and joint venture per financial statements	$ (2.1)	$ 20.7	$ (30.2)	$ (31.6)	$ (0.2)	$ (43.4)
Add (deduct):						
Depletion, depreciation and amortization	10.6	2.5	0.2	1.0	-	14.3
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	-	-	30.0	-	-	30.0
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	43.6	-	-	-	-	43.6
Impairment of property, plant and equipment	1.5	-	-	-	-	1.5
Net finance income	-	-	-	-	(0.5)	(0.5)
Income tax expense	-	-	-	-	0.7	0.7
Adjusted EBITDA	$ 53.6	$ 23.2	$ -	$ (30.6)	$ -	$ 46.2

(1) Adjusted EBITDA of Metals for the three months ended December 31, 2024 is composed of Adjusted EBITDA at Moa JV of $6.7 million (50% basis), Adjusted EBITDA at Fort Site of $8.9 million and Adjusted EBITDA at Metals Marketing of $(1.0) million (for the three months ended December 31, 2023 - $(5.0) million, $(2.9) million and $(0.8) million, respectively).

(2) Adjusted EBITDA of Metals for the year ended December 31, 2024 is composed of Adjusted EBITDA at Moa JV of $25.2 million (50% basis), Adjusted EBITDA at Fort Site of $17.8 million and Adjusted EBITDA at Metals Marketing of $(3.0) million (for the year ended December 31, 2023 - $67.2 million, $(2.6) million and $(11.0) million, respectively).

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given segment. The average-realized price for power excludes frequency control, by-product and other revenue, as this revenue is not earned directly for power generation. Refer to the Power Review of operations section for further details on frequency control revenue, which Energas receives in compensation for lost sales of electricity as a result of frequency control. Transactions by a Moa JV marketing company, included in other revenue, are excluded.

During the year ended December 31, 2024, the Corporation purchased put options on 3,876 tonnes of nickel at an exercise price of US$8.16/lb at a cost of $2.2 million for a six-month period from June 1, 2024 to November 30, 2024 to protect against downward changes in nickel prices. $5.9 million of net proceeds was received during the year ended December 31, 2024 upon settlement of the nickel put options, which is not reflected in the average-realized price of nickel below.

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

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

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

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

$ millions, except average-realized price and sales volume, for the three months ended December 31							**2024**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 95.3**	**$ 12.6**	**$ 31.8**	**$ 11.1**	**$ 10.5**	**$ (115.6)**	**$ 45.7**
Adjustments to revenue:							
Frequency control, by-product and other revenue	**-**	**-**	**-**	**(1.9)**			
Revenue for purposes of average-realized price calculation	**95.3**	**12.6**	**31.8**	**9.2**			
Sales volume for the period	**9.6**	**1.0**	**63.3**	**171**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	**$ 9.98**	**$ 12.30**	**$ 502.93**	**$ 53.19**			

$ millions, except average-realized price and sales volume, for the three months ended December 31							2023
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 84.1	$ 15.2	$ 23.1	$ 14.0	$ 4.1	$ (107.7)	$ 32.8
Adjustments to revenue:							
By-product and other revenue	-	-	-	(1.0)			
Revenue for purposes of average-realized price calculation	84.1	15.2	23.1	13.0			
Sales volume for the period	7.7	0.9	55.5	225			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	$ 10.87	$ 17.23	$ 414.80	$ 57.96			

$ millions, except average-realized price and sales volume, for the year ended December 31							**2024**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 355.9**	**$ 48.0**	**$ 90.1**	**$ 47.8**	**$ 51.5**	**$ (434.5)**	**$ 158.8**
Adjustments to revenue:							
Frequency control, by-product and other revenue	**-**	**-**	**-**	**(5.3)**			
Revenue for purposes of average-realized price calculation	**355.9**	**48.0**	**90.1**	**42.5**			
Sales volume for the period	**34.6**	**3.6**	**179.1**	**816**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	**$ 10.30**	**$ 13.30**	**$ 503.19**	**$ 52.01**			

$ millions, except average-realized price and sales volume, for the year ended December 31							2023
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 379.6	$ 104.8	$ 93.3	$ 47.1	$ 28.1	$ (442.2)	$ 210.7
Adjustments to revenue:							
By-product and other revenue	-	-	-	(4.3)			
Revenue for purposes of average-realized price calculation	379.6	104.8	93.3	42.8			
Sales volume for the period	28.4	6.0	170.2	745			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	$ 13.36	$ 17.47	$ 548.16	$ 57.45			

(1) Other revenue includes other revenue from the Metals reportable segment, revenue from the Oil and Gas reportable segment, a non-core reportable segment, and revenue from the Corporate and Other reportable segment.

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

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

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

Unit operating cost/NDCC

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

Metals' NDCC is calculated by dividing cost of sales, as reported in the financial statements, adjusted for the following: depreciation, depletion, amortization and impairment losses in cost of sales; cobalt by-product, fertilizer and other revenue; cobalt gain/loss; and other costs primarily related to the impact of opening and closing inventory values, by the number of finished nickel pounds sold in the period.

Power's unit operating costs for the three months and year ended December 31, 2024 was unfavourably impacted by lower sales volumes as a result of frequency control, for which Energas is being compensated. Refer to the Power Review of operations section for further details on frequency control.

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

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

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

$ millions, except unit cost and sales volume, for the three months ended December 31					**2024**
	Metals	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ **146.6**	$ **5.9**	$ **11.8**	$ **(120.5)**	$ **43.8**
Less:					
Depletion, depreciation and amortization in cost of sales	**(15.6)**	**(0.6)**			
	131.0	**5.3**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(53.0)**	**-**			
Cobalt loss	**0.1**	**-**			
Impact of opening/closing inventory and other[2]	**(4.3)**	**-**			
Cost of sales for purposes of unit cost calculation	**73.8**	**5.3**			
Sales volume for the period	**9.6**	**171**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	$ **7.66**	$ **30.64**			
Unit operating cost (US$ per pound) (NDCC)[5]	$ **5.44**				

$ millions, except unit cost and sales volume, for the three months ended December 31					2023
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 146.6	$ 7.1	$ 28.6	$ (122.2)	$ 60.1
Less:					
Depletion, depreciation and amortization in cost of sales	(13.3)	(0.5)			
	133.3	6.6			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(41.8)	-			
Impact of opening/closing inventory and other(2)	(7.8)	-			
Cost of sales for purposes of unit cost calculation	83.7	6.6			
Sales volume for the period	7.7	225			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	$ 10.81	$ 29.16			
Unit operating cost (US$ per pound) (NDCC)(5)	$ 7.87				

$ millions, except unit cost and sales volume, for the year ended December 31					2024
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 532.3**	**$ 30.1**	**$ 27.5**	**$ (451.4)**	**$ 138.5**
Less:					
Depletion, depreciation and amortization in cost of sales	**(58.0)**	**(2.1)**			
	474.3	**28.0**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(170.7)**	**-**			
Cobalt loss	**0.1**	**-**			
Impact of opening/closing inventory and other(2)	**(22.1)**	**-**			
Cost of sales for purposes of unit cost calculation	**281.6**	**28.0**			
Sales volume for the period	**34.6**	**816**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	**$ 8.15**	**$ 34.29**			
Unit operating cost (US$ per pound) (NDCC)(5)	**$ 5.94**				

$ millions, except unit cost and sales volume, for the year ended December 31					2023
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 601.4	$ 22.7	$ 57.8	$ (416.4)	$ 265.5
Less:					
Depletion, depreciation and amortization in cost of sales	(54.2)	(2.0)			
	547.2	20.7			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(224.1)	-			
Cobalt gain	(2.7)	-			
Impact of opening/closing inventory and other(2)	(43.5)	-			
Cost of sales for purposes of unit cost calculation	276.9	20.7			
Sales volume for the period	28.4	745			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	$ 9.75	$ 27.70			
Unit operating cost (US$ per pound) (NDCC)(5)	$ 7.22				

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

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

The Corporation defines adjusted net earnings/loss from continuing operations as net earnings/loss from continuing operations less items not reflective of the Corporation's current or future operational performance. These adjusting items include, but are not limited to, inventory write-downs/obsolescence, impairment of assets, gains and losses on the acquisition or disposal of assets, unrealized foreign exchange gains and losses, gains and losses on financial assets and liabilities and other one-time adjustments that have not occurred in the past two years and are not expected to recur in the next two years. While some adjustments are recurring (such as unrealized foreign exchange (gain) loss and revaluations of allowances for expected credit losses (ACL)), management believes that they do not reflect the Corporation's current or future operational performance.

Net earnings/loss from continuing operations at Oil and Gas is deducted from/added back to adjusted earnings/loss from continuing operations as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and agencies of the Government of Cuba, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or future operational performance. The adjustment for net earnings/loss from continuing operations at Oil and Gas represented a change in the composition of adjusted net earnings/loss from continuing operations during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and future operational performance and the prior year measure has been restated for comparative purposes.

Adjusted net earnings/loss from continuing operations per share is defined consistent with the definition above and divided by the Corporation's weighted-average number of common shares outstanding.

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

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

		2024		2023
For the three months ended December 31	**$ millions**	**$/share**	$ millions	$/share
Net loss from continuing operations	**$ (22.5)**	**$ (0.06)**	$ (53.4)	$ (0.13)
Adjusting items:				
Sherritt - Unrealized foreign exchange loss - continuing operations	**1.4**	**-**	0.9	-
Corporate and Other - Realized gain on nickel put options	**(2.5)**	**(0.01)**	-	-
Corporate and Other - Unrealized loss on nickel put options	**0.8**	**-**	-	-
Metals - Moa JV - Inventory write-down/obsolescence	**0.4**	**-**	1.6	-
Metals - Fort Site - Unrealized gain on natural gas swaps	**(0.8)**	**-**	-	-
Metals - Fort Site - Inventory write-down	**-**	**-**	0.7	-
Metals - Metals Marketing - Cobalt loss	**(0.1)**	**-**	-	-
Power - (Gain) loss on revaluation of GNC receivable	**(3.3)**	**(0.01)**	3.5	0.01
Power - Gain on revaluation of Energas payable	**(0.2)**	**-**	(1.3)	-
Oil and Gas - Impairment of intangible assets	**8.4**	**0.02**	-	-
Oil and Gas - Net loss from continuing operations, net of unrealized foreign exchange gain/loss and impairment of intangible assets	**10.4**	**0.03**	20.1	0.05
Total adjustments, before tax	**$ 14.5**	**$ 0.03**	$ 25.5	$ 0.06
Tax adjustments	**(2.2)**	**-**	-	-
Adjusted net loss from continuing operations	**$ (10.2)**	**$ (0.03)**	$ (27.9)	$ (0.07)

For the year ended December 31		2024 $ millions	2024 $/share	2023 $ millions	2023 $/share
Net loss from continuing operations	$	**(73.1)**	$ **(0.18)**	$ (64.3)	$ (0.16)
Adjusting items:					
Sherritt - Unrealized foreign exchange loss - continuing operations		**1.7**	**-**	1.1	-
Sherritt's share - Severance related to restructuring and workforce reductions		**3.5**	**0.01**	-	-
Corporate and Other - Realized gain on nickel put options		**(5.9)**	**(0.02)**	-	-
Corporate and Other - Gain on repurchase of notes		**(1.8)**	**-**	(3.5)	(0.01)
Metals - Moa JV - Impairment of property, plant and equipment		**0.5**	**-**	1.5	-
Metals - Moa JV - Inventory write-down/obsolescence		**2.9**	**0.01**	4.6	0.01
Metals - Fort Site - Inventory write-down		**0.9**	**-**	8.9	0.03
Metals - Fort Site - Unrealized gain on natural gas swaps		**(0.8)**	**-**	-	-
Metals - Metals Marketing - Inventory write-down		**-**	**-**	1.1	-
Metals - Metals Marketing - Cobalt (loss) gain		**(0.1)**	**-**	2.7	0.01
Power - Gain on revaluation of GNC receivable		**(0.4)**	**-**	(14.7)	(0.04)
Power - (Gain) loss on revaluation of Energas payable		**(0.2)**	**-**	7.6	0.02
Oil and Gas - Impairment of intangible assets		**8.4**	**0.02**	-	-
Oil and Gas - Net loss from continuing operations, net of unrealized foreign exchange gain/loss and impairment of intangible assets		**9.7**	**0.02**	26.6	0.07
Total adjustments, before tax	$	**18.4**	$ **0.04**	$ 35.9	$ 0.09
Tax adjustments		**(1.6)**	**-**	0.3	-
Adjusted net loss from continuing operations	$	**(56.3)**	$ **(0.14)**	$ (28.1)	$ (0.07)

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 JV prior to payment and includes adjustments to accruals. The Metals segment's spending on capital includes the Fort Site's expenditures, plus the Corporation's 50% share of the Moa JV'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 JV 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 JV's investments in non-current assets that are held for use in the production of nickel, cobalt, fertilizers and power generation.

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

$ millions, for the three months ended December 31	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	2024 Total derived from financial statements
Property, plant and equipment expenditures[2]	$ **6.2**	$ **0.5**	$ **-**	$ **6.7**	$ **(4.5)**	$ **2.2**
Intangible asset expenditures[2]	**-**	**-**	**-**	**-**	**-**	**-**
	6.2	**0.5**	**-**	**6.7**	$ **(4.5)**	$ **2.2**
Adjustments:						
Accrual adjustment	**5.1**	**(0.2)**	**0.1**	**5.0**		
Spending on capital	$ **11.3**	$ **0.3**	$ **0.1**	$ **11.7**		

$ millions, for the three months ended December 31	Metals	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	2023 Total derived from financial statements
Property, plant and equipment expenditures(2)	$ 17.6	$ 1.3	$ -	$ 18.9	$ (13.4)	$ 5.5
Intangible asset expenditures(2)	-	-	-	-	-	-
	17.6	1.3	-	18.9	$ (13.4)	$ 5.5
Adjustments:						
Accrual adjustment	3.7	-	(0.1)	3.6		
Spending on capital	$ 21.3	$ 1.3	$ (0.1)	$ 22.5		

$ millions, for the year ended December 31	Metals	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	**2024** Total derived from financial statements
Property, plant and equipment expenditures(2)	**$ 34.0**	**$ 2.9**	**$ -**	**$ 36.9**	**$ (30.3)**	**$ 6.6**
Intangible asset expenditures(2)	**-**	**-**	**0.2**	**0.2**	**-**	**0.2**
	34.0	**2.9**	**0.2**	**37.1**	**$ (30.3)**	**$ 6.8**
Adjustments:						
Accrual adjustment	**5.7**	**-**	**(0.1)**	**5.6**		
Spending on capital	**$ 39.7**	**$ 2.9**	**$ 0.1**	**$ 42.7**		

$ millions, for the year ended December 31	Metals	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	2023 Total derived from financial statements
Property, plant and equipment expenditures(2)	$ 57.0	$ 3.2	$ 0.2	$ 60.4	$ (40.3)	$ 20.1
Intangible asset expenditures(2)	-	-	1.2	1.2	-	1.2
	57.0	3.2	1.4	61.6	$ (40.3)	$ 21.3
Adjustments:						
Accrual adjustment	5.7	-	(0.8)	4.9		
Spending on capital	$ 62.7	$ 3.2	$ 0.6	$ 66.5		

(1) Includes property, plant and equipment and intangible asset expenditures of the Oil and Gas reportable segment, which is non-core, and the Corporate and Other reportable segment.

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

Combined cash provided (used) by continuing operations for operating activities and combined free cash flow

The Corporation defines cash provided (used) by continuing operations for operating activities by segment as cash provided (used) by continuing operations for operating activities for each segment calculated in accordance with IFRS Accounting Standards and adjusted to remove the impact of cash provided (used) by wholly-owned subsidiaries. Combined cash provided (used) by continuing operations for operating activities is the aggregate of each segment's cash provided (used) by continuing operations for operating activities including the Corporation's 50% share of the Moa JV's cash provided (used) by continuing operations for operating activities, which is accounted for using the equity method of accounting and excluded from consolidated cash provided (used) by continuing operations for operating activities.

The Corporation defines free cash flow for each segment as cash provided (used) by continuing operations for operating activities by segment, less cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets. Combined free cash flow is the aggregate of each segment's free cash flow or the Corporation's consolidated cash provided (used) by continuing operations for operating activities, less consolidated cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets, less distributions received from Moa JV, plus cash provided (used) by continuing operations for operating activities for the Corporation's 50% share of the Moa JV, less cash expenditures on property, plant and equipment and intangible assets for the Corporation's 50% share of the Moa JV.

The Corporate and Other segment's cash used by continuing operations for operating activities is adjusted to exclude distributions received from Moa JV. Distributions from the Moa JV excluded from Corporate and Other are included in the Adjustment for Moa Joint Venture to arrive at total cash provided (used) by continuing operations for operating activities per the financial statements.

The Metals segment's free cash flow includes the Fort Site and Metals Marketing's free cash flow, plus the Corporation's 50% share of the Moa JV's free cash flow, which is accounted for using the equity method for accounting purposes.

Combined cash provided (used) by continuing operations for operating activities and combined free cash flow are used by management, and management believes this information is used by investors, to analyze cash flows generated from operations and assess its operations' ability to provide cash or its use of cash, and in the case of combined free cash flow, after funding cash capital requirements, to service current and future working capital needs and service debt.

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

$ millions, for the three months ended December 31							**2024**
	Metals(1)(2)	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	**$ 5.9**	**$ (1.1)**	**$ (3.2)**	**$ (15.1)**	**$ (13.5)**	**$ (8.0)**	**$ (21.5)**
Less:							
Property, plant and equipment expenditures	**(6.2)**	**(0.5)**	**-**	**-**	**(6.7)**	**4.5**	**(2.2)**
Intangible expenditures	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Free cash flow	**$ (0.3)**	**$ (1.6)**	**$ (3.2)**	**$ (15.1)**	**$ (20.2)**	**$ (3.5)**	**$ (23.7)**

$ millions, for the three months ended December 31							2023 (Restated)
	Metals(1)(2)	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	$ 3.4	$ 7.4	$ (14.9)	$ (16.1)	$ (20.2)	$ 2.1	$ (18.1)
Less:							
Property, plant and equipment expenditures	(17.6)	(1.3)	-	-	(18.9)	13.4	(5.5)
Intangible expenditures	-	-	-	-	-	-	-
Free cash flow	$ (14.2)	$ 6.1	$ (14.9)	$ (16.1)	$ (39.1)	$ 15.5	$ (23.6)

$ millions, for the year ended December 31							**2024**
	Metals(3)(4)	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	**$ 93.1**	**$ (9.8)**	**$ (23.9)**	**$ (41.5)**	**$ 17.9**	**$ (43.8)**	**$ (25.9)**
Less:							
Property, plant and equipment expenditures	**(34.0)**	**(2.9)**	**-**	**-**	**(36.9)**	**30.3**	**(6.6)**
Intangible expenditures	**-**	**-**	**(0.2)**	**-**	**(0.2)**	**-**	**(0.2)**
Free cash flow	**$ 59.1**	**$ (12.7)**	**$ (24.1)**	**$ (41.5)**	**$ (19.2)**	**$ (13.5)**	**$ (32.7)**

$ millions, for the year ended December 31							2023 (Restated)
	Metals[3][4]	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	$ 115.9	$ 16.9	$ (11.1)	$ (76.0)	$ 45.7	$ (17.5)	$ 28.2
Less:							
Property, plant and equipment expenditures	(57.0)	(3.2)	(0.2)	-	(60.4)	40.3	(20.1)
Intangible expenditures	-	-	(1.2)	-	(1.2)	-	(1.2)
Free cash flow	$ 58.9	$ 13.7	$ (12.5)	$ (76.0)	$ (15.9)	$ 22.8	$ 6.9

(1) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $19.9 million, $(12.1) million and $(1.9) million, respectively, for the three months ended December 31, 2024 (December 31, 2023 - $(2.2) million, $4.0 million and $1.6 million, respectively).

(2) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $4.3 million, $1.9 million and nil, respectively, for the three months ended December 31, 2024 (December 31, 2023 - $13.5 million, $4.1 million and nil, respectively).

(3) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $55.7 million, $35.8 million and $1.6 million, respectively, for the year ended December 31, 2024 (December 31, 2023 - $49.4 million, $(13.4) million and $79.9 million, respectively).

(4) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $30.2 million, $3.8 million and nil, respectively, for the year ended December 31, 2024 (December 31, 2023 - $40.3 million, $16.7 million and nil, respectively).

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as "believe", "expect", "anticipate", "intend", "plan", "forecast", "likely", "may", "will", "could", "should", "suspect", "outlook", "potential", "projected", "continue" or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture; growing and increasing nickel and cobalt production; the Moa Joint Venture expansion program update as it relates to the Processing Plant; statements set out in the "Outlook" section of this MD&A; certain expectations regarding production volumes and increases, inventory levels, operating costs, capital spending and intensity, including amount and timing of spending on tailings management, sales volumes; revenue, costs and earnings; the availability of additional gas supplies to be used for power generation; the amount and timing of dividend distributions from the Moa JV, including in the form of finished cobalt or cash under the Cobalt Swap; associated receipts related to cobalt received pursuant to the Cobalt Swap; the amount and timing of dividend distributions from Energas; growing shareholder value; expected annualized employee and other Corporate office-related cost savings; sufficiency of working capital management and capital project funding; strengthening the Corporation's capital structure 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 EVs and the anticipated corresponding demand for cobalt and nickel; the commercialization of certain proprietary technologies and services; advancements in environmental and GHG reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to 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 2025. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this MD&A not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, 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 global conflicts; changes in the global price for nickel, cobalt, 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; risk of future non-compliance with debt restrictions and covenants; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; 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; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; risks to information technologies systems and cybersecurity; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; the possibility of equipment and other failure; potential interruptions in transportation; identification and management of growth opportunities; the ability to replace depleted mineral reserves; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba; risks associated with mining, processing and refining activities; uncertainty of gas supply for electrical generation; reliance on key personnel and skilled workers; growth opportunity risks; 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; 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 2025; and the ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents.

The Corporation, together with its Moa Joint Venture is pursuing a range of growth and expansion opportunities, including without limitation, process technology solutions, development projects, commercial implementation opportunities, life of mine extension opportunities and the conversion of mineral resources to reserves. In addition to the risks noted above, factors that could, alone or in combination, prevent the Corporation from successfully achieving these opportunities may include, without limitation: identifying suitable commercialization and other partners; successfully advancing discussions and successfully concluding applicable agreements with external parties and/or partners; successfully attracting required financing; successfully developing and proving technology required for the potential opportunity; successfully overcoming technical and technological challenges; successful environmental assessment and stakeholder engagement; successfully obtaining intellectual property protection; successfully completing test work and engineering studies, prefeasibility and feasibility studies, piloting, scaling from small scale to large scale production, 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. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in the Corporation's other documents filed with the Canadian securities authorities, including without limitation the Annual Information Form of the Corporation dated March 21, 2024 for the period ending December 31, 2023, which is available on SEDAR+ at www.sedarplus.ca.

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

CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2024 and 2023

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Management’s report

The accompanying consolidated financial statements are the responsibility of Sherritt International Corporation’s (“Sherritt” or the “Corporation”) management. They have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and include amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management has developed and maintains a system of internal control to provide reasonable assurance that the Corporation’s assets are safeguarded, transactions are authorized and the consolidated financial statements are complete and accurate.

The consolidated financial statements are approved by the Board of Directors on the recommendation of the Audit Committee. The Audit Committee of the Board of Directors is composed entirely of independent directors. Sherritt’s consolidated financial statements are reviewed by the Audit Committee with management before the consolidated financial statements are approved by the Board of Directors. In addition, the Audit Committee has the duty to review the accounting principles and practices applied and followed by the Corporation during the fiscal year, including critical accounting policies and significant estimates and judgments underlying the consolidated financial statements as presented by management.

Deloitte LLP (“Deloitte”) performs an audit of the consolidated financial statements, the results of which are reflected in their independent auditor’s report for 2024 included on the next page. Deloitte has full and independent access to the Audit Committee to discuss their audit and related matters. In addition, Sherritt has an internal audit function that evaluates and formally reports to management and the Audit Committee on the adequacy and effectiveness of internal controls specified in the approved annual internal audit plan.

/s/ Leon Binedell

Leon Binedell
President and Chief Executive Officer

/s/ Yasmin Gabriel

Yasmin Gabriel
Chief Financial Officer

February 5, 2025

Deloitte.

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Independent Auditor's Report

To the Shareholders and the Board of Directors of Sherritt International Corporation

Opinion

We have audited the consolidated financial statements of Sherritt International Corporation (the "Corporation"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flow for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2024, and December 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of the Recoverable Amount of the Metals Cash-Generating Unit ("CGU") – Refer to Notes 2, 3 and 14 of the Financial Statements

Key Audit Matter Description

The Corporation determined that an impairment loss indicator existed as at December 31, 2024 at the Metals CGU. As a result, the Corporation estimated the recoverable amount which is determined based on the higher of value in use and fair value less costs of disposal using a discounted cash flow model. The recoverable amount for the Metals CGU exceeded its carrying value as of the measurement date and, therefore, no impairment loss was recognized.

While there are several inputs that are required to determine the recoverable amount for the Metals CGU, the estimates and assumptions with the highest degree of subjectivity and judgment are future commodity prices (nickel and cobalt) and the discount rate. Auditing these estimates and assumptions required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of valuation specialists.

How the Key Audit Matter Was Addressed in the Audit

With the assistance of valuation specialists, our audit procedures related to future commodity price (nickel and cobalt) and the discount rate used to determine the recoverable amount of the Metals CGU included the following, among others:

- Evaluated the reasonableness of future commodity prices by comparing management’s forecasts to third-party forecasts;
- Assessed the discount rate used, by testing the source information underlying the determination of the discount rate and developing a range of independent estimates and compared it to the discount rate selected by management.

Measurement of the GNC Receivable and Energas Payable – Refer to Notes 2, 8, 11, 12 and 15 of the Financial Statements

Key Audit Matter Description

In 2023, the Corporation entered into an agreement to settle its total outstanding Cuban receivables and as a result of the transaction the Corporation recorded a financial asset (“GNC receivable”) and a financial liability (“Energas payable”) which are classified at fair value through profit or loss and measured at fair value. The fair value of the financial asset and the financial liability are estimated at each reporting date using a Monte Carlo simulation model which requires management to make significant estimates and assumptions related to forecasted in-kind cobalt prices and discount rates.

While there are several inputs required to determine the fair value of the financial asset and the financial liability, the estimates and assumptions with the highest degree of subjectivity and judgment uncertainty relate to the forecasted in-kind cobalt prices and discount rates. Auditing these assumptions and estimates resulted in an increased extent of audit effort, including the involvement of our valuation specialists.

How the Key Audit Matter Was Addressed in the Audit

With the assistance of our valuation specialists, our audit procedures related to the forecasted in-kind cobalt prices and discount rates, included the following, among others:

- Evaluated the reasonableness of the forecasted in-kind cobalt prices by comparing management’s forecasts to third-party information and testing the source information underlying the determination of the forecasted in-kind cobalt prices;
- Evaluated the reasonableness of the discount rates by testing the source information underlying the determination of the discount rates and developing a range of independent estimates for the discount rates and comparing those to the discount rates selected by management.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor’s report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Antonio Ciciretto.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
February 5, 2025
Toronto, Ontario

Consolidated statements of comprehensive loss

Canadian $ millions, except per share amounts, for the years ended December 31	Note	2024	2023
Revenue	5	$ **158.8**	$ 223.3
Cost of sales	6	**(138.5)**	(265.5)
Administrative expenses	6	**(36.7)**	(23.1)
Impairment of intangible assets	14	**(8.4)**	-
Share of (loss) earnings of Moa Joint Venture, net of tax	7	**(18.7)**	21.9
Loss from operations and joint venture		**(43.5)**	(43.4)
Interest income on financial assets measured at amortized cost	8	**1.7**	0.8
Other financing items	8	**11.8**	17.0
Financing expense	8	**(40.5)**	(36.5)
Net finance expense		**(27.0)**	(18.7)
Loss before income tax		**(70.5)**	(62.1)
Income tax expense	9	**(2.6)**	(2.2)
Net loss from continuing operations		**(73.1)**	(64.3)
Earnings (loss) from discontinued operations, net of tax		**0.3**	(0.3)
Net loss for the year		$ **(72.8)**	$ (64.6)
Other comprehensive income (loss)			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences on foreign operations, net of tax (nil and nil, respectively)	20	**56.0**	(17.2)
Items that will not be subsequently reclassified to profit or loss:			
Actuarial losses on pension plans, net of tax (nil and nil, respectively)	20	**(0.2)**	(0.2)
Other comprehensive income (loss)		**55.8**	(17.4)
Total comprehensive loss		$ **(17.0)**	$ (82.0)
Net loss from continuing operations per common share:			
Basic and diluted	10	$ **(0.18)**	$ (0.16)
Net loss per common share:			
Basic and diluted	10	$ **(0.18)**	$ (0.16)

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

Consolidated statements of financial position

Canadian $ millions, as at	Note	2024 December 31	2023 December 31
ASSETS			
Current assets			
Cash and cash equivalents	11	**$ 145.7**	$ 119.1
Restricted cash		**1.4**	1.4
Advances, loans receivable and other financial assets	12	**33.6**	79.8
Trade accounts receivable, net	11	**151.4**	151.1
Inventories	13	**43.3**	39.8
Prepaid expenses		**9.4**	7.8
		384.8	399.0
Non-current assets			
Investment in Moa Joint Venture	7	**665.4**	646.7
Advances, loans receivable and other financial assets	12	**171.6**	170.2
Property, plant and equipment	14	**152.1**	159.2
Intangible assets	14	**7.1**	14.5
Other non-financial assets		**0.7**	0.6
Deferred income taxes	9	**1.1**	0.4
		998.0	991.6
Total assets		**$ 1,382.8**	$ 1,390.6
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Loans and borrowings	15	**$ 67.2**	$ 56.8
Trade accounts payable and accrued liabilities		**172.5**	169.2
Other financial liabilities	15	**34.9**	22.5
Deferred revenue		**11.9**	12.2
Provisions	16	**4.8**	24.4
Income taxes payable		**1.7**	2.2
		293.0	287.3
Non-current liabilities			
Loans and borrowings	15	**305.3**	298.8
Other financial liabilities	15	**72.3**	74.6
Other non-financial liabilities		**9.2**	12.1
Provisions	16	**104.7**	103.6
Deferred income taxes	9	**0.9**	0.6
		492.4	489.7
Total liabilities		**785.4**	777.0
Shareholders' equity			
Capital stock	20	**2,894.9**	2,894.9
Deficit		**(2,972.4)**	(2,899.6)
Reserves	20	**234.9**	234.1
Accumulated other comprehensive income	20	**440.0**	384.2
		597.4	613.6
Total liabilities and shareholders' equity		**$ 1,382.8**	$ 1,390.6

Commitments for expenditures (note 18)

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

Approved by the Board of Directors on February 5, 2025,

/s/ Shelley Brown

Shelley Brown
Director

/s/ Sir Richard Lapthorne

Sir Richard Lapthorne
Director

Consolidated statements of cash flow

Canadian $ millions, for the years ended December 31	Note	2024	2023
Operating activities			
Net loss from continuing operations		**$ (73.1)**	$ (64.3)
Add (deduct) non-cash items:			
Finished cobalt cost of sales	6	**2.2**	86.1
Depletion, depreciation and amortization	5, 6	**14.0**	14.3
Share-based compensation expense (recovery)	17, 6	**0.3**	(1.5)
Share of loss (earnings) of Moa Joint Venture, net of tax	7	**18.7**	(21.9)
Impairment of intangible assets	14	**8.4**	-
Inventory write-down/obsolescence	6	**1.0**	9.8
Net finance expense	8	**27.0**	18.7
Income tax expense	9	**2.6**	2.2
Loss on environmental rehabilitation provisions	6	**8.2**	22.9
Net change in non-cash working capital	19	**1.4**	(93.6)
Interest received		**5.0**	2.8
Interest paid	19	**(25.9)**	(28.3)
Income taxes paid		**(3.8)**	(1.1)
Proceeds from Cobalt Swap	5	**1.1**	80.3
Distributions received from Moa Joint Venture – Cobalt Swap	7, 19	**11.9**	32.0
Share-based compensation payments	17	**(3.0)**	(24.9)
Liabilities settled for environmental rehabilitation provisions	16	**(27.2)**	(5.9)
Net proceeds from nickel put options	12	**5.9**	-
Other operating items		**(0.6)**	0.6
Cash (used) provided by continuing operations		**(25.9)**	28.2
Cash used by discontinued operations		**(0.2)**	(0.9)
Cash (used) provided by operating activities		**(26.1)**	27.3
Investing activities			
Property, plant and equipment expenditures	5	**(6.6)**	(20.1)
Intangible asset expenditures	5	**(0.2)**	(1.2)
Receipts of (increase in) Moa JV revolving-term credit facility	12	**30.0**	(30.0)
Receipts of GNC receivable		**11.9**	32.0
Receipts of other advances, loans receivable and other financial assets		**1.0**	0.9
Cash provided (used) by investing activities		**36.1**	(18.4)
Financing activities			
Repurchase of notes	15	**(1.9)**	(7.8)
Increase in loans and borrowings	15	**11.0**	13.0
Repayment of other financial liabilities		**(2.0)**	(16.8)
Fees paid on repurchase of notes		**-**	(0.1)
Cash provided (used) by financing activities		**7.1**	(11.7)
Effect of exchange rate changes on cash and cash equivalents		**9.5**	(2.0)
Increase (decrease) in cash and cash equivalents		**26.6**	(4.8)
Cash and cash equivalents at beginning of the year		**119.1**	123.9
Cash and cash equivalents at end of the year	11	**$ 145.7**	$ 119.1

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

Consolidated statements of changes in shareholders' equity

Canadian $ millions

	Note	Capital stock	Deficit	Reserves	Accumulated other comprehensive income	Total
Balance as at December 31, 2022		**$ 2,894.9**	**$ (2,835.0)**	**$ 233.4**	**$ 401.6**	**$ 694.9**
Total comprehensive loss:						
Net loss for the year		-	(64.6)	-	-	(64.6)
Foreign currency translation differences on foreign operations, net of tax	20	-	-	-	(17.2)	(17.2)
Actuarial losses on pension plans, net of tax	20	-	-	-	(0.2)	(0.2)
		-	(64.6)	-	(17.4)	(82.0)
Stock option plan expense	20, 17	-	-	0.7	-	0.7
Balance as at December 31, 2023		**2,894.9**	**(2,899.6)**	**234.1**	**384.2**	**613.6**
Total comprehensive loss:						
Net loss for the year		-	(72.8)	-	-	(72.8)
Foreign currency translation differences on foreign operations, net of tax	20	-	-	-	56.0	56.0
Actuarial losses on pension plans, net of tax	20	-	-	-	(0.2)	(0.2)
		-	(72.8)	-	55.8	(17.0)
Stock option plan expense	20, 17	-	-	0.8	-	0.8
Balance as at December 31, 2024		**$ 2,894.9**	**$ (2,972.4)**	**$ 234.9**	**$ 440.0**	**$ 597.4**

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

Notes to the consolidated financial statements

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Sherritt International Corporation (“Sherritt” or “the Corporation”) is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt’s Moa Joint Venture has an estimated mine life of approximately 25 years and is advancing an expansion program focused on increasing annual mixed sulphide precipitate production by 20% of contained nickel and cobalt. The Corporation’s Power division, through its ownership in Energas S.A. (“Energas”), is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba.

The Corporation is domiciled in Ontario, Canada and its registered office is 22 Adelaide Street West, Toronto, Ontario, M5H 4E3. These consolidated financial statements were approved and authorized for issuance by the Board of Directors of Sherritt on February 5, 2025. The Corporation is listed on the Toronto Stock Exchange under the symbol “S”.

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of presentation

The consolidated financial statements of the Corporation are prepared in accordance with IFRS Accounting Standards, as issued by the IASB. All financial information is presented in millions of Canadian dollars rounded to the nearest hundred thousand, except as otherwise noted. References to “US$” are to United States (U.S.) dollars and to “€” are to euro.

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

The Corporation has consistently applied the same accounting policies and methods of computation to all periods presented.

2.2 Principles of consolidation

These consolidated financial statements include the financial position, financial performance and cash flows of the Corporation, its subsidiaries, its interest in a joint venture and its share of assets, liabilities, revenues and expenses related to its interest in a joint operation. Intercompany balances, transactions, income and expenses, profits and losses, including gains and losses relating to subsidiaries and a joint operation have been eliminated on consolidation.

The Corporation's significant subsidiaries and joint arrangements are as follows:

	Relationship	Economic interest	Basis of accounting
Moa Joint Venture ("Moa JV")	Joint venture	50%	Equity method
Composed of the following operating companies:			
Moa Nickel S.A.			
The Cobalt Refinery Company Inc.			
International Cobalt Company Inc.			
Power			
Energas	Joint operation	33⅓%	Share of assets, liabilities, revenues and expenses
Oil and Gas			
Composed of the following operating companies:			
SICOG Oil and Gas Ltd.	Subsidiary	100%	Consolidation
Sherritt International Oil and Gas Ltd.	Subsidiary	100%	Consolidation

The Fort Site operations ("Fort Site") and Corporate head office and technical support ("Corporate and Other") are a part of Sherritt International Corporation, the parent company, and are not separate legal entities.

Subsidiaries

Subsidiaries are entities over which the Corporation has control. Control is defined as when the Corporation has power over the investee, is exposed or has rights to the variable returns from the investee and has the ability to use power over the investee to affect the amount of those returns. Power is defined as existing rights that give the Corporation the ability to direct the relevant activities of the subsidiary. Subsidiaries are fully consolidated from the date control is transferred to the Corporation and are de-consolidated from the date control ceases.

Joint arrangements

A joint arrangement is an arrangement whereby two or more parties have joint control. Joint control is considered to be when all parties to the joint arrangement, which share control, are required to reach unanimous consent over decisions about relevant business activities pertaining to the contractual arrangement. The Corporation has two types of joint arrangements: a joint venture and a joint operation.

2.3 Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, the Corporation's functional and presentation currency. The functional currency of Moa Nickel S.A., International Cobalt Company Inc., SICOG Oil and Gas Ltd. and Energas is U.S. dollars, while the functional currency of The Cobalt Refinery Company Inc. and Sherritt International Oil and Gas Ltd. is Canadian dollars.

Translation of foreign entities

The functional currency for each of the Corporation's subsidiaries and joint arrangements is the currency of the primary economic environment in which it operates. Operations with foreign functional currencies are translated into the Corporation's presentation currency in the following manner:

- Monetary and non-monetary assets and liabilities are translated at the spot exchange rate in effect at the reporting date;
- Revenue and expense items (including depletion, depreciation and amortization) are translated at the average rates of exchange prevailing during the period, which approximate the exchange rates on the transaction dates;
- Impairment of assets are translated at the prevailing rate of exchange on the date of the impairment recognition; and
- Exchange gains and losses that result from translation are recognized as foreign currency translation differences on foreign operations in accumulated other comprehensive income.

Translation of transactions and balances

Operations with transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the date of the transaction as follows:

- Monetary assets and liabilities are translated at current rates of exchange with the resulting gains or losses recognized within financing expense in the consolidated statements of comprehensive income/loss;
- Non-monetary items are translated at historical exchange rates; and
- Revenue and expense items are translated at the average rates of exchange prevailing during the period, except depletion, depreciation and amortization, which are translated at the rates of exchange applicable to the related assets, with any gains or losses recognized within financing expense in the consolidated statements of comprehensive income/loss.

2.4 Consolidated statements of cash flow

The Corporation presents the consolidated statements of cash flow using the indirect method. The Corporation presents interest received and interest paid as operating activities in the consolidated statements of cash flow. Dividends paid are presented as a financing activity, while distributions received from the Moa JV are presented as an operating activity in the consolidated statements of cash flow.

2.5 Segmented information

The accounting policies of the segments are the same as those described throughout the notes to the financial statements and are measured in a manner consistent with that of the consolidated financial statements.

Reportable segments

The Corporation has determined the following to be reportable segments based on qualitative and quantitative considerations discussed within the critical accounting estimates and judgments section below:

- The Metals segment is composed of mining, processing and refining activities of nickel and cobalt for the Corporation's 50% interest in the Moa JV in Cuba and Canada, which is accounted for using the equity method of accounting; the production and sale of agricultural fertilizers for its 100% interest in the utility and fertilizer operations of the Fort Site in Fort Saskatchewan; and the Corporation's wholly-owned subsidiaries established to buy, market and sell certain of the Moa JV's nickel and cobalt production and the Corporation's cobalt inventories received under the Cobalt Swap agreement (the "Cobalt Swap"). Costs incurred to support and enhance Metals' operations and business development were recognized within the Metals reportable segment during the year ended December 31, 2024. In the comparative period, those costs were recognized within the former Technologies reportable segment;
- The Power segment represents the power operations in Cuba, including the Corporation's one-third interest in Energas, which operate power generation facilities that provide electricity in Cuba;
- The Oil and Gas segment is not currently producing or exploring for oil and gas in Cuba and its financial results relate to ancillary drilling services, provided to a customer and agencies of the Government of Cuba, and environmental rehabilitation costs for legacy assets in Spain, which are non-core operating activities of the Corporation. The wells drilled for agencies of the Government of Cuba provide gas to Energas for power generation; and
- The Corporate and Other segment represents the Corporate head office, which provides overall management of the Corporation's joint operations and subsidiaries and general corporate activities related to public companies, including business development, management of cash, publicly-traded debt and government relations, external technical services to third parties and growth and market development activities including early-stage test work and engineering expenses.

2.6 Revenue recognition

Revenue from the sale of goods and services is recognized when the Corporation transfers control of the good or service to the customer, reflecting the amount of consideration to which the Corporation expects to be entitled in exchange for those goods or services. Control generally transfers to the customer upon shipment or delivery to the destination, as specified in the sales contract.

Metals

Consolidated revenue excludes the revenue of the equity-accounted investment in the Moa JV. The Corporation recognizes its share of revenue of the Moa JV within the share of earnings/loss of Moa Joint Venture, net of tax in the consolidated statements of comprehensive income/loss.

Certain nickel and cobalt sales in the Metals reportable segment are provisionally priced, with the selling price subject to final adjustment at the end of a quotation period, in accordance with the terms of the sale. The quotation period is normally within 90 days after shipment to the customer, and final pricing is based on a reference price established at the end of the quotation period. Payment terms for nickel and cobalt are typically 30 to 60 days from the date of invoice.

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

Payment for fertilizer sales at Fort Site is generally received before shipment and recognized as deferred revenue until shipment.

Power

All of Power’s revenue is from agencies of the Government of Cuba.

The power generation facilities located in Boca de Jaruco and Puerto Escondido, Cuba operate under a service concession arrangement. Revenue from Power on operational facilities is recognized at the time electricity is delivered or services are performed. The consideration to be received is subject to variability as the quantity of power to be generated is not fixed and the rate for the power generated declines once construction costs are repaid. Management estimates the transaction price based on expected power generation and the forecast repayment schedule for construction costs and reassesses this estimate each reporting period.

Payment terms for electricity and by-product sales to agencies of the Government of Cuba are 60 days from the date of invoice.

Oil and Gas

Oil and Gas service revenue is recognized at the time that drilling services and equipment are provided to the customer and the payment terms are 30 days from the date of invoice.

2.7 Joint arrangements

Investment in Moa JV

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the net assets of the arrangement. The Moa JV is recognized as an investment in a joint venture and accounted for using the equity method of accounting as follows:

- The Corporation recognizes its share of earnings/loss, net of tax in the consolidated statements of comprehensive income/loss, which is adjusted against the carrying amount of its interest in a joint venture;
- If the Corporation’s share of losses equals or exceeds the carrying amount of its investment in joint venture in the future, the Corporation does not recognize further losses, unless it has incurred obligations or made payments on behalf of the entity;
- Revenue/expenses and gains/losses on transactions between the Corporation and its joint venture are eliminated to the extent of the Corporation’s interest in this entity. Losses are eliminated only to the extent that there is no evidence of impairment; and
- Interest income on a loan receivable from a joint venture is recognized to the extent of Sherritt’s economic interest.

Joint operation

A joint operation is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the assets and obligations for liabilities relating to the arrangement. Energas is recognized as a joint operation and is accounted for by recognizing the Corporation's share of its assets, liabilities, revenues and expenses.

Assessment for impairment of the investment in Moa Joint Venture

At each reporting date, the Corporation assesses whether there is any indication that the carrying amount of the Corporation's investment in Moa Joint Venture may be impaired. The Moa Joint Venture is included in the Metals cash-generating unit ("CGU"), which is assessed for impairment as detailed within the Assessment for impairment of non-financial assets section of note 2.11 – Non-financial assets, below.

The investment is impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events and that loss event (or events) has an impact on the estimated future cash flows from the investment that can be reliably estimated.

Objective evidence that the investment is impaired includes observable data that comes to the attention of the entity about the following loss events: (a) significant financial difficulty of the joint venture; (b) a breach of contract, such as a default or delinquency in payments by the joint venture; (c) the entity, for economic or legal reasons relating to its joint venture's financial difficulty, granting to the joint venture a concession that the entity would not otherwise consider; (d) it becoming probable that the joint venture will enter bankruptcy or other financial reorganization; or (e) the disappearance of an active market for the investment because of financial difficulties of the joint venture.

In addition to the loss events noted above, objective evidence of impairment for the investment in Moa Joint Venture includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the Moa Joint Venture operates and indicates that the cost of the investment may not be recovered. A significant or prolonged decline in the fair value of the Moa Joint Venture below its cost is also objective evidence of impairment.

If there is objective evidence of impairment, then the impairment test applied follows the principles of impairment for non-financial assets described in note 2.11 by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. In determining the value in use of the investment in Moa Joint Venture, the Corporation estimates: (a) its share of the present value of the estimated future cash flows expected to be generated by the Moa Joint Venture, including the cash flows from the operations of the Moa Joint Venture and the proceeds from the ultimate disposal of the investment; or (b) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

2.8 Income taxes

The income tax expense or recovery for the reporting period consists of two components: current and deferred taxes.

The current income tax payable or recoverable is calculated using the tax rates and legislation that have been enacted or substantively enacted at each reporting date in each of the jurisdictions and includes any adjustments for taxes payable or recoverable in respect of prior periods.

Current tax assets and liabilities are offset when they relate to the same jurisdiction, the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are determined using the statement of financial position liability method based on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. In calculating the deferred tax assets and liabilities, the tax rates used are those that have been enacted or substantively enacted at each reporting date in each of the jurisdictions and that are expected to apply when the assets are recovered or the liabilities are settled. Deferred income tax assets and liabilities are presented as non-current.

Deferred tax liabilities are recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible temporary differences, carryforward of unused tax losses and carryforward of unused tax credits, with the exception of the following items:

- Temporary differences associated with investments in subsidiaries and interests in joint ventures where the Corporation is able to control the timing of the reversal of temporary differences and such reversals are not probable in the foreseeable future;

- Temporary differences that arise on the initial recognition of assets and liabilities in a transaction that is not a business combination and has no impact on either accounting profit or taxable profit; and
- Deferred tax assets are only recognized to the extent that it is probable that sufficient taxable profits exist in future periods against which the deductible temporary differences can be utilized. The probability that sufficient taxable profits exist in future periods against which the deferred tax assets can be utilized is reassessed at each reporting date. The amount of deferred tax assets recognized is adjusted accordingly.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority on the same taxable entity and when the Corporation has the legal right to offset them.

Current and deferred taxes that relate to items recognized directly in equity are also recognized in equity. All other taxes are recognized in income tax expense in the consolidated statements of comprehensive income/loss.

2.9 Financial instruments

Classification and measurement of financial instruments

Management determines the classification of financial assets and financial liabilities at initial recognition and, except in limited circumstances, the classification is not changed subsequent to initial recognition. The classification of financial assets is based on the Corporation's business models for managing these financial assets and their contractual cash flow characteristics. Transaction costs with respect to financial instruments not classified as fair value through profit or loss are recognized as an adjustment to the cost of the underlying instruments and amortized using the effective interest method.

The Corporation's financial assets are classified into one of the following three measurement categories:

- Financial assets held within a business model for the purpose of collecting contractual cash flows ("held to collect") that represent solely payments of principal and interest ("SPPI") are measured at amortized cost.
- Financial assets held within a business model where assets are both held for the purpose of collecting contractual cash flows or sold prior to maturity and the contractual cash flows represent SPPI are measured at fair value through other comprehensive income/loss ("FVOCI").
- Financial assets held within another business model or assets that do not have contractual cash flow characteristics that are SPPI will be measured at fair value through profit or loss ("FVTPL").

The Corporation's financial liabilities are measured at amortized cost, except for financial liabilities subsequently measured or designated at FVTPL.

Financial assets measured at amortized cost:

- Cash held in banks; restricted cash; advances, loans receivable and other financial assets, except for the General Nickel Company ("GNC") receivable, noted below; trade accounts receivable, net

Financial assets measured at FVOCI:

- Cash equivalents

Financial assets measured at FVTPL:

- GNC receivable, nickel put options and natural gas swap receivable

Financial liabilities designated at FVTPL:

- Energas payable

Financial liabilities measured at amortized cost:

- Trade accounts payable and accrued liabilities; loans and borrowings

Financial assets and liabilities, measured at amortized cost

Financial assets and liabilities included in this category are initially recognized at fair value (net of transaction costs, if applicable) and are subsequently measured at amortized cost using the effective interest method less allowances for expected credit losses ("ACL").

Financial assets measured at fair value through other comprehensive income/loss

Financial assets included in this category are initially recognized at fair value and transaction costs are recognized in net earnings/loss. Subsequent to initial recognition, unrealized gains and losses on these instruments are recognized in other comprehensive income/loss. Upon derecognition, realized gains and losses are reclassified from other comprehensive income/loss and recognized in net earnings/loss. Interest income and dividends from these instruments are recognized in net earnings/loss.

Financial assets and liabilities measured at fair value through profit or loss

Financial instruments included in this category are initially recognized at fair value and transaction costs are recognized in net earnings/loss, along with gains and losses arising from changes in fair value.

Derivative instruments are recorded at fair value unless exempted from derivative treatment and treated as an executory contract under the own use exemption. All changes in their fair value are recognized in net earnings/loss within net finance expense.

Financial liabilities designated at fair value through profit or loss upon initial recognition

Financial liabilities included in this category form part of a contract containing one or more embedded derivatives and are initially recognized at fair value and transaction costs are recognized in net earnings/loss, along with gains and losses arising from changes in fair value. For such financial liabilities, the amount of change in the fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income and the remaining amount of change in the fair value of the liability is recognized in net earnings/loss within net finance expense.

Derecognition of financial assets and liabilities

A financial asset is derecognized when its contractual rights to the cash flows that compose the financial asset expire or substantially all the risks and rewards of the asset are transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognized in net earnings/loss within net finance expense, respectively.

Modifications of financial instruments

An exchange of a financial instrument with substantially different terms is accounted for as an extinguishment of the original financial instrument and the recognition of a new financial instrument. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial instrument. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the instrument and are amortized over the remaining term of the modified instrument.

When the Corporation modifies a financial instrument and that modification results in derecognition, the Corporation derecognizes the original financial instrument and recognizes a new financial instrument. The difference between the carrying amount of the financial instrument extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized as a gain or loss in net earnings/loss within net finance expense.

When the Corporation modifies a financial instrument and that modification does not result in derecognition, the Corporation revises the gross carrying value of the financial instrument, discounted using the original effective interest rate, and recognizes a modification gain or loss in net earnings/loss within net finance expense.

Assessment for impairment of financial assets

The Corporation applies a three-stage approach to measure an ACL, using an expected credit loss (“ECL”) approach as required under IFRS 9, “Financial Instruments” (“IFRS 9”) for financial assets measured at amortized cost.

The ECL approach reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on the credit deterioration from inception. The ACL reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

- Stage 1 – Where there has not been a significant increase in credit risk since initial recognition of a financial instrument, an amount equal to twelve months expected credit loss is recorded. The ECL is computed using a probability of default occurring over the next twelve months. For instruments with a remaining maturity of less than twelve months, a probability of default corresponding to the remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, it is included in Stage 2. The lifetime ECL is computed using a probability of default occurring over the remaining life of the financial instrument. When contractual payments are more than 30 days past due, it is presumed that credit risk has increased significantly subsequent to origination unless the Corporation has reasonable and supportable information that demonstrates that the credit risk has not increased significantly since origination.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. The Corporation considers a financial instrument to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. Similar to Stage 2, the ACL captures the lifetime ECL. When contractual payments are more than 90 days past due, it is presumed that default has occurred unless the Corporation has reasonable and supportable information that demonstrates that a more lagging default criterion is more appropriate.

The Corporation assesses whether there has been a significant increase in credit risk since initial recognition of a financial instrument and its ACL measurement at each reporting date. Increases or decreases in the ACL are recognized as impairment gains or losses within net finance expense in net earnings/loss.

For trade receivables and contract assets that result from transactions that are within the scope of IFRS 15. “Revenue from Contracts with Customers” (“IFRS 15”), and finance lease receivables that result from transactions that are within the scope of IFRS 16 “Leases” (“IFRS 16”), IFRS 9 allows the Corporation to take a simplified approach where the ACL is always measured at the lifetime ECL.

The Corporation’s financial assets measured at amortized cost are presented net of the ACL in the consolidated statements of financial position.

The Corporation recognizes lifetime expected credit losses for trade receivables using a provision matrix based on historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of the current and future economic conditions as at the reporting date, including time value of money where appropriate.

Financial instrument measurement hierarchy

All financial instruments are required to be measured at fair value on initial recognition. For those financial assets or liabilities subsequently measured at fair value at each reporting date, financial instruments and liquidity risk disclosures require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. These levels are defined below:

Level 1: Determined by reference to unadjusted quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date;

Level 2: Valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly; and

Level 3: Valuations using inputs that are not based on observable market data.

2.10 Inventories

Raw materials, materials in process and finished products are valued at the lower of average production cost and net realizable value, with cost determined on a moving weighted-average basis. Spare parts and operating materials within inventory are valued at the lower of average cost and net realizable value, and recognized as cost of sales when used.

The cost of inventory includes all costs related to bringing the inventory to its current condition, including processing costs, labour costs, supplies, direct and allocated indirect operating overhead and depreciation expense, where applicable, including allocation of fixed and variable costs.

Write-downs to net realizable value may be reversed, up to the amount previously written down, when circumstances support an increased inventory value.

2.11 Non-financial assets

Property, plant and equipment

Property, plant and equipment include acquisition costs, capitalized development costs and pre-production expenditures that are recorded at cost less accumulated depreciation and accumulated impairment losses. Costs of property, plant and equipment are incurred while construction is in progress and before the commencement of commercial production. Once the construction of an asset is substantially complete, and the asset is ready for its intended use, these costs are depreciated.

Plant and equipment

Plant and equipment include assets under construction; machinery and equipment; processing, refining, power generation and other manufacturing facilities; office equipment; and fixtures and fittings.

The Corporation recognizes major long-term spare parts and standby equipment as plant and equipment when the parts and equipment are significant and are expected to be used over a period greater than a year. Major inspections and overhauls required at regular intervals over the useful life of an item of plant and equipment are recognized in the carrying amount of the related item if the inspection or overhaul provides benefit exceeding one year.

Plant and equipment are depreciated using the straight-line method based on estimated useful lives, once the assets are available for use. Plant and equipment may have components with different useful lives. Depreciation is calculated based on each individual component's useful life. New components are capitalized to the extent that they meet the recognition criteria of an asset. The carrying amount of the replaced component is derecognized, and any gain/loss is included in net earnings/loss. If the carrying amount of the replaced component is not known, it is estimated based on the cost of the new component less estimated depreciation. The useful lives of the Corporation's plant and equipment are as follows:

Buildings and refineries	5 to 40 years
Machinery and equipment	3 to 50 years
Office equipment	3 to 35 years
Fixtures and fittings	3 to 35 years
Assets under construction	not depreciated during development period

Right-of-use assets – Plant and equipment

The Corporation recognizes a right-of-use asset if a contract is or contains a lease based on the definition of a lease. Right-of-use assets – plant and equipment include the underlying assets in leases for office space; machinery and equipment; and computer and telecommunications hardware.

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use or disposal of the asset. Any gain or loss arising on derecognition of the asset (measured as the difference between the net disposal proceeds and the carrying amount of the asset) is included in net earnings/loss in the period when the asset is derecognized.

Intangible assets

Intangible assets are developed internally or acquired as part of a business combination. Internally generated assets are recognized at cost and primarily arise as a result of exploration and evaluation activity and service concession arrangements. Intangible assets acquired as part of a business combination are recognized separately from goodwill, if the asset is separable or arises from contractual or legal rights, and are initially recorded at their acquisition date fair value.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with a finite life are amortized over their useful economic lives on a straight-line or units-of-production basis, as appropriate. The amortization expense is included in cost of sales unless otherwise noted. Intangible assets that are not yet ready for use are not amortized until put into use.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The Corporation has no identifiable intangible assets for which the expected useful life is indefinite.

Exploration and evaluation

Exploration and evaluation ("E&E") expenditures are measured using the cost model and generally include the costs of licenses, technical services and studies, seismic studies, exploration drilling and testing, and directly attributable overhead and administration expenses including remuneration of operating personnel and supervisory management. These costs do not include general prospecting or evaluation costs incurred prior to having obtained the rights to explore an area, which are expensed as they are incurred.

E&E expenditures related to Oil and Gas properties are capitalized and carried forward until technical feasibility and commercial viability of extracting the resource is established. The technical feasibility and commercial viability is established when economic quantities of proven and/or probable reserves are determined to exist, at which point the E&E assets attributable to those reserves are reviewed for impairment before being transferred to property, plant and equipment.

Service concession arrangements

Service concession arrangements are contracts between private sector and government entities and can involve the construction, operation or upgrading of public infrastructure. Service concession arrangements can be classified as financial assets (where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement) or intangible assets (where the operator's future cash flows are not specified).

Through its interest in Energas, the Corporation has been contracted to design, construct and operate electrical generating facilities at Boca de Jaruco and Puerto Escondido, Cuba, on behalf of the Cuban government. The sale price of electricity is contractually fixed, but decreases after loans provided by the Corporation to fund the construction are fully repaid. Ownership of these facilities will be transferred to the Cuban government for nil consideration at the end of the contract term which ends in 2043, unless the contract is extended. Energas bears the demand risk on revenues related to assets covered under service concession arrangements as receipts are based on usage rather than an unconditional right to receive cash. As a result, the Boca de Jaruco and Puerto Escondido assets have been classified as intangible assets and represent the Corporation's right to charge the Government of Cuba for future electricity and by-products delivered.

During periods of new construction, enhancement or upgrade activities, the Corporation records a new intangible asset and a corresponding construction revenue amount to reflect the right to charge the Cuban government for an incremental future supply of electricity. The construction expenses relating to the new construction activity are expensed as incurred. The net result of the construction activity is a nil impact to net earnings/loss. Once operational, the carrying amount of the new service concession intangible asset, including capitalized interest, is amortized on a straight-line basis over the remaining contract term.

Repair, maintenance and replacement costs incurred in relation to service concession intangible assets are expensed as incurred.

Amortization

The following intangible assets are amortized on a straight-line basis over the following estimated useful lives:

Service concession arrangements	20 years
Exploration and evaluation	not amortized during development period

Assessment for impairment of non-financial assets

The Corporation assesses the carrying amount of non-financial assets, including property, plant and equipment and intangible assets and excluding inventories and deferred tax assets, at each reporting date to determine whether there is any indication of impairment. Internal factors, such as estimated reserves, budgets and forecasts, as well as external factors, such as expected future prices, costs, market capitalization and other market factors, are also monitored to determine if indications of impairment exist.

An impairment loss is the amount equal to the excess of the carrying amount over the recoverable amount. The recoverable amount takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use. To achieve this, the recoverable amount is the higher of value in use (being the net present value of expected pre-tax future cash flows of the relevant asset) and fair value less costs of disposal of the asset.

Impairment is assessed at the CGU level. A CGU is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or group of assets. The assets of the Corporate and Other segment, representing the Corporate head office and technical support, are allocated on a reasonable and consistent basis to CGUs or groups of CGUs.

If, after the Corporation has previously recognized an impairment loss, circumstances indicate that the recoverable amount of the impaired assets is greater than the carrying amount, the Corporation reverses the impairment loss by the amount the revised recoverable amount exceeds its carrying amount, to a maximum of the previous impairment loss. In no case shall the revised carrying amount exceed the original carrying amount, after depreciation or amortization, that would have been determined if no impairment loss had been recognized. An impairment loss or a reversal of an impairment loss is recognized in the consolidated statements of comprehensive income/loss.

Impairment of exploration and evaluation expenditures at Oil and Gas

Upon determination of proven and probable reserves, the related E&E assets attributable to those reserves are tested for impairment prior to being transferred to property, plant and equipment. Capitalized E&E costs are reviewed and evaluated for impairment at each reporting date for events or changes in circumstances that indicate the carrying amount may not be recoverable from future cash flows of the property.

2.12 Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the obligation. Where the Corporation expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in cost of sales or administrative expenses, depending on the nature of the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as financing expense. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable.

Environmental rehabilitation

Provisions for environmental rehabilitation include decommissioning and restoration costs when the Corporation has an obligation to dismantle and remove infrastructure and residual materials as well as to restore the disturbed area. Estimated decommissioning and restoration costs are provided for in the accounting period when the obligation arising from the disturbance occurs, whether this occurs during mine development or during the production phase, based on the net present value of estimated future costs. The provision for environmental rehabilitation is reviewed and adjusted each period to reflect developments which could include changes in closure dates, legislation, discount rate or estimated future costs.

The amount recognized as a liability for environmental rehabilitation is calculated as the present value of the estimated future costs determined in accordance with local conditions and requirements. An amount corresponding to the provision is capitalized as part of property, plant and equipment and is depreciated over the life of the corresponding asset. The impact of amortization or unwinding of the discount rate applied in establishing the net present value of the provision is recognized in net finance expense. The applicable discount rate is a pre-tax rate that reflects the current market assessment of the time value of money which is determined based on government bond interest rates and inflation rates.

Changes to estimated future costs are recognized in the consolidated statements of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16, “Property, Plant and Equipment”. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying amount is recognized immediately in cost of sales.

If the change in estimate results in an increase in the rehabilitation provision and therefore an addition to the carrying amount of the asset, the entity is required to consider whether the new carrying amount is recoverable, and whether this is an indication of impairment of the asset as a whole. If indication of impairment of the asset as a whole exists, the Corporation tests for impairment in accordance with IAS 36, “Impairment of Assets”. If the carrying amount of the revised assets, net of rehabilitation provisions, exceeds the recoverable value, that portion of the increase is charged directly to cost of sales. For closed sites, changes to estimated costs are recognized immediately in cost of sales. Also, rehabilitation obligations that arise as a result of the production phase are expensed as incurred.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated cost of outstanding rehabilitation work at each reporting date and any increase in overall cost is expensed.

2.13 Share-based compensation plans

The Corporation operates cash-settled and equity-settled share-based compensation plans under which it makes cash payments based on the value of the Corporation’s shares, or issues shares of the Corporation, to directors, officers and employees in exchange for services.

The Corporation’s cash-settled share plans, including Restricted Share Units (“RSUs”), Performance Share Units (“PSUs”) and Deferred Share Units (“DSUs”) are recognized as liabilities at the date of grant. A liability is accrued related to the units awarded and a compensation expense is recognized in the consolidated statements of comprehensive income/loss over the service period required for employees to become fully entitled to the award.

The fair value of the RSU liability at the date of grant and at each subsequent reporting date until settlement is based on the market value of the Corporation’s shares. If the Corporation’s share price changes between reporting dates, then the fair value of the RSU liability is adjusted and an offsetting expense or recovery is recognized in the consolidated statements of comprehensive income/loss. The adjusted fair value of the RSU liability is then amortized over the remaining vesting period.

The fair value of the PSU liability at the date of grant and at each subsequent reporting date until settlement is based on performance metrics which are defined at the time of issuance and on the market value of the Corporation’s shares with the liability expensed over the vesting period. If the Corporation’s share price or the expected achievement of the performance conditions changes between reporting dates, then the fair value of the PSU liability is adjusted and an offsetting expense or recovery is recognized in the consolidated statements of comprehensive income/loss. Adjustments recorded are amortized over the remaining vesting period.

The fair value of DSUs at the date of grant and at each subsequent reporting date until settlement is based on the market value of the Corporation’s shares with the liability expensed over the vesting period. If the Corporation’s share price changes between reporting dates, then the fair value of the DSU liability is adjusted and an offsetting expense or recovery is recognized in the consolidated statements of comprehensive income/loss. Adjustments recorded are amortized over the remaining vesting period.

The Corporation has one equity-settled compensation plan that is composed of its stock option plan. Stock option obligations are settled by the issuance of shares from treasury. The fair value of grants issued under the stock option plan are determined at the date of grant using the Black-Scholes option valuation model. They are only re-measured if there is a modification to the terms of the option, such as a change in exercise price or legal life. The fair value of the stock option plan is recognized as an expense over the expected vesting period with a corresponding entry to shareholders’ equity.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. These estimates and judgments are continuously evaluated and are based on management's experience and knowledge of relevant facts and circumstances. Actual results may differ from estimates. The critical accounting estimates and judgments the Corporation has made, and how they affect the amounts reported in the consolidated financial statements, are incorporated in this section.

Critical accounting estimates

Measurement of the recoverable amount of the Metals CGU

The recoverable amount of the Corporation's Metals CGU is the higher of its fair value less costs of disposal ("FVLCD") and its value in use. The Corporation determined that the Metals CGU's FVLCD exceeded its value in use. The Metals CGU's fair value is measured based on a forecast of future cash flows including estimated recoverable production, market or contracted commodity prices, foreign exchange rates, an inflation rate, production levels, cash costs of production, capital expenditures, reclamation costs and conversion of resources to reserves, discounted at an appropriate discount rate reflecting the time value of money, uncertainty inherent in the cash flows and a risk premium. Forecasts inherently require assumptions and judgments to be made about each of the factors affecting future cash flows.

Measurement of the recoverable amount of the investment in Moa Joint Venture

In determining the recoverable amount of the investment in Moa Joint Venture, the Corporation estimates: (a) its share of the present value of the estimated future cash flows expected to be generated by the Moa Joint Venture, including the cash flows from the operations of the Moa Joint Venture and the proceeds from the ultimate disposal of the investment; or (b) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal, both of which are based on the same assumptions as the measurement of the recoverable amount of the Metals CGU, noted above.

Measurement of the fair value of the GNC receivable and Energas payable

The Corporation estimates the fair value of the GNC receivable and Energas payable at each reporting period using discounted cash flows in a Monte Carlo simulation model, which includes the use of in-kind forecast cobalt prices and discount rates, which are significant unobservable inputs in the case of the GNC receivable, and changes in the fair value of these financial instruments may have a significant impact on the Corporation's financial results.

Environmental rehabilitation provision costs

The Corporation's environmental rehabilitation provisions are subject to environmental regulations in Canada, Cuba and Spain. Many factors such as future changes to environmental laws and regulations, life of mine estimates, the cost and time it will take to rehabilitate the property and discount rates, all affect the carrying amount of environmental rehabilitation provisions. As a result, the actual cost of environmental rehabilitation could be higher than the amounts the Corporation has estimated. For certain operations, actual costs will ultimately be determined after site closure in agreement with predecessor companies.

Environmental rehabilitation provision discount rates

The Corporation's environmental rehabilitation provisions are assessed quarterly and measured by discounting the expected cash flows. The applicable discount rates are pre-tax rates that reflect the current market assessment of the time value of money which is determined based on government bond interest rates and inflation rates. The actual rates depend on a number of factors, including the timing of rehabilitation activities that can extend decades into the future and the location of the property.

Property, plant and equipment

The capitalization of costs, the determination of estimated recoverable amounts and the depletion and depreciation of these assets have a significant impact on the Corporation's financial results.

For those assets depreciated on a straight-line basis, management estimates the useful life of the assets and their components, which in certain cases may be based on an estimate of the producing life of the property. These assessments require the use of estimates and assumptions including market conditions at the end of the asset's useful life, costs of decommissioning the asset and the amount of recoverable reserves.

Asset useful lives and residual values are re-evaluated at each reporting date.

Critical accounting judgments

Interests in other entities

The Corporation applies judgment in determining the classification of its interest in other entities, such as: (i) the determination of the level of control or significant influence held by the Corporation; (ii) the legal structure and contractual terms of the arrangement; (iii) concluding whether the Corporation has rights to assets and liabilities or to net assets of the arrangement; and (iv) when relevant, other facts and circumstances. The Corporation has determined that Energas represents a joint operation, while the Moa JV represents a joint venture as described in IFRS 11, "Joint Arrangements". All other interests in other entities have been determined to be subsidiaries as described in IFRS 10, "Consolidated Financial Statements".

Assessment for impairment of non-financial assets and identification of CGUs

The Corporation assesses the carrying amount of non-financial assets, including property, plant and equipment, intangible assets subject to depreciation and amortization and assets under construction, at each reporting date to determine whether there are any indicators that the carrying amount of the assets may be impaired or require a reversal of impairment. Impairment is assessed at the asset or CGU level and the determination of CGUs is an area of significant judgment, particularly with the grouping of the Metals assets as a single CGU on the basis that it is a vertically integrated operation which generates largely independent cash inflows. The Moa Joint Venture is a significant part of the vertically integrated assets within the Metals CGU.

There are a number of potential indicators that could trigger an impairment or impairment reversal, which may require critical accounting judgments to determine the extent to which external and/or internal factors may impact the assets' recoverable amount. Such internal factors include changes to estimated recoverable production, contracted prices, production levels, cash costs of production, capital expenditures and reclamation costs. External factors include commodity prices, foreign exchange rates, the inflation rate and the Corporation's market capitalization deficiency and other changes in economic conditions.

For purposes of determining recoverable amount, management uses the higher of value in use and fair value less costs of disposal and an appropriate discount rate. Projections of future cash flows are based on factors relevant to the asset and inherently require assumptions and judgments to be made about each of the factors affecting future cash flows. Changes in any of these assumptions or judgments could result in a significant difference between the carrying amount and fair value of these assets. In the event that management's estimate of future cash flows is not representative of actual events, impairments may be identified, which could have a material impact on the Corporation's consolidated financial statements. Where necessary, management engages qualified third-party professionals to assist in the determination of the recoverable amount.

Assessment for impairment of the Corporation's investment in the Moa JV

The Corporation accounts for its investment in the Moa JV using the equity method. The Corporation assesses the carrying amount of the investment in the Moa JV at each reporting date to determine whether there are any indicators that the carrying amount may be impaired. The Corporation applies judgment in determining if there has been objective evidence of impairment as a result of one or more loss events which has an impact on the estimated future cash flows from the investment that can be reliably estimated.

Measurement of the fair value of the GNC receivable and Energas payable

The Corporation measures the GNC receivable and Energas payable at fair value. For purposes of determining fair value, management uses discounted cash flows in a Monte Carlo simulation model, which includes the use of in-kind forecast cobalt prices and discount rates, which are significant unobservable inputs in the case of the GNC receivable and requires assumptions and judgments to be made. Management engages a third-party valuation specialist to assist in the valuation. Changes in these assumptions or judgments may result in a significant change in fair value.

Service concession arrangements

The Corporation determined that the contract terms regarding the Boca de Jaruco and Puerto Escondido, Cuba, facilities operated by Energas represent service concession arrangements as described in IFRIC 12, "Service concession arrangements" (IFRIC 12). The Corporation uses judgment to determine whether the grantor sets elements of the services provided by the operator, whether the grantor retains any significant ownership interest in the infrastructure at the end of the agreement, and to determine the classification of the service concession asset as either a financial asset or intangible asset.

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)

In October 2022, the IASB finalised issuance of Classification of Liabilities as Current or Non-current and Non-Current Liabilities with Covenants, which made amendments to IAS 1, "Presentation of Financial Statements". The amendments clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments are effective for annual periods beginning on or after January 1, 2024. Effective January 1, 2024, the Corporation adopted these requirements. The application of these amendments did not have a material impact on the Corporation's consolidated financial statements.

International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework ("Pillar Two") and on June 20, 2024, the Government of Canada enacted the Global Minimum Tax Act ("GMTA") for fiscal years beginning on or after December 31, 2023. Based on the currently applicable revenue thresholds, the Corporation would not be in scope of the GMTA rules that implement the global minimum tax under Pillar Two into Canadian domestic law.

Amendments to the IAS 12 standard apply to income taxes arising from the GMTA enacted to implement the Pillar Two model rules including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments apply for annual periods beginning on or after January 1, 2023. Effective January 1, 2023, the Corporation adopted these requirements. Following the amendments to IAS 12, the Corporation has applied the exception available under the amendments to IAS 12 published by the IASB in May 2023. Given that the Corporation's revenues are below the currently applicable thresholds and hence not in scope of the GMTA rules, it is not recognizing or disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

On November 28, 2024, the Government of The Bahamas enacted the Domestic Minimum Top-Up Tax Act, 2024 ("the Act"), which seeks to impose a Domestic Minimum Top-Up Tax ("DMTT") and would result in an effective tax rate of 15% on the profits of multinational entities ("MNE") operating in The Bahamas with revenues of at least €750 million in two of the last four years. The Act became effective January 1, 2024 and applies to fiscal years of an MNE group that begin after December 31, 2023 where any Constituent Entities in The Bahamas would be subject to the Income Inclusion Rule ("IIR") or the Undertaxed Profits Rules ("UTPR") in another jurisdiction. For all other MNE groups, the Constituent Entity would be subject to a DMTT for fiscal years beginning January 1, 2025. The Corporation did not meet the revenue threshold of at least €750 million in any MNEs operating in The Bahamas in any two years of the four years prior to January 1, 2024 and therefore is not in scope of the DMTT for the year ended December 31, 2024 and deferred until fiscal year beginning January 1, 2025.

On May 15, 2024, the Government of Barbados enacted the Corporation Top-up Tax Act, 2024 for fiscal years commencing on or after January 1, 2024, and every subsequent fiscal year, which will result in a DMTT of 15% being levied on Qualifying Multinational Enterprises with annual revenue surpassing €750 million. Based on the currently applicable revenue thresholds, the Corporation was not in scope of the rules for the year ended December 31, 2024.

Accounting pronouncements issued but not yet effective

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

Lack of Exchangeability (Amendments to IAS 21)

In August 2023, the IASB finalised issuance of Lack of Exchangeability, which made amendments to IAS 21, "The Effects of Changes in Foreign Exchange Rates". The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The amendments are effective for annual periods beginning on or after January 1, 2025. Earlier application was permitted, but the amendments were not early adopted.

The Corporation does not expect the application of these amendments to have a material impact on the Corporation's consolidated financial statements.

Presentation and Disclosure in Financial Statements ("IFRS 18")

In April 2024, the IASB finalised issuance of Presentation and Disclosure in Financial Statements, which will replace IAS 1, "Presentation of Financial Statements". The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses and provide disclosures on management-defined performance measures in the notes to the financial statements.

The standard is effective for annual periods beginning on or after January 1, 2027. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

5. SEGMENTED INFORMATION

Canadian $ millions, for the year ended December 31				Corporate	Adjustments	2024
	Metals[1]	Power	Oil and Gas	and Other	for Moa JV[1]	Total
Revenue	$ 526.6	$ 47.8	$ 15.7	$ 3.2	$ (434.5)	$ 158.8
Cost of sales	(532.3)	(30.1)	(25.6)	(1.9)	451.4	(138.5)
Cobalt loss	(0.1)	-	-	-	0.1	-
Impairment of intangible assets	-	-	(8.4)	-	-	(8.4)
Impairment of property, plant and equipment	(0.5)	-	-	-	0.5	-
Administrative expenses	(12.2)	(4.2)	-	(25.7)	5.4	(36.7)
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	(18.7)	(18.7)
(Loss) earnings from operations and joint venture	(18.5)	13.5	(18.3)	(24.4)	4.2	(43.5)
Interest income on financial assets measured at amortized cost						1.7
Other financing items						11.8
Financing expense						(40.5)
Net finance expense						(27.0)
Loss before income tax						(70.5)
Income tax expense						(2.6)
Net loss from continuing operations						(73.1)
Earnings from discontinued operations, net of tax						0.3
Net loss						$ (72.8)
Supplementary information						
Depletion, depreciation and amortization	$ 58.0	$ 2.5	$ 0.2	$ 0.8	$ (47.5)	$ 14.0
Property, plant and equipment expenditures	34.0	2.9	-	-	(30.3)	6.6
Intangible asset expenditures	-	-	0.2	-	-	0.2

Canadian $ millions, as at December 31						2024
Non-current assets[2]	$ 658.0	$ 18.8	$ 0.5	$ 5.1	$ (523.2)	$ 159.2
Total assets	1,097.0	375.8	10.2	37.4	(137.6)	1,382.8

Canadian $ millions, for the year ended December 31	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV(1)	2023 (Restated) Total
Revenue	$ 603.7	$ 47.1	$ 12.6	$ 2.1	$ (442.2)	$ 223.3
Cost of sales	(601.4)	(22.7)	(41.1)	(16.7)	416.4	(265.5)
Cobalt gain	2.7	-	-	-	(2.7)	-
Impairment of property, plant and equipment	(1.5)	-	-	-	1.5	-
Administrative expenses	(5.6)	(3.7)	(1.7)	(17.0)	4.9	(23.1)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	21.9	21.9
(Loss) earnings from operations and joint venture	(2.1)	20.7	(30.2)	(31.6)	(0.2)	(43.4)
Interest income on financial assets measured at amortized cost						0.8
Other financing items						17.0
Financing expense						(36.5)
Net finance expense						(18.7)
Loss before income tax						(62.1)
Income tax expense						(2.2)
Net loss from continuing operations						(64.3)
Loss from discontinued operations, net of tax						(0.3)
Net loss						$ (64.6)
Supplementary information						
Depletion, depreciation and amortization	$ 54.2	$ 2.5	$ 0.2	$ 1.0	$ (43.6)	$ 14.3
Property, plant and equipment expenditures	57.0	3.2	0.2	-	(40.3)	20.1
Intangible asset expenditures	-	-	1.2	-	-	1.2

Canadian $ millions, as at December 31						2023 (Restated)
Non-current assets(2)	$ 644.6	$ 17.3	$ 8.2	$ 6.0	$ (502.4)	$ 173.7
Total assets	1,089.1	362.3	22.0	57.5	(140.3)	1,390.6

(1) Included in the Metals reportable segment is the financial performance and certain items of financial position and cash flows on a line-by-line item basis of the Corporation's 50% interest in the Moa JV, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan and its 100% interest in subsidiaries which buy, market and sell certain of the Moa JV's nickel and cobalt production and the Corporation's cobalt inventories received under the Cobalt Swap. The Adjustments for Moa JV reflect the adjustments required in order to reconcile to the Corporation's consolidated statements of comprehensive (loss) income, consolidated statements of financial position and consolidated statements of cash flows, wherein the financial performance, financial position and cash flows of the Moa JV are included in one line item in the share of earnings of Moa Joint Venture, net of tax, investment in Moa Joint Venture and Distributions received from Moa Joint Venture, respectively, due to the equity method of accounting.

(2) Non-current assets are composed of property, plant and equipment and intangible assets and exclude the non-current assets of the Moa JV, an equity-accounted investment, which are included in the Investment in Moa Joint Venture.

Geographic information

Canadian $ millions, as at	**2024 December 31** Non-current assets(1)	**2024 December 31** Total assets(2)	2023 December 31 Non-current assets(1)	2023 December 31 Total assets(2)
North America	**$ 142.6**	**$ 333.9**	$ 151.3	$ 386.3
Cuba	**16.6**	**962.0**	22.3	923.1
Europe	**-**	**42.2**	0.1	50.2
Asia	**-**	**44.7**	-	31.0
	$ 159.2	**$ 1,382.8**	$ 173.7	$ 1,390.6

(1) Non-current assets are composed of property, plant and equipment and intangible assets and exclude the non-current assets of the Moa JV, an equity-accounted investment, which are included in the Investment in Moa Joint Venture.

(2) For its geographic information, the Corporation has allocated assets based on their physical location or location of the customer/payer.

Canadian $ millions, for the years ended December 31		2024		2023
		Total revenue[(1)]		Total revenue[(1)]
North America	**$**	**92.9**	$	83.6
Cuba		**47.8**		49.2
Europe		**1.2**		17.8
Asia		**1.2**		60.9
Australia		**15.7**		10.5
Other		**-**		1.3
	$	**158.8**	$	223.3

(1) For its geographic information, the Corporation has allocated revenue based on the location of the customer. Revenue excludes the revenue of the Moa JV, an equity-accounted investment, which is included in the Corporation's share of earnings of Moa Joint Venture, net of tax.

Disaggregation of revenue by product and service type

Revenue in the below table excludes revenue recognized by the Moa JV, which is excluded from consolidated revenue and included within the Corporation's share of loss of Moa Joint Venture, net of tax, at the Corporation's 50% interest due to the equity method of accounting. Refer to the Moa JV's statements of comprehensive (loss) income in note 7 for revenue recognized by the Moa JV on a 100% basis.

Canadian $ millions, for the years ended December 31		2024		2023
		Total revenue		Total revenue
Cobalt		**2.4**		80.1
Fertilizer	**$**	**62.6**	$	64.1
Power generation[(1)]		**42.5**		42.8
Sulphuric acid		**21.4**		12.7
Oil and gas service revenue		**15.7**		12.6
Other		**14.2**		11.0
	$	**158.8**	$	223.3

(1) Included in power generation revenue for the year ended December 31, 2024 is $32.9 million of revenue from service concession arrangements ($31.5 million for the year ended December 31, 2023).

Deferred revenue primarily relates to payments for fertilizer sales received before shipment by the Fort Site in the Metals reportable segment. All of the deferred revenue as at December 31, 2023 was recognized during the year ended December 31, 2024.

Cobalt revenue

Cobalt revenue relates to cobalt sold by the Corporation to customers from the cobalt volumes received through distributions from the Moa JV under the Cobalt Swap (note 7). Refer to note 12 for further details on the Cobalt Swap. The Corporation received $1.1 million of cash from cobalt sales during the year ended December 31, 2024 (December 31, 2023 - $80.3 million).

Significant customers

Fort Site in the Metals reportable segment derived $17.5 million of its revenue for the year ended December 31, 2024 ($29.0 million for the year ended December 31, 2023) from a customer that purchases and sells agriculture products.

The Power reportable segment derived $47.8 million of its revenue for the year ended December 31, 2024 ($47.1 million for the year ended December 31, 2023) directly and indirectly from agencies of the Government of Cuba.

No other single customer contributed 10% or more to the Corporation's revenue in 2024 or 2023.

Changes in reportable segments

The Corporation revised the presentation of its segmented information commencing with the three months ended March 31, 2024 as a result of a change in the information reviewed by the chief operating decision maker ("CODM"). Following the Corporation's restructuring during the three months ended March 31, 2024, the former Corporate reportable segment and Technologies reportable segment were combined into a single Corporate and Other reportable segment reviewed by the CODM, which includes the Corporation's management of its joint operations and subsidiaries and general corporate activities related to public companies, including business and market development, and growth and external technical services activities as well as management of cash, publicly-traded debt and government relations. Segmented information for the prior year was restated for comparative purposes to reflect the new Corporate and Other reportable segment. In the current year period, expenses incurred to support and enhance Metals' operations and business development, formerly reported within Technologies, are recognized within the Metals reportable segment.

In the comparative period, the Corporation revised the presentation of its segmented information commencing with the three months ended March 31, 2023 as a result of a change in the information reviewed by the CODM due to the Cobalt Swap. Refer to note 12 of the Corporation's annual consolidated financial statements for the year ended December 31, 2023 for further details on the Cobalt Swap. Following the signing of the Cobalt Swap, the former Moa JV and Fort Site reportable segment and Metals Other reportable segment were combined into a single Metals reportable segment reviewed by the CODM, which includes all of the Corporation's mining, refining and sales of nickel and cobalt, including sales of the Corporation's cobalt inventories received under the Cobalt Swap.

6. EXPENSES

Cost of sales includes the following:

Canadian $ millions, for the years ended December 31	2024	2023
Employee costs[(1)]	$ 53.9	$ 67.6
Severance	1.2	1.6
Depletion, depreciation and amortization of property, plant and equipment and intangible assets	12.8	12.9
Raw materials and consumables	35.5	56.0
Finished cobalt[(2)]	2.2	86.1
Repairs and maintenance	55.2	81.5
Shipping and treatment costs	3.9	4.0
Inventory write-down/obsolescence	1.0	9.8
Loss on environmental rehabilitation provisions	8.2	22.9
Share-based compensation recovery	(0.1)	-
Changes in inventories and other	(35.3)	(76.9)
	$ 138.5	$ 265.5

(1) In the comparative period prior to Technologies' restructuring, employee costs incurred by the former Technologies reportable segment were presented within cost of sales given Technologies' development and commercialization of proprietary technologies for customers. In the current year period, employee costs incurred by the former Technologies reportable segment are presented within administrative expenses as discussed below.

(2) Finished cobalt relates to the cost of finished cobalt distributed to the Corporation pursuant to the Cobalt Swap and sold to customers. The value is based on an in-kind value of cobalt, calculated as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and General Nickel Company ("GNC") in consideration of selling costs incurred by the Corporation. Refer to note 12 for further details on the Cobalt Swap.

Administrative expenses include the following:

Canadian $ millions, for the years ended December 31	2024	2023
Employee costs[(1)]	$ 26.3	$ 18.4
Severance[(2)]	2.2	-
Depreciation	1.2	1.4
Share-based compensation expense (recovery)	0.4	(1.5)
Consulting services and audit fees	4.2	4.4
Other	2.4	0.4
	$ 36.7	$ 23.1

(1) During the year ended December 31, 2024, administrative employee costs include employee costs incurred by the former Technologies reportable segment to support and enhance Metals' operations and business development following Technologies' restructuring. In the comparative period, employee costs incurred by the former Technologies reportable segment were presented in cost of sales as discussed above.

(2) Severance expense during the year ended December 31, 2024 relates to the Corporation's restructuring and workforce reductions.

7. JOINT ARRANGEMENTS

Investment in Moa Joint Venture

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

During the year ended December 31, 2024, the Moa JV paid cash distributions of $23.7 million or US$16.5 million ($64.0 million or US$48.5 million for the year ended December 31, 2023) (100% basis) to the Corporation of which $11.9 million ($32.0 million for the year ended December 31, 2023) was paid to the Corporation representing its 50% ownership interest and of which $11.9 million ($32.0 million for the year ended December 31, 2023) was redirected by GNC to the Corporation to settle the GNC receivable pursuant to the Cobalt Swap. Refer to note 12 for further details on the Cobalt Swap.

During the year ended December 31, 2024, the Moa JV distributed 223 tonnes (2,082 tonnes for the year ended December 31, 2023) of finished cobalt (100% basis) to the Corporation with an in-kind value of $6.1 million (US$4.2 million) ($88.1 million (US$65.5 million) for the year ended December 31, 2023) (100% basis) pursuant to the Cobalt Swap.

All finished cobalt and cash distributions received in 2023 were declared as dividends during the year ended December 31, 2023. In addition, $74.5 million (US$55.0 million) of cash distributions received in 2022 were declared as dividends during the year ended December 31, 2023.

The following provides additional information relating to the Corporation's investment in the Moa Joint Venture on a 100% basis. Foreign currency translation differences are included in the financial information of the Moa JV presented below as the Corporation's presentation currency is the Canadian dollar, while certain of the operating companies within the Moa JV's functional currency is the U.S. dollar. As at December 31, 2024, the U.S. dollar increased in value relative to the Canadian dollar, resulting in higher assets and liabilities reported in Canadian dollars as compared to December 31, 2023. For the year ended December 31, 2024, Moa JV's revenue was positively impacted and cost of sales and other expenses were negatively impacted by a stronger average U.S. dollar relative to the Canadian dollar compared to the prior year.

Statements of financial position

Canadian $ millions, 100% basis, as at	**2024 December 31**	2023 December 31
Assets		
Cash and cash equivalents	**$ 11.3**	$ 11.8
Income taxes receivable	**7.0**	6.4
Other current assets(1)	**40.9**	20.9
Trade accounts receivable, net	**90.3**	82.6
Inventories	**382.3**	424.7
Other non-current assets	**17.9**	23.3
Property, plant and equipment	**1,136.6**	1,089.1
Deferred income taxes	**10.3**	-
Total assets	**1,696.6**	1,658.8
Liabilities		
Trade accounts payable and accrued liabilities	**111.9**	117.4
Income taxes payable	**1.0**	2.8
Other current financial liabilities(2)	**0.2**	30.4
Deferred revenue	**21.0**	-
Loans and borrowings(3)	**40.5**	23.5
Environmental rehabilitation provisions	**86.9**	84.9
Other non-current financial liabilities	**2.9**	3.7
Deferred income taxes	**11.2**	18.3
Total liabilities	**275.6**	281.0
Net assets of Moa Joint Venture	**$ 1,421.0**	$ 1,377.8
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**710.5**	688.9
Intercompany capitalized interest elimination	**(45.1)**	(42.2)
Investment in Moa Joint Venture	**$ 665.4**	$ 646.7

(1) Included in other current assets as at December 31, 2024 is $29.9 million from the Corporation for distributions received that had not yet been declared as dividends (December 31, 2023 – nil). The asset will be extinguished upon declaration as dividends.

(2) Included in other current financial liabilities as at December 31, 2024 is a nil revolving-term credit facility with the Corporation (December 31, 2023 – $30.3 million), of which nil is the principal balance (December 31, 2023 – $30.0 million) to fund working capital.

(3) Included in loans and borrowings is $27.7 million of current financial liabilities (December 31, 2023 - $9.1 million) and $12.8 million of non-current financial liabilities (December 31, 2023 – $14.4 million).

Statements of comprehensive (loss) income

Canadian $ millions, 100% basis, for the years ended December 31	**2024**	2023
Revenue	**$ 868.9**	$ 884.3
Cost of sales(1)	**(902.8)**	(832.7)
Cobalt (loss) gain	**(0.7)**	5.5
Impairment of property, plant and equipment	**(1.0)**	(3.0)
Administrative expenses	**(10.8)**	(9.9)
(Loss) earnings from operations	**(46.4)**	44.2
Financing income	**0.7**	2.3
Financing expense	**(16.3)**	(11.5)
Net finance expense	**(15.6)**	(9.2)
(Loss) earnings before income tax	**(62.0)**	35.0
Income tax recovery (expense)(2)	**10.5**	(1.4)
Net (loss) earnings and comprehensive (loss) income of Moa JV	**$ (51.5)**	$ 33.6
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**(25.8)**	16.8
Intercompany elimination	**7.1**	5.1
Share of (loss) earnings of Moa Joint Venture, net of tax	**$ (18.7)**	$ 21.9

(1) Included in cost of sales for the year ended December 31, 2024 is depreciation and amortization of $95.1 million ($87.3 million for the year ended December 31, 2023).

(2) For the year ended December 31, 2024, the Moa JV recognized an income tax recovery due to a taxable loss of the operating companies in the Moa JV, while in the comparative period, the Moa JV recognized an income tax expense due to taxable earnings of the operating companies in the Moa JV.

Joint operation

Sherritt's primary 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, which is a Cuban joint arrangement established to process raw natural gas and generate electricity for sale to the Cuban national electrical grid. Cuban government agencies Union Electrica (UNE) and Union Cuba Petroleo ("CUPET") hold the remaining two-thirds interest in Energas.

During the year ended December 31, 2024, Energas declared and paid dividends of $13.0 million to the Corporation in Canada ($1.4 million for the year ended December 31, 2023).

The following provides information relating to the Corporation's interest in Energas on a 33⅓% basis:

Canadian $ millions, 33⅓% basis, as at	**2024 December 31**	2023 December 31
Current assets(1)	**$ 139.2**	$ 120.6
Non-current assets	**15.6**	13.5
Current liabilities	**15.5**	8.9
Non-current liabilities	**61.5**	60.8
Net assets	**$ 77.8**	$ 64.4

(1) Included in current assets is $111.4 million of cash and cash equivalents (December 31, 2023 - $93.9 million).

Canadian $ millions, 33⅓% basis, for the years ended December 31	**2024**	2023
Revenue	**$ 47.8**	$ 47.1
Expenses	**(27.6)**	(32.4)
Net earnings	**$ 20.2**	$ 14.7

8. NET FINANCE EXPENSE

Canadian $ millions, for the years ended December 31	Note	2024	2023
Interest income on advances and loans receivable		**1.7**	0.8
Interest income on financial assets measured at amortized cost		**1.7**	0.8
Gain on revaluation of GNC receivable	11	**0.4**	14.7
Gain (loss) on revaluation of Energas payable	11	**0.2**	(7.6)
Realized gain on nickel put options	12	**5.9**	-
Gain on repurchase of notes	15	**1.8**	3.5
Other interest income and gains on financial instruments		**3.5**	6.4
Other financing items		**11.8**	17.0
Interest expense and accretion on loans and borrowings		**(37.3)**	(35.1)
Unrealized foreign exchange loss		**(1.7)**	(1.1)
Realized foreign exchange (loss) gain		**(0.7)**	0.4
Other interest expense and finance charges		**(0.6)**	(0.4)
Accretion expense on environmental rehabilitation provisions	16	**(0.2)**	(0.3)
Financing expense		**(40.5)**	(36.5)
Net finance expense		**$ (27.0)**	$ (18.7)

9. INCOME TAXES

Canadian $ millions, for the years ended December 31	2024	2023
Current income tax expense		
Current period	**$ 3.2**	$ 2.4
	3.2	2.4
Deferred income tax recovery		
Origination and reversal of temporary differences	**(13.2)**	(25.3)
Non-recognition of tax assets	**12.6**	25.1
	(0.6)	(0.2)
Income tax expense	**$ 2.6**	$ 2.2

Barbados

Effective January 1, 2024, the general corporate tax rate in Barbados increased to 9%. This change did not have a material impact on the Corporation's income tax liability during the year ended December 31, 2024.

The following table reconciles income taxes calculated at a combined Canadian federal/provincial income tax rate with the income tax expense in the consolidated statements of comprehensive loss:

Canadian $ millions, for the years ended December 31	2024	2023
Loss before income tax from continuing operations	**$ (70.5)**	$ (62.1)
Less: share of loss (earnings) of Moa Joint Venture, net of tax	**18.7**	(21.9)
Parent companies and subsidiaries loss before income tax	**(51.8)**	(84.0)
Income tax recoveries at the combined basic rate of 23.5% (2023 – 23.4%)	**(12.2)**	(19.7)
Increase (decrease) in taxes resulting from:		
Difference between Canadian and foreign tax rates	**(0.2)**	(2.7)
Non-recognition of tax assets	**12.6**	25.2
Non-deductible losses and write-downs	**3.2**	-
Other items	**(0.8)**	(0.6)
	$ 2.6	$ 2.2

Deferred tax assets (liabilities) relate to the following temporary differences and loss carry forwards:

Canadian $ millions, for the year ended December 31, 2024

	Opening balance	Recognized in net loss	Recognized in other comp-rehensive loss	Closing balance
Deferred tax assets				
Property, plant and equipment	$ **0.3**	$ **(0.2)**	$ **-**	$ **0.1**
Other financial reserves	**0.1**	**0.9**	**-**	**1.0**
Deferred tax assets	**0.4**	**0.7**	**-**	**1.1**
Set off against deferred tax liabilities	**-**			**-**
	$ **0.4**			$ **1.1**
Deferred tax liabilities				
Property, plant and equipment and intangible assets	$ **(0.3)**	$ **0.7**	$ **-**	$ **0.4**
Cuban tax contingency reserve	**(1.0)**	**(0.3)**	**-**	**(1.3)**
Other financial reserves	**0.7**	**(0.7)**	**-**	**-**
Deferred tax liabilities	**(0.6)**	**(0.3)**	**-**	**(0.9)**
Set off against deferred tax assets	**-**			**-**
Net deferred tax (liabilities) assets	$ **(0.2)**	$ **0.4**	$ **-**	$ **0.2**

Canadian $ millions, for the year ended December 31, 2023

	Opening balance	Recognized in net loss	Recognized in other comp-rehensive loss	Closing balance
Deferred tax assets				
Property, plant and equipment	$ 0.7	$ (0.4)	$ -	$ 0.3
Other financial reserves	0.1	-	-	0.1
Deferred tax assets	0.8	(0.4)	-	0.4
Set off against deferred tax liabilities	(0.8)			-
	$ -			$ 0.4
Deferred tax liabilities				
Property, plant and equipment and intangible assets	$ (0.3)	$ -	$ -	$ (0.3)
Cuban tax contingency reserve	(1.0)	-	-	(1.0)
Other financial reserves	0.1	0.6	-	0.7
Deferred tax liabilities	(1.2)	0.6	-	(0.6)
Set off against deferred tax assets	0.8			-
Net deferred tax (liabilities) assets	$ (0.4)	$ 0.2	$ -	$ (0.2)

As at December 31, 2024, the Corporation had taxable temporary differences of $521.4 million (December 31, 2023 - $409.9 million) associated with investments in subsidiaries and the Moa JV for which no deferred tax liabilities have been recognized, as the Corporation is able to control the timing of the reversal of these temporary differences and it is not probable that these temporary differences will reverse in the foreseeable future.

As at December 31, 2024, the Corporation had non-capital losses of $958.6 million (December 31, 2023 - $996.4 million) and capital losses of $1,183.8 million (December 31, 2023 - $1,129.3 million) which may be used to reduce future taxable income. The Corporation has not recognized a deferred tax asset on $958.6 million (December 31, 2023 - $996.4 million) of non-capital losses, $1,183.8 million (December 31, 2023 - $1,129.3 million) of capital losses and $112.2 million (December 31, 2023 - $138.4 million) of other deductible temporary differences since the realization of any related tax benefit through future taxable profits is not probable. Included in the other deductible temporary differences of $112.2 million is an amount of $27.8 million pertaining to the Restricted Interest and Financing Expenses (“RIFE”) under the Excessive Interest and Financing Limitation (“EIFEL”) regime which was enacted on June 20, 2024. The capital losses have no expiry dates and the other deductible temporary differences do not expire under current tax legislation.

The non-capital losses are located in the following countries and expire as follows:

Canadian $ millions, as at December 31, 2024	Expiry		Non-capital losses
Canada	2026-2044	$	**777.5**
Other jurisdictions	Various		**181.1**

10. LOSS PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars, for the years ended December 31		2024		2023
Net loss from continuing operations	$	**(73.1)**	$	(64.3)
Earnings (loss) from discontinued operations, net of tax		**0.3**		(0.3)
Net loss for the year – basic and diluted	$	**(72.8)**	$	(64.6)
Weighted-average number of common shares – basic and diluted[(1)]		**397.3**		397.3
Net loss from continuing operations per common share:				
Basic and diluted	$	**(0.18)**	$	(0.16)
Earnings (loss) from discontinued operations, net of tax, per common share:				
Basic and diluted	$	**0.00**	$	(0.00)
Net loss per common share:				
Basic and diluted	$	**(0.18)**	$	(0.16)

(1) The determination of the weighted-average number of common shares – diluted excludes 9.9 million shares related to stock options that were anti-dilutive for the year ended December 31, 2024 (6.6 million shares that were anti-dilutive for the year ended December 31, 2023).

11. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents consist of:

Canadian $ millions, as at		2024 December 31		2023 December 31
Cash equivalents[(1)]	$	**0.2**	$	0.1
Cash held in banks		**145.5**		119.0
	$	**145.7**	$	119.1

(1) The financial instrument fair value measurement hierarchy for cash equivalents is level 1.

Cash and cash equivalents of the Corporation and its wholly-owned subsidiaries held in Canada was $32.0 million as at December 31, 2024 (December 31, 2023 - $21.5 million) and is held in major currencies.

The Corporation's cash balances are deposited with major financial institutions rated investment grade by independent rating agencies, except for institutions located in Cuba that are not rated. The total cash held in Cuban bank deposit accounts was $113.1 million as at December 31, 2024 (December 31, 2023 - $96.3 million).

As at December 31, 2024, $111.4 million of the Corporation's cash and cash equivalents was held by Energas in Cuban bank deposit accounts (December 31, 2023 - $93.9 million). These funds are for use locally by the joint operation, including repayment of Energas' payable to GNC (note 15) in Cuban pesos ("CUP"), and for payments under the Energas Payment Agreement ("Moa Swap"). The Moa Swap facilitates the payment of Canadian dollars from the Moa JV to Energas for the foreign operating and maintenance costs of Energas, as well as to cover future payments owed to Sherritt, including dividends to Sherritt in Canada in return for CUP. Annually, the Moa Swap provides Energas with the equivalent of approximately US$50.0 million in Canadian dollars.

Trade accounts receivable, net

Canadian $ millions, as at	2024 December 31	2023 December 31
Trade accounts receivable	**$ 112.5**	$ 100.0
Allowance for expected credit losses	**(20.3)**	(18.9)
Accounts receivable from Moa Joint Venture	**37.6**	44.7
Other	**21.6**	25.3
	$ 151.4	$ 151.1

Aging of trade accounts receivable, net

Canadian $ millions, as at	2024 December 31	2023 December 31
Not past due	**$ 132.6**	$ 118.3
Past due no more than 30 days	**12.2**	24.7
Past due for more than 30 days but no more than 60 days	**1.3**	1.5
Past due for more than 60 days	**5.3**	6.6
	$ 151.4	$ 151.1

Allowance for expected credit losses

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

		For the year ended December 31, 2024		
Canadian $ millions	As at 2023 December 31	Revaluation(1)	Foreign exchange and other non-cash items	As at 2024 December 31
Lifetime expected credit losses				
Trade accounts receivable, net	$ (18.9)	$ -	$ (1.4)	$ (20.3)

		For the year ended December 31, 2023		
Canadian $ millions	As at 2022 December 31	Revaluation(1)	Foreign exchange and other non-cash items	As at 2023 December 31
Lifetime expected credit losses				
Trade accounts receivable, net	$ (19.5)	$ -	$ 0.6	$ (18.9)

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

Fair value measurement

As at December 31, 2024, the carrying amounts of cash and cash equivalents; restricted cash; trade accounts receivable, net; current portion of advances, loans receivable and other financial assets; current portion of loans and borrowings; current portion of other financial liabilities; and trade accounts payable and accrued liabilities are at fair value or approximate fair value due to their immediate or short terms to maturity.

The fair values of non-current loans and borrowings and other non-current financial assets and liabilities approximate their carrying amount except as indicated in the below table. Due to the use of judgment and uncertainties in the determination of the estimated fair values, these values should not be interpreted as being realizable in the immediate term.

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

Canadian $ millions, as at	Note			2024 December 31		2023 December 31
		Hierarchy level	Carrying value	Fair value	Carrying value	Fair value
Liabilities:						
8.50% second lien secured notes due 2026(1)	15	1	**$ 238.8**	**$ 111.8**	$ 235.6	$ 179.3
10.75% unsecured PIK option notes due 2029(1)	15	1	**66.5**	**25.0**	63.2	43.1

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

The following table presents financial instruments measured at fair value through profit or loss on a recurring basis:

Canadian $ millions, as at	Note	Hierarchy level	2024 December 31	2023 December 31
Fair value through profit or loss				
Assets:				
GNC receivable	12	3	**$ 203.3**	$ 217.8
Nickel put options	12	2	**-**	-
Natural gas swap receivable	12	2	**0.8**	-
Liabilities:				
Energas payable	15	3	**75.2**	75.4

Fair value hierarchy

The GNC receivable (note 12) is a financial instrument subsequently measured at FVTPL and the Energas payable (note 15) is a financial instrument designated at FVTPL at initial recognition, as it contains an embedded derivative. Their fair values are determined using discounted cash flows in a Monte Carlo simulation model, which uses inputs, some of which are not based on observable market data and require significant judgment. As a result, the GNC receivable and Energas payable are included in Level 3 of the fair value hierarchy. The Monte Carlo simulation model includes the following inputs: forecast in-kind nominal cobalt prices, forecast cobalt price volatility, forecast cobalt volumes, forecast foreign exchange rates, nominal discount rates and available amounts for cash payments. Forecast in-kind nominal cobalt prices and the discount rate are significant unobservable inputs for the GNC receivable. The Corporation's valuation process, including its valuation policy and procedures for fair value measurements included in Level 3, is determined by the Corporation's management and fair value is calculated each reporting period with the assistance of a third-party valuation specialist. Fair value measurement, and changes in fair value from period to period, are reviewed for reasonability by management each reporting period.

The following significant unobservable inputs were used to determine the fair value of the GNC receivable as at December 31, 2024:

- Forecast in-kind nominal cobalt prices from US$9/lb to US$12/lb (December 31, 2023 - US$12/lb to US$17/lb). A $10 increase in forecast in-kind nominal cobalt prices would increase the fair value by $9.1 million (December 31, 2023 - $12.5 million), while a $10 decrease in forecast in-kind nominal cobalt prices would decrease the fair value by $9.2 million (December 31, 2023 - $15.8 million). When the GNC receivable is settled with cobalt, settlement is based on an in-kind value of cobalt, calculated as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and GNC in consideration of selling costs incurred by the Corporation.
- Discount rate of 12% (December 31, 2023 - 11%). A 5 percentage point increase in the discount rate would decrease the fair value by $23.4 million (December 31, 2023 - $24.8 million), while a 5 percentage point decrease in the discount rate would increase the fair value by $26.8 million (December 31, 2023 - $29.1 million).

The following is a reconciliation of the fair value of the GNC receivable:

Canadian $ millions, for the years ended	Note	2024 December 31	2023 December 31
Balance, beginning of the year		**$ 217.8**	$ 279.1
Gain on revaluation of GNC receivable in net finance expense	8	**0.4**	14.7
Settlements		**(14.9)**	(76.0)
Balance, end of the year	12	**$ 203.3**	$ 217.8

The following is a reconciliation of the fair value of the Energas payable:

Canadian $ millions, for the years ended	Note	2024 December 31	2023 December 31
Balance, beginning of the year		**$ 75.4**	$ 82.6
(Gain) loss on revaluation of Energas payable in net finance expense	8	**(0.2)**	7.6
Settlements		**-**	(14.8)
Balance, end of the year	15	**$ 75.2**	$ 75.4

12. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	Note	2024 December 31	2023 December 31
Advances and loans receivable			
GNC receivable(1)	11	**$ 203.3**	$ 217.8
Moa JV revolving-term credit facility		**-**	30.3
Other financial assets			
Nickel put options	11	**-**	-
Natural gas swap receivable	11	**0.8**	-
Finance lease receivables		**1.1**	1.9
		205.2	250.0
Current portion of advances, loans receivable and other financial assets(2)		**(33.6)**	(79.8)
Non-current portion of advances, loans receivable and other financial assets		**$ 171.6**	$ 170.2

(1) As at December 31, 2024, the non-current portion of the GNC receivable agreement is $170.8 million (December 31, 2023 - $169.2 million).

(2) Included in the current portion of advances, loans receivable and other financial assets as at December 31, 2024 is the current portion of the GNC receivable of $32.5 million (December 31, 2023 - $48.6 million) and the current portion of the Moa Joint Venture revolving-term credit facility of nil (December 31, 2023 - $30.3 million), of which nil is the principal balance (December 31, 2023 - $30.0 million) to fund working capital.

GNC receivable

The principal balance of the GNC receivable as at December 31, 2024 was $277.1 million (December 31, 2023 - $292.0 million), reflecting finished cobalt and cash settlements of $14.9 million during the year ended December 31, 2024.

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

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

- if the total annual finished cobalt dividend redirected by GNC has a value of less than US$57.0 million, GNC's share of any cash distributions from the Moa JV in such year will be redirected to Sherritt until the value of finished cobalt and cash distributions in the aggregate totals US$57.0 million;
- if the maximum cobalt volume distributed (1,041 tonnes) is not met in a given year, the volume deficit will be added to the threshold in the following year; and

- any shortfall in the annual minimum payment will also be added to the following year, such that the full repayment is made within five years.

The settlement of the GNC receivable is based on an in-kind value of cobalt, calculated as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and GNC in consideration of selling costs incurred by the Corporation. Upon receipt of the finished cobalt dividends, the title to both Sherritt and GNC's redirected share of the finished cobalt will be transferred immediately to Sherritt and the physical product will be moved to a Sherritt warehouse in Fort Saskatchewan, from which Sherritt will sell the finished cobalt in the open market.

Moa JV revolving-term credit facility

As at December 31, 2024, nil was drawn by the Moa JV (December 31, 2023 - $30.0 million to fund working capital).

The Moa JV revolving-term credit facility is provided by the Corporation to the two non-Cuban operating companies of the Moa JV to fund working capital and capital expenditures. The maximum credit available is $75.0 million and borrowings on the facility are available to fund working capital and capital expenditures of $45.0 million and $30.0 million, respectively.

During the year ended December 31, 2024, the Moa JV revolving-term credit facility was amended to extend its maturity for one year from April 30, 2025 to April 30, 2026. The amendment included terms to transition the interest rate of bankers' acceptance plus 4.00% to Canadian Overnight Repo Rate Average ("CORRA") plus 4.00%, consistent with the Corporation's interest rates on the syndicated revolving-term credit facility ("Credit Facility"). There were no other changes to the terms or restrictions above.

Nickel put options

During the year ended December 31, 2024, the Corporation purchased put options on 3,876 tonnes of nickel, or 646 tonnes per month, at an exercise price of US$8.16/lb at a cost of $2.2 million for a six-month period from June 1, 2024 to November 30, 2024. All settlements were received in cash monthly based on the average monthly nickel price on the London Metal Exchange.

The economic hedging strategy provided Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes in nickel prices by providing a minimum price of US$8.16/lb on approximately 25% of the 2024 nickel production from the Moa JV during the six-month period. The nickel put options are derivatives measured at fair value through profit or loss.

The nickel put options are measured at fair value using indicative mid-point prices based on the Black-Scholes model using observable inputs as at each reporting date, as follows: average monthly London Metal Exchange nickel price, exercise price, risk-free rate, volatility and time to expiry.

During the year ended December 31, 2024, $8.1 million of cash was received and $5.9 million of realized gains were recognized within other financing items in net finance expense (note 8) upon settlement of nickel put options.

13. INVENTORIES

Canadian $ millions, as at	**2024 December 31**	2023 December 31
Raw materials	**$ 0.1**	$ -
Materials in process	**0.2**	1.2
Finished products	**10.8**	9.7
	11.1	10.9
Spare parts and operating materials	**32.2**	28.9
	$ 43.3	$ 39.8

Finished products inventories includes $5.0 million of finished cobalt pursuant to the Cobalt Swap (December 31, 2023 - $0.8 million). For the year ended December 31, 2024, the cost of inventories included in cost of sales was $79.3 million, including $2.2 million of finished cobalt inventories received pursuant to the Cobalt Swap and sold to customers ($177.0 million and $86.1 million for the year ended December 31, 2023, respectively).

14. NON-FINANCIAL ASSETS

Property, plant and equipment

Canadian $ millions, for the year ended December 31	Oil and Gas properties	Plant, equipment and land	Right-of-use assets - Plant, equipment and land	Total
				2024
Cost				
Balance, beginning of the year	**$ 60.5**	**$ 622.8**	**$ 14.4**	**$ 697.7**
Reclassified from right-of-use assets - plant, equipment and land to plant, equipment and land	**-**	**0.8**	**(0.8)**	**-**
Additions	**-**	**6.7**	**0.7**	**7.4**
Additions and changes in estimates to environmental rehabilitation provisions	**-**	**(1.2)**	**-**	**(1.2)**
Disposals and derecognition	**(61.7)**	**(3.4)**	**-**	**(65.1)**
Effect of movements in exchange rates	**1.2**	**25.6**	**0.2**	**27.0**
Balance, end of the year	**$ -**	**$ 651.3**	**$ 14.5**	**$ 665.8**
Depletion, depreciation and impairment losses				
Balance, beginning of the year	**$ 60.5**	**$ 471.7**	**$ 6.3**	**$ 538.5**
Reclassified from right-of-use assets, plant - equipment and land to plant, equipment and land	**-**	**0.7**	**(0.7)**	**-**
Depletion and depreciation	**-**	**12.4**	**1.1**	**13.5**
Disposals and derecognition	**(61.7)**	**(2.9)**	**-**	**(64.6)**
Effect of movements in exchange rates	**1.2**	**25.0**	**0.1**	**26.3**
Balance, end of the year	**$ -**	**$ 506.9**	**$ 6.8**	**$ 513.7**
Net book value	**$ -**	**$ 144.4**	**$ 7.7**	**$ 152.1**

Canadian $ millions, for the year ended December 31	Oil and Gas properties	Plant, equipment and land	Right-of-use assets - Plant, equipment and land	Total
				2023
Cost				
Balance, beginning of the year	$ 59.8	$ 608.2	$ 13.9	$ 681.9
Additions	-	20.1	0.5	20.6
Additions and changes in estimates to environmental rehabilitation provisions	-	4.3	-	4.3
Disposals and derecognition	-	(2.8)	-	(2.8)
Effect of movements in exchange rates	0.7	(7.0)	-	(6.3)
Balance, end of the year	$ 60.5	$ 622.8	$ 14.4	$ 697.7
Depletion, depreciation and impairment losses				
Balance, beginning of the year	$ 59.8	$ 468.4	$ 5.1	$ 533.3
Depletion and depreciation	-	12.7	1.2	13.9
Disposals and derecognition	-	(2.6)	-	(2.6)
Effect of movements in exchange rates	0.7	(6.8)	-	(6.1)
Balance, end of the year	$ 60.5	$ 471.7	$ 6.3	$ 538.5
Net book value	$ -	$ 151.1	$ 8.1	$ 159.2

Canadian $ millions	**Plant, equipment and land**
Assets under construction, included in above	
As at December 31, 2024	**$ 33.9**
As at December 31, 2023	30.6

Intangible assets

Canadian $ millions, for the year ended December 31	Contractual arrange-ments	Exploration and evaluation	Service concession arrange-ments	Other	Total
					2024
Cost					
Balance, beginning of the year	$ 27.0	$ 116.1	$ 230.7	$ 9.1	$ 382.9
Disposals	-	(108.8)	-	-	(108.8)
Effects of movements in exchange rates	-	0.6	19.7	-	20.3
Balance, end of the year	$ 27.0	$ 7.9	$ 250.4	$ 9.1	$ 294.4
Amortization and impairment losses					
Balance, beginning of the year	$ 26.9	$ 108.6	$ 223.8	$ 9.1	$ 368.4
Amortization	-	-	0.5	-	0.5
Disposals	-	(109.1)	-	-	(109.1)
Impairment	-	8.4	-	-	8.4
Effect of movements in exchange rates	-	-	19.1	-	19.1
Balance, end of the year	$ 26.9	$ 7.9	$ 243.4	$ 9.1	$ 287.3
Net book value	$ 0.1	$ -	$ 7.0	$ -	$ 7.1

Canadian $ millions, for the year ended December 31	Contractual arrange-ments	Exploration and evaluation	Service concession arrange-ments	Other	Total
					2023
Cost					
Balance, beginning of the year	$ 27.0	$ 115.9	$ 235.1	$ 9.1	$ 387.1
Additions	-	0.4	1.0	-	1.4
Effect of movements in exchange rates	-	(0.2)	(5.4)	-	(5.6)
Balance, end of the year	$ 27.0	$ 116.1	$ 230.7	$ 9.1	$ 382.9
Amortization and impairment losses					
Balance, beginning of the year	$ 26.9	$ 108.6	$ 228.7	$ 9.1	$ 373.3
Amortization	-	-	0.4	-	0.4
Effect of movements in exchange rates	-	-	(5.3)	-	(5.3)
Balance, end of the year	$ 26.9	$ 108.6	$ 223.8	$ 9.1	$ 368.4
Net book value	$ 0.1	$ 7.5	$ 6.9	$ -	$ 14.5

Exploration and evaluation

Exploration and evaluation assets include two oil production-sharing contracts (“PSCs”) with agencies of the Cuban government, respectively referred to as Block 6A and Block 10, in the Oil and Gas segment. Exploration and evaluation assets include capitalized expenditures on these two blocks, and primarily consist of geological, geophysical and engineering expenditures.

During the year ended December 31, 2024, the Corporation recognized an impairment loss of $8.4 million related to Blocks 6A and 10 as substantive expenditures on further exploration in these blocks are neither budgeted nor planned in the short term. The Corporation retains its contractual rights to explore Blocks 10 and 6A, with the Block 10 contract expiring in 2043 and the Block 6A contract expiring in 2045, which provides the Corporation with optionality for future investment. The recoverable amount of these blocks was measured based on value in use using the present value of expected future cash flows, which resulted in a recoverable amount of nil. The impairment loss consists of all exploration and evaluation assets related to Blocks 6A and 10, including geological, geophysical and engineering expenditures.

Service concession arrangements

Service concession arrangements include the Puerto Escondido/Yumuri pipeline and the Energas Boca de Jaruco power generation facility in the Power segment.

15. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

				For the year ended December 31, 2024			
				Cash flows		Non-cash	
Canadian $ millions	Note		As at 2023 December 31	Increase in other loans and borrowings	Repurchase of notes	Other	As at 2024 December 31
8.50% second lien secured notes due 2026	11	$	235.6	**$ -**	**$ -**	**$ 3.2**	**$ 238.8**
10.75% unsecured PIK option notes due 2029	11		63.2	**-**	**(1.9)**	**5.2**	**66.5**
Credit Facility			56.8	**11.0**	**-**	**(0.6)**	**67.2**
		$	355.6	**$ 11.0**	**$ (1.9)**	**$ 7.8**	**$ 372.5**
Current portion of loans and borrowings			(56.8)				**(67.2)**
Non-current portion of loans and borrowings		$	298.8				**$ 305.3**

		For the year ended December 31, 2023			
		Cash flows		Non-cash changes	
Canadian $ millions	As at 2022 December 31	Increase in other loans and borrowings	Repurchase of notes	Other	As at 2023 December 31
8.50% second lien secured notes due 2026	$ 233.6	$ -	-	$ 2.0	$ 235.6
10.75% unsecured PIK option notes due 2029	70.8	-	(7.8)	0.2	63.2
Credit Facility	46.5	13.0	-	(2.7)	56.8
	$ 350.9	$ 13.0	$ (7.8)	$ (0.5)	$ 355.6
Current portion of loans and borrowings	(46.5)				(56.8)
Non-current portion of loans and borrowings	$ 304.4				$ 298.8

8.50% second lien secured notes due 2026 (“Second Lien Notes”)

As at December 31, 2024, the outstanding principal amount of the Second Lien Notes is $221.3 million (December 31, 2023 - $221.3 million) and the notes mature on November 30, 2026. Interest is payable semi-annually in cash in April and October.

The indenture governing the Second Lien Notes (the “Second Lien Notes Indenture”) requires mandatory redemptions from excess cash (subject to the minimum liquidity condition noted below and the other terms and conditions set forth in the Second Lien Notes Indenture). 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 in the first half and second half of each year (a measure calculated based on cash provided (used) by 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, including cash distributions received by the Corporation from GNC pursuant to the Cobalt Swap and its assumption of the Energas CSA), which mandatory redemption shall be required to be made only if the Corporation has minimum liquidity of $75.0 million before and after the interest payment dates in April and October of each year calculated in accordance with the Second Lien Notes Indenture. Expected mandatory Excess Cash Flow redemptions have been included in the calculation of the effective interest rate of the Second Lien Notes.

For the two-quarter period ended December 31, 2024, Excess Cash Flow, as defined in the Second Lien Notes Indenture, was $5.5 million. At the interest payment date in April 2025, the Corporation will be required to redeem, at par, total Second Lien Notes up to an amount equal to 50% of Excess Cash Flow, or $2.8 million, subject to the minimum liquidity of $75.0 million being maintained before and after such payment is made, as defined in the indenture agreement.

The minimum liquidity amount is defined in the Second Lien Notes Indenture as all unrestricted cash, cash equivalents and short-term investments measured in accordance with IFRS Accounting Standards, held by the Corporation and its restricted subsidiaries in bank accounts located in Canada, less the principal amount drawn on the Credit Facility, plus the total amount of cash used on all repurchases of Second Lien Notes and 10.75% unsecured PIK option notes due 2029 during the relevant two-fiscal quarter period. As a result, the $0.4 million of cash used to repurchase unsecured PIK option notes during the six months ended December 31, 2024 and any outstanding amounts drawn on the syndicated revolving-term credit facility as at the interest payment date in April 2025 will be taken into account when calculating the minimum liquidity amount. The minimum liquidity provision of the indenture agreement was not met as at October 30, 2024, the most recent interest payment date.

The Second Lien Notes also include an option for the Corporation to redeem all or part of the notes outstanding prior to maturity at a price equal to 107% of the principal amount so redeemed, which was determined to be an embedded derivative. The fair value of this embedded derivative was nominal at inception and has not been presented separately from the Second Lien Notes within the Corporation's consolidated statements of financial position.

The Second Lien Notes Indenture provides for a 7% premium on (i) any optional early redemptions made at the election of the Corporation prior to maturity as mentioned above, and (ii) on repayment on the maturity date, provided that the aggregate amount of all premium payments paid by Sherritt with respect to the foregoing shall collectively not be less than $25.0 million. Mandatory redemptions do not incur a premium and ultimately do not affect the timing of when this 7% premium is paid. This premium is due upon the earlier of optional redemption and maturity of the Second Lien Notes and is accreted over the life of the instrument.

Under the Second Lien Notes Indenture, the Corporation is subject to various restrictions, which limit, among other things, the incurrence of indebtedness, liens, asset sales and payment of distributions and other restricted payments, unless certain financial ratios are met and subject to certain customary carve-outs and permissions, often referred to as "baskets". If the ratio of earnings before interest, taxes, depreciation and amortization ("EBITDA")-to-interest expense, both as defined in the agreement, is above 2.5:1, unsecured debt can be incurred without the use of a basket and restricted payments can be made to the extent the Corporation has sufficient room in an applicable basket, including the "builder basket" as calculated under the Second Lien Notes Indenture. As at December 31, 2024, the Corporation met the required financial ratio and has the capacity to make restricted payments up to $122.2 million.

Other non-cash changes consists of gains on revision of cash flows and interest and accretion of a 7% premium.

10.75% unsecured PIK option notes due 2029 ("PIK Notes")

As at December 31, 2024, the outstanding principal amount of the PIK Notes is $66.7 million (December 31, 2023 - $63.4 million) and the notes mature on August 31, 2029. Interest is payable semi-annually in cash or in-kind, at Sherritt's election, in January and July. Expected payments of interest in-kind have been included in the calculation of the effective interest rate.

During the year ended December 31, 2024, the Corporation repurchased $3.7 million of principal of the PIK Notes at a cost of $1.9 million, plus $0.1 million of accrued interest, resulting in a gain on repurchase of notes of $1.8 million (note 8). During the year ended December 31, 2023, the Corporation repurchased $11.2 million of principal of the PIK Notes at a cost of $7.8 million, plus $0.1 million of accrued interest, resulting in a gain on repurchase of notes of $3.5 million (note 8).

During the year ended December 31, 2024, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest of $6.9 million and added the payment-in-kind interest to the principal amount owed to noteholders. During the year ended December 31, 2023, the Corporation elected not to pay cash interest of $3.8 million in January 2023 and added the payment-in-kind interest to the principal amount owed to noteholders and paid $3.4 million of interest in cash in July 2023.

Subsequent to period end, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest due in January 2025 of $3.6 million and added the payment-in-kind interest to the principal amount owed to noteholders.

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

Credit Facility

As at December 31, 2024, the outstanding principal amount of the Credit Facility is $69.0 million (December 31, 2023 - $58.0 million) and the Credit Facility matures on April 30, 2026.

The maximum credit available is $100.0 million and the interest rate is CORRA plus 4.00%. Borrowings on the Credit Facility are available to fund working capital and capital expenditures. Borrowings under the Credit Facility for spending on capital expenditures cannot exceed $75.0 million in a fiscal year. This restriction does not apply to capital expenditures of Moa Nickel S.A. The total available draw is based on eligible receivables and inventories, which are pledged as collateral. Certain cash held in banks in Canada is also pledged as collateral.

The facility is subject to the following financial covenants and restrictions:

- Net Available Cash covenant, as defined in the agreement, of $25.0 million. The amount compared against this covenant is composed of cash and cash equivalents and short-term investments of the Corporation and its wholly-owned subsidiaries held in Canada, plus undrawn amounts on the Credit Facility;

- Senior Secured Net Debt-to-EBITDA covenant, as defined in the agreement, of less than 2:1. Senior Secured Net Debt is calculated as first-lien debt, or amounts drawn on the Credit Facility, any derivative liability and any additional security ranked equal to first-lien debt, less cash and cash equivalents and short-term investments of the Corporation and its wholly-owned subsidiaries held in Canada up to $25.0 million. EBITDA is calculated on a trailing 12-month basis with Energas included on a cash basis;

- EBITDA-to-Interest Expense covenant, as defined in the agreement, of not less than 1:1 and 1.5:1 for the quarters ended June 30, 2024 and September 30, 2024, respectively and not less than 2:1 thereafter. EBITDA is calculated on a trailing 12-month basis with Energas included on a cash basis. Interest expense excludes the payment-in-kind (PIK) interest on the Corporation's PIK Notes; and

- Minimum Tangible Net Worth covenant, as defined in the agreement, of $600.0 million plus 50% of positive net earnings. Tangible Net Worth is calculated as total assets, less intangible assets, less amounts drawn on the Credit Facility, less the principal amount of the Second Lien Notes, less the principal amount of the PIK Notes, less any derivative liability and less any additional secured financing ranked equal to first-lien debt.

As at December 31, 2024, the Corporation has $0.6 million of letters of credit outstanding pursuant to this facility (December 31, 2023 - $0.5 million).

During the year ended December 31, 2024, the Credit Facility was amended to (i) extend its maturity for one year from April 30, 2025 to April 30, 2026 and (ii) change the EBITDA-to-Interest Expense covenant, as defined in the agreement, to not less than 1:1 and 1.5:1 for the quarters ended June 30, 2024 and September 30, 2024, respectively, and not less than 2:1 thereafter. The amendment included terms to transition the interest rate of bankers' acceptance plus 4.00% to CORRA plus 4.00%. There were no other significant changes to the terms, financial covenants or restrictions.

During the year ended December 31, 2023, the Credit Facility was amended to (i) extend its maturity for one year from April 30, 2024 to April 30, 2025, (ii) add an accordion feature, which allows additional lenders to join the Credit Facility and increase the maximum credit available by up to $25.0 million, subject to certain conditions and (iii) increase the permitted debt outside of the Credit Facility from $25.0 million to $35.0 million, with no other significant changes to the terms, financial covenants or restrictions.

Other non-cash changes consist of accretion and a gain due to revisions of cash flows.

Other financial liabilities

Canadian $ millions, as at	Note	**2024 December 31**	2023 December 31
Energas payable[1]	11	**$ 75.2**	$ 75.4
Lease liabilities		**9.8**	11.0
Share-based compensation liability	6, 17	**3.2**	6.7
Other financial liabilities		**19.0**	4.0
		107.2	97.1
Current portion of other financial liabilities[2]		**(34.9)**	(22.5)
Non-current portion of other financial liabilities		**$ 72.3**	$ 74.6

(1) As at December 31, 2024, the non-current portion of the Energas payable is $59.3 million (December 31, 2023 - $59.0 million).

(2) As at December 31, 2024, the current portion of other financial liabilities includes the current portions of the Energas payable of $15.9 million (December 31, 2023 - $16.4 million), a share-based compensation liability of $2.0 million (December 31, 2023 - $4.2 million) and an other financial liability of $14.9 million (December 31, 2023 – nil) to the Moa JV for distributions received that had not yet been declared as dividends. The other financial liability will be extinguished upon declaration as dividends.

Energas payable

During the year ended December 31, 2024, nil cash was paid by Energas to GNC in Cuban pesos (December 31, 2023 - $14.8 million (33⅓% basis)). The outstanding principal balance of the Energas payable as at December 31, 2024 is $97.3 million (December 31, 2023 - $97.3 million) (33⅓% basis). Subsequent to period end, $5.0 million (33⅓% basis) of cash was paid by Energas to GNC in Cuban pesos, reducing the principal amount outstanding to $92.3 million (33⅓% basis).

No interest accrues on Energas' payable to GNC over the five-year period of the Cobalt Swap. In the event that the Energas payable is not fully repaid to GNC by December 31, 2027, interest will accrue retroactively at 8.0% from January 1, 2023 on the unpaid principal amount as at December 31, 2027, and the unpaid principal and interest amounts will become due and payable by Energas to GNC.

16. PROVISIONS, GUARANTEES AND CONTINGENCIES

Canadian $ millions, as at	**2024 December 31**	2023 December 31
Environmental rehabilitation provisions	**$ 107.3**	$ 125.7
Other provisions	**2.2**	2.3
	109.5	128.0
Current portion of provisions(1)	**(4.8)**	(24.4)
Non-current portion of provisions	**$ 104.7**	$ 103.6

(1) As at December 31, 2024, the current portion of provisions includes a current environmental rehabilitation provision of $3.9 million related to the Corporation's legacy Spanish Oil and Gas operations (December 31, 2023 - $23.4 million).

Environmental rehabilitation provisions

Provisions for environmental rehabilitation obligations are recognized in respect of Fort Site in the Metals reportable segment and the Oil and Gas reportable segment and include rehabilitation associated with infrastructure and buildings, including fertilizer and utilities facilities at Fort Site, and legacy oil and gas facilities. The obligations normally take place at the end of the asset's useful life.

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian $ millions, for the years ended December 31	Note	**2024**	2023
Balance, beginning of the year		**$ 125.7**	$ 103.6
Change in estimates		**7.0**	27.2
Gain on settlement of environmental rehabilitation provisions		**-**	(0.2)
Utilized during the year		**(27.2)**	(5.9)
Accretion	8	**0.2**	0.3
Effect of movement in exchange rates		**1.6**	0.7
Balance, end of the year		**$ 107.3**	$ 125.7

Change in estimates includes the impact of discount rates, which ranged from 3.3% to 8.5% as at December 31, 2024 (as at December 31, 2023 – discount rates from 3.1% to 7.8%), and were applied to expected future cash flows to determine the carrying value of the environmental rehabilitation provisions. During the year ended December 31, 2024, change in estimates resulted in an increase to the Corporation's environmental rehabilitation provisions primarily due to the devaluation of euro compared to the U.S. dollar on a euro-denominated provision for the Corporation's legacy Spanish Oil and Gas operations. During the year ended December 31, 2023, change in estimates resulted in an increase in the environmental rehabilitation provision for the Corporation's legacy Spanish Oil and Gas operations of $25.8 million due to an increase in estimated rehabilitation costs for specialized decommissioning work and additional decommissioning activities required by regulators which were finalized during the fourth quarter of 2023.

The Corporation estimates that it will require approximately $192.4 million in undiscounted cash flows to settle these obligations. The payments are expected to be funded by cash provided by operating activities.

Guarantees

The environmental rehabilitation obligations held by the Corporation's Spanish Oil and Gas operations are secured by a parent company guarantee of €35.8 million until December 31, 2027. The parent company guarantee has no impact on the Corporation's available liquidity.

Contingencies

A number of the Corporation's subsidiaries have operations located in Cuba. The United States of America 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. Title III of the Helms-Burton Act creates a private cause of action and authorizes U.S. nationals with claims to confiscated property in Cuba to file suit in U.S. courts against persons that may be "trafficking" in that property. All Presidents of the United States in office since the enactment of the Helms-Burton Act suspended Title III for successive six-month periods until the first administration of President Trump ceased that practice 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. On January 14, 2025, President Biden issued a six-month suspension of Title III prior to leaving office, however, President Trump then revoked the suspension before it took effect, allowing Title III to remain in force. 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.

In addition to the above matter, the Corporation and its subsidiaries are also subject to routine legal proceedings and tax audits. The Corporation does not believe that the outcome of any of these matters, individually or in aggregate, would have a material adverse effect on its consolidated net earnings (loss), financial position or cash flows.

17. SHARE-BASED COMPENSATION PLANS

Equity-settled stock option plan

The Corporation maintains a stock option plan, pursuant to which shares of the Corporation may be issued as compensation. Eligible participants are those persons designated from time to time by the Human Resources Committee ("the Committee") from among the executive officers and certain senior employees of the Corporation or its subsidiaries who occupy responsible managerial or professional positions and who have the capacity to contribute to the success of the Corporation.

The maximum number of stock options issuable is 17,500,000. The remaining number of options which may be issued under the stock option plan is 1,235,891 as at December 31, 2024. Under the stock option plan, the exercise price of each option equals the volume-weighted average trading price of the Corporation's shares over the five days prior to the date the option is granted. An option's maximum term is 10 years. Options vest on such terms as the Committee determines, generally in three equal instalments on the annual anniversary date of the grant of the options. When options are exercised, the related options are cancelled and the shares underlying such options are issued and are no longer available for issuance under the stock option plan.

In February 2024, the Corporation's Board of Directors approved the grant of stock options to executive officers with an exercise price of $0.28 (February 2023 - $0.53) and a maximum life of 7 years. The options vest and become exercisable in three equal amounts on the annual anniversary date of the grant of the options. The number of these options granted during the year ended December 31, 2024 was 3,758,382 (3,982,732 stock options during the year ended December 31, 2023).

Canadian $, except as noted, for the years ended December 31	2024	2023
Share price at grant date	$ 0.28	$ 0.53
Exercise price	0.28	0.53
Risk-free interest rate (based on 7-year Government of Canada bonds)	3.50%	3.42%
Expected volatility	68%	70%
Expected dividend yield	0%	0%
Expected life of options	7 years	7 years
Weighted-average fair value of options granted during the year	$ 0.19	$ 0.36

Expected volatility is estimated based on the average historical share price volatility for a period equal to the expected life of the option. The expected life of the option is estimated to equal its legal life at the time of grant. The expected dividend yield is determined by comparing the expected dividend payment to the share price at grant date.

The following is a summary of stock option activity:

Canadian $, except number of options, for the years ended December 31	2024		2023	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
Outstanding, beginning of the year	**6,612,673**	**$ 0.83**	2,701,741	$ 1.40
Granted	**3,758,382**	**0.28**	3,982,732	0.53
Forfeited	**(207,628)**	**0.53**	-	-
Expired	**(308,114)**	**2.24**	(71,800)	5.14
Outstanding, end of the year	**9,855,313**	**$ 0.58**	6,612,673	$ 0.83
Options exercisable, end of the year	**3,649,405**	**$ 0.94**	2,629,941	$ 1.29

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

As at December 31					2024
Range of exercise prices	**Number outstanding**	**Weighted-average remaining contractual life (years)**	**Weighted-average exercise price**	**Number exercisable**	**Exercisable weighted-average exercise price**
$0.28 - $0.53	**7,429,670**	**5.7**	**$ 0.40**	**1,223,762**	**$ 0.53**
$0.54 - $1.20	**1,670,476**	**1.4**	**0.83**	**1,670,476**	**0.83**
$1.21 - $2.11	**645,467**	**1.8**	**1.63**	**645,467**	**1.63**
$2.12 - $2.98	**109,700**	**0.4**	**2.98**	**109,700**	**2.98**
Total	**9,855,313**	**4.6**	**$ 0.58**	**3,649,405**	**$ 0.94**

As at December 31, 2024, 9,855,313 stock options (December 31, 2023 – 6,612,673) remained outstanding for which the Corporation has recognized a share-based compensation expense of $0.8 million for the year ended December 31, 2024 (expense of $0.7 million for the year ended December 31, 2023).

Cash-settled share-based compensation plans

On an annual basis, the Corporation's Board of Directors approves the grant of cash-settled share-based units to certain employees. The units are in the form of: i) RSUs with no performance conditions, which vest at the end of three years and ii) PSUs subject to performance conditions, which vest at the end of three years.

Cash payments for share-based units are primarily made in the first quarter of each year and are dependent upon the market value of the Corporation's shares on the settlement date, and in the case of PSUs, cash payments are also dependent upon the achievement of the performance conditions described below. The market value of the Corporation's shares as at December 31, 2024 and December 31, 2023 was $0.16 and $0.29, respectively.

RSUs

Under the terms of the Executive Share Unit Plan, the RSUs are available to be granted to executives and employees. The RSUs represent a right to receive a cash amount payable by the Corporation to a participant at the end of the vesting period for RSUs determined by reference to the market price of the shares multiplied by the number of RSUs held by the participant. RSUs are issued subject to vesting conditions, which are set by the Committee of the Board of Directors. RSUs vest not later than the earlier of (a) the earlier of: (i) December 31 of the third calendar year following the calendar year in respect of which the RSUs were granted or (ii) the date set out in the RSU grant agreement; and (b) the date of death of a participant. The vesting date set out in the grant agreement is typically the third anniversary of the grant date. The Corporation shall redeem all of a participant's vested RSUs on the vesting date and may, at the discretion of the Committee, redeem all or any part of a participant's unvested RSUs prior to the vesting date.

Under the plan, each RSU awarded is equivalent to a share. A liability is accrued related to the units awarded and a compensation expense is recognized in the consolidated statements of comprehensive income (loss) over the service period required for employees to become fully entitled to the award. At the maturity date, the participant receives cash representing the value of the units. The number of RSUs subject to no performance conditions outstanding at December 31, 2024 was 16,240,215 (December 31, 2023 – 15,178,344).

PSUs

PSUs represent a right to receive a cash amount payable by the Corporation to a participant at the end of the vesting period determined by reference to the market price of the shares multiplied by the number of PSUs held by the participant as adjusted for dividend equivalents credited, if any. Under the plan, each PSU awarded is equivalent to a share. A liability is accrued related to the units awarded and a compensation expense is recognized in the consolidated statements of comprehensive income (loss) over the 3-year service period required for employees to become fully entitled to the award. The PSUs are issued subject to vesting conditions, including performance conditions, which are set by the Committee. The vesting of PSUs granted prior to 2023 will be subject to the achievement of two equally-weighted performance conditions measured over the 3-year vesting period: (i) the Corporation's total shareholder return relative to benchmark indices composed of mining companies for grants made in 2022 (a market condition); and (ii) certain specified internal measures related to achieving strategic objectives and unit cost of production compared to budget (non-market conditions) and a service condition. The value of PSUs that vest will vary from 0% to 200% based on the achievement of the market and non-market performance conditions. The number of PSUs subject to these performance conditions outstanding as at December 31, 2024 was 5,032,342 (December 31, 2023 – 11,192,177).

During the years ended December 31, 2024 and December 31, 2023, the Corporation's Board of Directors approved the grant of PSUs to certain employees, the vesting of which will be subject to the achievement of the Corporation's total shareholder return relative to individual constituents of a benchmark mining index (a market condition) (the "disaggregated RTSR performance condition") and a service condition. Performance will be based on the percentile return of the Corporation as compared to the constituents within the index. The value of PSUs that vest will vary from 0% to 200% based on the achievement of the market performance condition. The number of PSUs subject to this performance condition outstanding as at December 31, 2024 was 17,795,725 (December 31, 2023 – 5,750,554).

DSUs

Under the terms of the Non-Executive Directors' DSU Plan, DSUs are available to be granted to non-executive directors. The DSUs represent a right to receive a cash amount payable by the Corporation to a participant following departure from the Board of Directors. The value payable is determined by reference to the market price of the shares multiplied by the number of DSUs held by the participant as adjusted for dividend equivalents credited. DSUs vest on the later of (a) the grant date or (b) the date that any terms of vesting conditions attached to the DSUs are satisfied. DSUs generally vest on the grant date. DSUs are redeemed by the Corporation at the election of the participant by filing a notice of redemption not earlier than the participant's termination date and not later than December 1st of the calendar year following the termination date.

A total of 6,005,497 DSUs are outstanding and vested as at December 31, 2024, granted between 2012 and 2024.

A summary of the RSUs, PSUs and DSUs outstanding as at December 31, 2024 and 2023 and changes during the year ended is as follows:

For the year ended December 31			**2024**
	RSUs	**PSUs**	**DSUs**
Outstanding, beginning of the year	**15,178,344**	**16,942,731**	**6,334,403**
Granted	**7,348,729**	**12,172,194**	**3,017,409**
Exercised	**(6,129,458)**	**(2,390,476)**	**(3,346,315)**
Forfeited	**(157,400)**	**(3,896,382)**	**-**
Outstanding, end of the year	**16,240,215**	**22,828,067**	**6,005,497**
Units exercisable, end of the year	**n/a**	**n/a**	**6,005,497**

For the year ended December 31			2023
	RSUs	**PSUs**	**DSUs**
Outstanding, beginning of the year	31,424,431	31,424,431	5,695,560
Granted	4,172,489	5,936,876	1,478,906
Exercised	(20,061,555)	(20,061,555)	(840,063)
Forfeited	(357,021)	(357,021)	-
Outstanding, end of the year	15,178,344	16,942,731	6,334,403
Units exercisable, end of the year	n/a	n/a	6,334,403

During the year ended December 31, 2024, the Corporation recognized a share-based compensation recovery of $0.5 million for cash-settled share-based units, during which time the market value of the Corporation's shares decreased by $0.13 and additional units vested. During the year ended December 31, 2023, the Corporation recognized a share-based compensation recovery of $2.2 million for cash-settled share-based units, during which time the market value of the Corporation's shares decreased by $0.21 and additional units vested.

Measurement of fair values at grant date

The fair value of the RSUs, PSUs and DSUs are determined by reference to the market value and performance conditions, as applicable, of the Corporation's shares at the time of grant. The following summarizes the weighted-average grant date fair values for the RSUs, PSUs and DSUs granted during the year:

Canadian $, for the years ended December 31	**2024**	2023
RSU	**$ 0.27**	$ 0.52
PSU	**0.27**	0.53
DSU	**0.26**	0.51

The intrinsic value of cash-settled share-based compensation awards vested and outstanding as at December 31, 2024 was $3.1 million (December 31, 2023 - $6.7 million).

18. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at December 31	**2024**
Property, plant and equipment commitments	**$ 4.0**

19. SUPPLEMENTAL CASH FLOW INFORMATION

Working capital is defined as the Corporation's current assets less current liabilities and was $91.8 million as at December 31, 2024 ($111.7 million - December 31, 2023).

Net change in non-cash working capital

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

Canadian $ millions, for the years ended December 31		**2024**		2023
Trade accounts receivable, net[1]	**$**	**9.7**	$	(45.2)
Inventories[2]		**1.2**		(10.5)
Prepaid expenses		**(1.3)**		(2.8)
Trade accounts payable and accrued liabilities		**(4.9)**		(37.0)
Deferred revenue		**(3.3)**		1.9
	$	**1.4**	$	(93.6)

(1) Trade accounts receivable, net includes adjustments of $1.1 million for the year ended December 31, 2024, for Proceeds from Cobalt Swap presented separately in the consolidated statements of cash flow ($80.3 million for the year ended December 31, 2023).

(2) Inventories include adjustments of $2.2 million for the year ended December 31, 2024, for non-cash finished cobalt cost of sales presented separately in the consolidated statements of cash flow ($86.1 million for the year ended December 31, 2023).

Interest paid

Interest paid includes the following:

Canadian $ millions, for the years ended December 31	Note		**2024**		2023
Interest paid on Credit Facility			**(6.1)**		(5.2)
Interest paid on Second Lien Notes			**(18.8)**		(18.8)
Interest paid on PIK Notes			**(0.1)**		(3.5)
Other interest paid			**(0.9)**		(0.8)
		$	**(25.9)**	$	(28.3)

Non-cash transactions

Finished cobalt cost of sales expense is a non-cash expense added back to net loss from continuing operations in the Corporation’s consolidated statements of cash flow prepared using the indirect method as the Corporation received finished cobalt inventories for no consideration pursuant to the Cobalt Swap and for settlement of its GNC receivable.

During the year ended December 31, 2024, investing activities excluded $3.0 million of non-cash settlements of the GNC receivable, which was partially settled through receipts of finished cobalt inventories pursuant to the Cobalt Swap (December 31, 2023 - $44.0 million). During the year ended December 31, 2024, an additional $11.9 million of the GNC receivable was settled through receipts of cash, presented as Receipts of GNC receivable in the consolidated statements of cash flow (December 31, 2023 - $32.0 million). Refer to note 12 for further details on the Cobalt Swap.

20. SHAREHOLDERS’ EQUITY

Capital stock

The Corporation’s common shares have no par value and the authorized share capital is composed of an unlimited number of common shares. There were no changes in the Corporation’s outstanding common shares during the years ended December 31, 2024 and 2023.

Reserves

Canadian $ millions, for the years ended December 31		2024		2023
Stated capital reserve				
Balance, beginning of the year	**$**	**222.2**	$	222.2
Balance, end of the year		**222.2**		222.2
Share-based compensation reserve[1]				
Balance, beginning of the year	**$**	**11.9**	$	11.2
Stock option plan expense		**0.8**		0.7
Balance, end of the year		**12.7**		11.9
Total reserves, end of the year	**$**	**234.9**	$	234.1

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

Accumulated other comprehensive income

Canadian $ millions, for the years ended December 31		2024		2023
Foreign currency translation reserve				
Balance, beginning of the year	**$**	**389.0**	$	406.2
Foreign currency translation differences on foreign operations, net of tax		**56.0**		(17.2)
Balance, end of the year		**445.0**		389.0
Actuarial losses on pension plans				
Balance, beginning of the year		**(4.8)**		(4.6)
Actuarial losses on pension plans, net of tax		**(0.2)**		(0.2)
Balance, end of the year		**(5.0)**		(4.8)
Total accumulated other comprehensive income	**$**	**440.0**	$	384.2

21. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Cuba risk

During the years ended December 31, 2024, and December 31, 2023, Cuba experienced continued U.S. sanctions, impacting the country's economy and hampering the country's foreign currency liquidity. The foregoing may contribute to increased economic risk to the Corporation.

As a result of the Cobalt Swap, the Corporation no longer has the responsibility for collection of receivable amounts solely from Energas and CUPET, which are dependent upon Cuba's economy, and instead will collect from GNC, the Corporation's Moa JV partner. GNC receives distributions from the Moa JV, which is less dependent upon Cuba's economy as it earns foreign currency from nickel and cobalt sales to customers outside of Cuba.

In addition, the Moa Swap (note 11) facilitates the payment of Canadian dollars from the Moa JV, which earns foreign currency on its sales of nickel and cobalt, to Energas. The Canadian dollars received by Energas from the Moa JV are in part used to pay dividends to Sherritt in Canada. Annually, the Moa Swap provides Energas with the equivalent of approximately US$50.0 million in Canada.

Risk management policies and hedging activities

The Corporation is sensitive to changes in commodity prices, foreign exchange rates and interest rates. The Corporation's Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Corporation reduces the business-cycle risks inherent in its commodity operations through industry diversification and limited use of derivatives, discussed below in the commodity price risk section.

Credit risk

Sherritt's credit sales of fertilizers and electricity, and of nickel and cobalt within the Moa JV, expose the Corporation to the risk of non-payment by customers. Sherritt manages this risk by monitoring the creditworthiness of its customers, documentary credit and seeking prepayment or other forms of payment security from customers with an unacceptable level of credit risk. In addition, there are certain credit risks that arise due to the fact that all sales of electricity in Cuba are made to agencies of the Cuban government. 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.

Cuba

The Corporation has credit risk exposure related to its cash, trade accounts receivable, net and advances and loans receivable associated with its businesses located in Cuba as follows:

Canadian $ millions, as at	Note	2024 December 31	2023 December 31
Cash		**$ 113.1**	$ 96.4
Trade accounts receivable, net		**9.3**	10.0
Advances and loans receivable(1)		**203.3**	217.8
Total		**$ 325.7**	$ 324.2

(1) Advances and loans receivable excludes the Moa JV revolving-term credit facility with the Corporation as the counterparty is an operating company within the Moa JV that is located outside of Cuba. Advances and loans receivable includes the GNC receivable pursuant to the Cobalt Swap of $203.3 million (December 31, 2023 - $217.8 million) (note 12), which the Corporation recovers from GNC. Although GNC is located in Cuba, it is less dependent upon Cuba's economy, as GNC earns foreign currency from the Moa JV, whose nickel and cobalt sales are with customers outside of Cuba.

The table above reflects the Corporation's maximum credit exposure to Cuban counterparties.

The Corporation is exposed to risk related to its cash in Cuba, which is denominated in Cuban pesos and not exchangeable into other major currencies unless sufficient foreign currency reserves exist in Cuba. The Corporation has in place the Moa Swap (note 11), which facilitates the payment of the equivalent of approximately US$50.0 million in Canadian dollars annually to Energas, which Energas in part uses to pay dividends to the Corporation in Canada. The Moa JV is not exposed to significant risk related to the Cuban peso, as it receives foreign currencies from the sale of nickel and cobalt to customers outside of Cuba.

Allowance for expected credit losses

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

The following table presents the Corporation's financial assets measured at amortized cost, the stage that they are in for ACL measurement and the balance of the ACL as at December 31, 2024. The gross carrying value of the financial asset best represents the maximum exposure to credit risk at the reporting date:

Canadian $ millions	Note	ECL stage(1)	Gross carrying value	ACL	Net carrying value
Trade accounts receivable, net(1)	11	**2**	**$ 171.7**	**$ (20.3)**	**$ 151.4**

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

Liquidity risk

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

The main factors that affect liquidity include realized sales prices, timing of collection of receivables, timing of distributions from the Moa JV (including pursuant to the Cobalt Swap), timing of cobalt sales and receipts, timing of dividends from Energas in Canada, production and sales volumes, cash production costs, working capital requirements, capital and environmental rehabilitation expenditure requirements, advances to/from the Moa JV, repayments of non-current loans and borrowings, credit capacity and debt and equity capital market conditions.

The Corporation's liquidity requirements are met through a variety of sources, including cash and cash equivalents, cash provided by operating activities, distributions from the Moa JV (including pursuant to the Cobalt Swap), dividends from Energas in Canada, the Credit Facility, leases, derivatives and debt and equity capital markets.

Based on management's assessment of its financial position and liquidity profile as at December 31, 2024, the Corporation will be able to satisfy its current and non-current obligations as they come due.

The agreements establishing certain jointly controlled entities require the unanimous consent of shareholders to pay dividends. It is not expected that this restriction will have a material impact on the ability of the Corporation to meet its obligations.

Market risk

Market risk is the potential for financial loss from adverse changes in underlying market factors, including foreign exchange rates, commodity prices and interest rates.

Foreign exchange risk

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

Based on financial instrument balances as at December 31, 2024, a weakening or strengthening of $0.05 of the Canadian dollar to the U.S. dollar with all other variables held constant could have a favourable or unfavourable impact of approximately $2.2 million, respectively, on the Corporation's net loss.

Based on financial instrument balances as at December 31, 2024, a weakening or strengthening of $0.05 of the Canadian dollar to the U.S. dollar with all other variables held constant could have a favourable or unfavourable impact of approximately $3.9 million, respectively, on the Corporation's other comprehensive income.

Commodity price risk

The Corporation is exposed to fluctuations in certain commodity prices. Realized prices for finished products and costs for input commodities are the most significant factors affecting the Corporation's revenue and earnings. Revenue, earnings and cash flows from the sale of fertilizers, and nickel and cobalt within the Moa JV, are sensitive to changes in market prices over which the Corporation has little or no control. The sale price of electricity is contractually fixed and not market-based.

The Corporation has the ability to address its commodity price exposures through the limited use of options, future, swap and forward contracts. During the year ended December 31, 2024, the Corporation entered into put options on nickel (note 12), all of which were settled during the year, and a natural gas swap for 2025, which fixes the price of natural gas from a floating rate. The Corporation did not enter into nickel put options or a natural gas swap during the year ended December 31, 2023. Sherritt also reduces the business-cycle risks inherent in its commodity operations through industry diversification.

The Corporation has certain provisional pricing agreements on the sale of cobalt pursuant to the Cobalt Swap and within the Moa JV on the sale of nickel and cobalt. These provisionally-priced transactions are periodically adjusted to actual prices as prices are confirmed, as the settlement occurs within a short period of time. In periods of volatile price movements, adjustments may be material to the Corporation or Moa JV.

Interest rate risk

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

Based on the balance of current and non-current loans and borrowings, cash equivalents, and current and non-current advances and loans receivable as at December 31, 2024, a 1.0% decrease or increase in the market interest rate would not have a material impact on the Corporation's net earnings/loss. The Corporation does not engage in hedging activities to mitigate its interest rate risk.

Capital risk management

In the definition of capital, the Corporation includes, as disclosed in its consolidated financial statements and notes: capital stock, deficit, loans and borrowings, other financial liabilities and available credit facilities.

Canadian $ millions, as at	**2024 December 31**	2023 December 31
Capital stock	**$ 2,894.9**	$ 2,894.9
Deficit	**(2,972.4)**	(2,899.6)
Loans and borrowings	**372.5**	355.6
Other financial liabilities	**107.2**	97.1
Available credit facilities	**30.4**	41.5

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

Subject to the limitations within the Second Lien Notes Indenture and Credit Facility agreement, in order to maintain or adjust its capital structure, the Corporation may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, repay outstanding debt, issue new debt (unsecured, convertible and/or other types of available debt instruments), issue subscription receipts exchangeable for common shares and/or other securities, issue warrants exercisable to acquire common shares and/or other securities, issue units of securities comprised of more than one of equity securities, debt securities, subscription receipts and/or warrants, refinance existing debt with different characteristics, acquire or dispose of assets or adjust the amount of cash and short-term investment balances.

Certain of the Corporation's loans and borrowings have financial tests and other covenants with which the Corporation and its affiliates must comply. Non-compliance with such covenants could result in accelerated repayment of the related debt and reclassification of the amounts to current liabilities. The Corporation monitors its covenants on an ongoing basis and reports on its compliance with the covenants to its lenders on a periodic basis.

Financial obligation maturity analysis

The Corporation's significant contractual commitments, obligations, and interest and principal repayments in respect of its financial liabilities, income taxes payable and provisions are presented in the following table on an undiscounted basis. For amounts payable that are not fixed, including mandatory redemptions of the Second Lien Notes (note 15), the amount disclosed is determined by reference to the conditions existing as at December 31, 2024.

Canadian $ millions, as at December 31, 2024	Total	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$ 172.5	$ 172.5	$ -	$ -	$ -	$ -	$ -
Income taxes payable	1.7	1.7	-	-	-	-	-
Second Lien Notes (includes principal, interest and premium)	285.5	18.8	266.7	-	-	-	-
PIK Notes (includes principal and interest)	109.5	-	-	8.8	8.8	91.9	-
Credit Facility	76.0	5.3	70.7	-	-	-	-
Other non-current financial liabilities	1.3	-	0.1	-	0.3	-	0.9
Provisions	194.5	4.8	2.4	9.1	10.2	11.7	156.3
Energas payable[(1)]	97.3	16.6	7.5	73.2	-	-	-
Lease liabilities	11.6	2.8	1.5	1.4	1.3	1.2	3.4
Total	$ 949.9	$ 222.5	$ 348.9	$ 92.5	$ 20.6	$ 104.8	$ 160.6

(1) The Energas payable is paid in Cuban pesos in Cuba and does not impact the Corporation's liquidity in Canada.

The Moa Joint Venture's significant undiscounted commitments, which are non-recourse to the Corporation, are presented below on a 50% basis:

- Environmental rehabilitation commitments of $144.6 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of $56.0 million;
- Loans and borrowings of $20.3 million; and
- Property, plant and equipment commitments of $46.5 million.

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

22. RELATED PARTY TRANSACTIONS

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

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated and are not disclosed in this note. A listing of the Corporation's subsidiaries is included in note 2.2.

A description of the Corporation's interests in jointly controlled entities is included in notes 2.2 and 7.

Canadian $ millions, for the years ended December 31	**2024**	2023
Total value of goods and services:		
Provided to Energas	**$ 48.7**	$ 46.6
Provided to Moa JV	**262.8**	372.8
Purchased from Moa JV	**781.7**	844.0
Net financing income from Moa JV	**1.7**	0.8

Canadian $ millions, as at	Note	**2024 December 31**	2023 December 31
Accounts receivable from Moa JV	11	**$ 37.6**	$ 44.7
Accounts payable to Moa JV		**82.7**	72.2
Advances and loans receivable from Moa JV	12	**-**	30.3

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

Key management personnel

Key management personnel are composed of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer, Chief Human Resources Officer and Senior Vice Presidents of the Corporation. The following is a summary of key management personnel compensation:

Canadian $ millions, for the years ended December 31	**2024**	2023
Short-term benefits	**$ 5.6**	$ 5.0
Post-employment benefits[1]	**0.3**	0.3
Termination benefits	**0.8**	-
Share-based compensation	**4.3**	4.6
	$ 11.0	$ 9.9

(1) Post-employment benefits include a non-registered defined contribution executive supplemental pension plan. The total cash pension contribution for key management personnel was nil for the year ended December 31, 2024 (nil for the year ended December 31, 2023). The total pension expense that is attributable to key management personnel was nil for the year ended December 31, 2024 (nil for the year ended December 31, 2023).

Sherritt International Corporation

Fighting Against Forced Labour and Child Labour in Supply Chains

2024 Annual Report to the Minister of Public Safety

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About This Report

This is a joint report being filed in respect of Sherritt International Corporation ("Sherritt"), a corporation incorporated under the *Canada Business Corporations Act*, and The Cobalt Refinery Company Inc. ("COREFCO"), a corporation incorporated under the *Alberta Business Corporations Act*. This report was determined to be a joint report on behalf of Sherritt and COREFCO because Sherritt has a 50/50 partnership with General Nickel Company S.A. ("GNC") of Cuba (the "Moa Joint Venture" or the "Moa JV") and together, Sherritt and GNC each hold 50% of the issued and outstanding shares of three companies that comprise the Moa JV (more details below). COREFCO is the only company of the three in the Moa JV that carries out business in Canada, where it owns and operates the metals refinery in Fort Saskatchewan, Alberta. As COREFCO relies on Sherritt policies, due diligence, and management systems, both entities will be reporting on the requirements under Bill S-211 *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff*[1] (the "Act") jointly in this report.

This is Sherritt and COREFCO's second Annual Report on Fighting Against Forced Labour and Child Labour in Supply Chains as a requirement of the Act.

The scope of this joint report includes the steps Sherritt and COREFCO have taken during 2024, and in previous years, where relevant, to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods, in Canada or elsewhere, by Sherritt, COREFCO and/or their subsidiaries and/or suppliers. This report has been written to meet the annual report requirements listed below as stipulated in the Act.[1]

a) Describe the entity's structure, activities, and supply chains;
b) Describe the entity's policies and its due diligence processes in relation to forced labour and child labour;
c) Describe the parts of the entity's business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk;
d) Describe any measures taken by the entity to remediate any forced labour or child labour;
e) Describe any measures taken by the entity to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chain;
f) Describe the training provided to employees on forced labour and child labour;
g) Describe how the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains; and
h) Report approval and attestation.

[1] S-211 An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff. January 2025. Available at: https://www.parl.ca/LegisInfo/en/bill/44-1/S-211

Requirement (a): Structure, activities, and supply chains

Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt's Moa JV has an estimated mine life of approximately 25 years and is advancing an expansion program focused on increasing annual mixed sulphide precipitate production by 20% of contained nickel and cobalt. The Corporation's Power division, through its ownership in Energas S.A. ("Energas"), is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Sherritt's common shares are listed on the Toronto Stock Exchange under the symbol "S".

Metals Enterprise - Moa Joint Venture and Fort Site

Sherritt has a 50/50 partnership with GNC of Cuba in the Moa JV. In addition, Sherritt has a wholly owned fertilizer business, sulphuric acid, utilities and storage, and administrative facilities in Fort Saskatchewan, Alberta, Canada that provide additional sources of income.

The Moa JV 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 JV are carried on through three companies:

- Moa Nickel S.A. ("Moa Nickel") – owns and operates the mining and processing facility in Moa, Cuba;
- COREFCO – owns and operates the metals refinery in Fort Saskatchewan, Alberta; and
- International Cobalt Company Inc. (ICCI) – acquires mixed sulphides from Moa Nickel and other third-party feeds, contracts with COREFCO for the refining of such purchased materials, and then markets the finished nickel and cobalt; located in Nassau, Bahamas. Third-party feeds typically represent <5% of the total mineral provided to COREFCO.

Within the report, the operations in Moa will be referred to as "Moa Nickel" and the operations in Fort Saskatchewan will be referred to as "the Fort Site".

For assurance on the responsible production and supply of minerals, Moa Nickel and COREFCO rely on Sherritt policies, due diligence, and management systems. Accordingly, unless otherwise specified, reference to Sherritt level policies, processes and management systems applies to COREFCO for meeting reporting obligations under the Act.

Power

Sherritt holds a one-third interest in Energas, a Cuban joint venture corporation 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 are held equally by two Cuban government agencies: Unión Eléctrica and Unión Cubapetróleo.

There are no reporting obligations for Energas per Section 9 of the Act.

Oil and Gas

Oil and Gas is not currently producing or exploring for oil and gas in Cuba and its financial results relate to non-core operating activities of the Corporation.

There are no reporting obligations for Oil and Gas per Section 9 of the Act.

Requirement (b): Policies and due diligence processes

The following sections describe Sherritt's policies and due diligence processes, which are fully integrated into COREFCO's management systems.

Sherritt's responsible sourcing strategy encompasses all elements of the mineral supply chain from sourcing to production and the supply of intermediate and finished products. Sherritt has a management system in place to manage environmental and social risks and to meet or exceed performance targets.

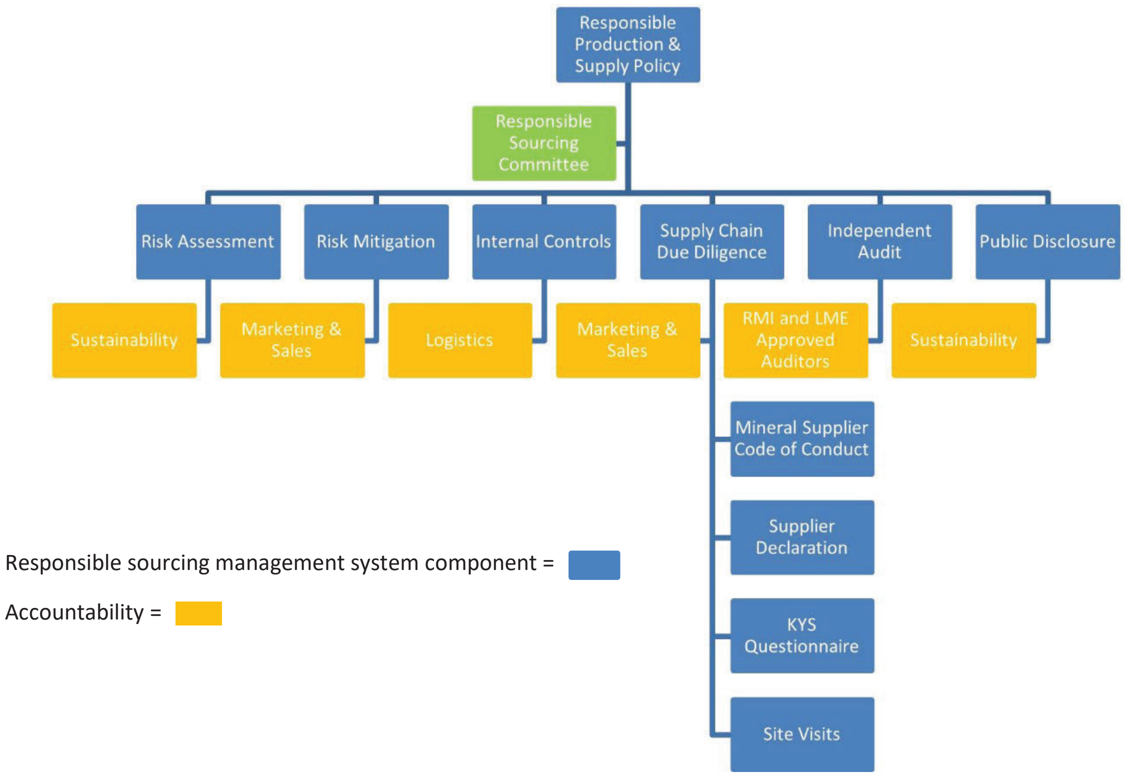

Figure 1. Sherritt's Responsible Sourcing Management System & Accountabilities

Policies

Sherritt's Environment, Health, Safety and Sustainability Policy and Human Rights Policy articulate Sherritt's overarching commitments and expectations for our employees, contractors and suppliers in these areas. Collectively, these two policies set the umbrella for other policies and standards enforced by Sherritt, including Sherritt's Responsible Production and Supply Policy. The Responsible Production and Supply Policy is consistent with standards set forth by the Organisation for Economic Co-operation and Development (OECD)[1] and specifically articulates that Sherritt and its subsidiaries will neither tolerate nor by any means profit from, contribute to, assist with, or facilitate the commission by any party of all forms of forced labour and child labour.

The Responsible Production and Supply Policy outlines Sherritt's, the Moa JV's, and its subsidiaries' commitments to human rights including forced labour and child labour, environment, health and safety, transparency, and ethical mineral supply. The Policy is supported by Sherritt's Raw Material Feed Supplier Code of Conduct ("Supplier Code of Conduct"), which articulates in a more detailed fashion the requirements and expectations of mineral feed suppliers to COREFCO in the areas of human rights including forced labour and child labour, ethical business practices, occupational health and safety, environment, and Conflict-Affected and High-Risk Areas (CAHRAs).

The Supplier Code of Conduct is supported by a supplier declaration that collects information on supplier responsible

[1] OECD Due Diligence Guidance for Responsible Business Conduct - OECD

production and supply policies and due diligence management systems. This document assists in the assessment of supplier policies and systems covering ownership, human rights, environment, occupational health and safety, business ethics, OECD Annex II risks, CAHRAs, and red flags.

As stated above, all Sherritt's polices, and the Supplier Code of Conduct, are fully integrated into COREFCO's management system.

In 2024, Sherritt advanced and released a Child and Forced Labour Standard. The development of this standard was a result of Sherritt and COREFCO's commitment to the Mining Association of Canada's Towards Sustainable Mining (TSM) program and the requirements outlined in their protocol pertaining to Preventing Child and Forced Labour. This standard outlines commitments and management system requirements regarding the prevention of child labour and forced labour at Sherritt operations. In 2025, Sherritt will conduct rollout efforts in relation to this standard, such as training, to ensure full integration into COREFCO's management system.

Requirement (c): Forced labour or child labour risks

The following sections describe Sherritt's forced labour and child labour risks. These are also representative of COREFCO's key risks with respect to forced labour and child labour. Unless explicitly identified otherwise, all management system tools and mitigative measures described herein are representative of both Sherritt and COREFCO's approaches.

Sherritt's mineral supply chain has been identified as the area of the business most likely to be at risk for interacting with child or forced labour. Accordingly, Sherritt has embedded several de-risking processes into its mineral supply chain to ensure that no minerals are sourced from or transit through areas where risks of forced labour or child labour exist.

Given that the majority (>95%) of minerals refined by COREFCO come from its own joint-venture mine (Moa Nickel), most of the feed is supplied by an operation that is internally subject to Sherritt's policies, which strictly prohibit any use of forced or child labour. COREFCO also toll-refines a relatively small amount of minerals from a select group of third-party suppliers, which are subject to assessments verifying that their practices are consistent with Sherritt's policies and codes of conduct.

Sherritt's own joint venture mine and its supplementary feed suppliers are managed under a rigorous due diligence process to ensure they remain compliant with Sherritt's Human Rights Policy, it's Responsible Production and Supply Policy, and its Supplier Code of Conduct. In addition, suppliers are required to complete 'Know-Your-Supplier' (KYS) questionnaires and supplier declarations.

The KYS process includes but is not limited to the following activities:

1. Identifying all mineral feed suppliers;
2. Sending all suppliers a KYS package that includes the mineral feed policy, supplier code of conduct, questionnaire, and declaration;
3. Reviewing and documenting the supplier responses in the questionnaire;
4. Reviewing and documenting the supplier declaration response;
5. Holding calls and meetings with suppliers; and
6. Conducting risk-based supplier site visits.

The following information is collected and assessed from all mineral suppliers:

1. Where available, a copy of the suppliers responsible and ethical production policies;
2. Documentation of the mineral type, point of origin, and location of the mine;
3. Methods of mineral extraction and processing used;
4. Identification of whether the minerals has been sourced from or transited through a conflict or high-risk area; and
5. Legal status of the entity and the minerals.

In addition to completing the aforementioned due diligence requirements, Sherritt regularly conducts mineral supply chain risk assessments based on the Responsible Business Alliance (RBA)/Responsible Minerals Initiative's (RMI) Risk Readiness Assessment for smelters and refiners. The scope of the risk assessment which was updated in 2024 included 29 issue areas covering environmental, labour and working conditions, community, and business and human rights aspects of mining and refining operations. No significant material mineral supply chain risks were identified.

Sherritt has also developed and implemented a procedure for conducting regular CAHRA assessments[1]. CAHRA assessments cover the minerals produced, transported, mined, and purchased by Sherritt, the Moa JV, COREFCO, and Moa JV subsidiaries. For the last several years, Sherritt has completed CAHRA assessments on behalf of COREFCO, all of which to-date have determined that the minerals produced by COREFCO are not sourced from or transit through CAHRAs. The assessments are updated annually and any time a new mineral supplier is considered for mineral feed sourcing, transit, or operation including any new joint venture partnerships.

Table 1. Methodology and Scope of Sherritt and COREFCO's combined CAHRA Risk Assessments

Assessment Information	Details
Assessment Steps	1. Identification of the locations of mineral origin and transit, including third-party mineral feeds; 2. Identification of all mineral suppliers; 3. Utilization of credible indices to assess the countries and regions of mineral origin and transit for conflict, other risks, and red flags; 4. Review of mineral supplier CAHRA assessments; and 5. Documentation of the assessment.
Assessment Scope	• Mineral type and point of origin, including the location of the mine; • Geography including known mineral resources and production levels; • The methods of extraction, including artisanal and small-scale mining; • CAHRA and red flag identification; • Supplier legal status and beneficial ownership and/or ownership or other controlling interests in other entities; • Country corruption and transparency; and • OECD Annex II risks, including but not limited to human rights abuses, forced labour, child labour, support for non-state armed group or security forces, bribery, money laundering, and fraudulent misrepresentation of origin.

The results of the annual CAHRA determination are communicated internally to management and publicly in Sherritt's annual Responsible Production and Supply Report.

As a result of Sherritt's due diligence, no risks or incidents of forced labour or child labour were identified in Sherritt or COREFCO's mineral supply chain for the reporting period January 1, 2024, to December 31, 2024. Table 2 below provides the annual data concerning forced labour and child labour determined through Sherritt's annual assessments.

Table 2. Child labour and forced labour annual risk assessment results

Disclosure Component	2024	2023	2022	2021
Operations and suppliers at significant risk for incidents of forced or compulsory labour	0	0	0	0
Presence of worst forms of child labour	None	None	None	None

[1] According to the OECD, CAHRAs are identified by the presence of armed conflict, widespread violence, or other risks of harm to people including human rights abuses such as forced labour and child labour.

In 2025, Sherritt and COREFCO will undergo external verification against the Mining Association of Canada's TSM program. This verification process will include an evaluation of performance against the requirements outlined in the Preventing Child and Forced Protocol. This process includes a review of the completed self-assessment against the protocol by an accredited verifier. Once the verification process is complete, the verification summary report will be publicly available on Sherritt's TSM webpage.

Requirement (d): Remediation measures

Not applicable. No remediation measures have been employed by Sherritt or COREFCO as multiple internal assessments and independent audits have verified that there is no forced or child labour within Sherritt's or COREFCO's supply chain.

Requirement (e): Remediation of loss of income

Not applicable. No measures have been required to be taken to remediate any forced labour or child labour as multiple assessments and independent audits have verified there is no forced or child labour within Sherritt's or COREFCO's supply chain.

Requirement (f): Training

Sherritt and COREFCO have a comprehensive Responsible Production and Supply Training Plan. There are three key modules identified for development in this training plan, including:

1. General Awareness Training
2. Material Receipt Training
3. Supplier Awareness

The first module was developed and delivered in 2023, with training provided to several representatives of both Sherritt and COREFCO including individuals involved in marketing and sales, sustainability, supply chain management, and operational logistics. The goal of the training sessions was to increase awareness and understanding of responsible production and supply context, human rights and forced labour and child labour commitments, management systems and due diligence practices. In 2024 general awareness training was provided to the customer service manager.

Requirement (g): Assessing effectiveness

Sherritt and COREFCO maintain internal control systems to prevent forced labour and child labour in the mineral supply chain through processes and procedures that identify and control the origin of material.

Sherritt and Moa JV policies require the identification of risks in the mineral supply chain and risk-based mitigation through engagement and due diligence reviews with mineral feed suppliers. Supplier expectations and requirements are documented and enforced through agreements and signed supplier declarations. Supplier declarations are reviewed upon receipt and an internal material control system is in place. It allows for the reconciliation of material inputs and outputs through a mass balance approach.

To evaluate and confirm the effectiveness of these processes, Sherritt and COREFCO, jointly, are subject to regularly scheduled independent third-party audits of its supply chains, the results of which are made publicly available on Sherritt's website. Both the independently conducted 2021 OECD-aligned audit and 2024 independent London Metal Exchange red flag assessment validated that Sherritt and COREFCO have a strong internal material control system. Independent audits from 2021 to present have also reviewed Sherritt and COREFCO's CAHRA and red flag assessments and validated them.

Appendix 1: Report Approval and Attestation

In accordance with the requirements of the Act, and in particular Section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Name: Elvin Saruk, Chief Operating Officer

Date: February 4, 2025

I have the authority to bind Sherritt International Corporation

Signature: "*Elvin Saruk*"

Name: Peter Hancock, Non-Executive Director

Date: February 4, 2025

I have the authority to bind The Cobalt Refinery Company Inc.

Signature: "*Peter Hancock*"

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