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2025 SECOND QUARTER REPORT

Sherritt International Corporation

For the three and six months ended June 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2025

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 July 29, 2025, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three and six months ended June 30, 2025, Sherritt's audited consolidated financial statements and the MD&A 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.

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.

The business we manage

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 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 approximately 20% of contained nickel and cobalt. The Corporation's Power division, through its ownership in Energas S.A., 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".

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

The Fort Site operations and the Corporate and Other reportable segment are both 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. The Financial results and Review of operations sections in this MD&A present amounts by reportable segment, based on the Corporation's economic interest.

The Corporation's reportable segments are as follows:

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 of the Moa JV's nickel and cobalt production and the Corporation's cobalt inventories 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 6 of the condensed consolidated financial statements for the three and six months ended June 30, 2025.

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 34.

Highlights

2025 RESULTS AND SELECTED DEVELOPMENTS[1]

- **Closed strategic transactions to consolidate the Corporation's debt**, significantly extending the maturity to November 2031, strengthening the Corporation's capital structure by reducing debt obligations by $68.0 million[2] and decreasing annual interest expense by approximately $3.0 million.
- **Finished nickel and cobalt production** at the Moa Joint Venture ("Moa JV") in Q2 2025 was 3,431 tonnes and 389 tonnes, respectively, (Sherritt's share[1]). For the six months ended June 30, 2025, finished nickel and cobalt production was 6,378 tonnes and 712 tonnes, respectively.
- **Finished nickel and cobalt sales** in Q2 2025 were 3,256 tonnes and 380 tonnes, respectively. For the six months ended June 30, 2025, finished nickel and cobalt production were 6,695 tonnes and 836 tonnes, respectively.
- **Net direct cash cost** ("NDCC")[3] was US$5.27/lb in Q2 2025 and US$5.64/lb for the six months ended June 30, 2025, benefitting from higher cobalt, fertilizer and other by-product credits and lower planned maintenance cost.
- **Electricity production** was 176 GWh in Q2 2025 and 346 GWh for the six months ended June 30, 2025. As planned, the Varadero facility continues to operate in frequency control to help support the stability of the Cuban national power grid. Energas S.A. ("Energas") expects to be fully compensated for the Varadero facility operating in frequency control throughout most of 2025. In addition, Unión Cubapetróleo ("CUPET") is continuing to advance work to replace declining gas production from one of its legacy wells. Lower gas production from the compromised CUPET gas well continues to be partly offset by increased gas production from the new well that came online in Q4 2024. A replacement well is expected to be in production in Q3 2025.
- **Electricity unit operating cost**[3] was $24.80/MWh in Q2 2025 and $31.03/MWh for the six months ended June 30, 2025, primarily reflecting timing of planned maintenance and the impact of lower electricity production and sales in the current year periods.
- **Net earnings from continuing operations** was $10.4 million, or $0.02 per share in Q2 2025 while net loss from continuing operations was $30.2 million, or $(0.07) per share for the six months ended June 30, 2025.
- **Adjusted net loss from continuing operations**[3] was $25.6 million or $(0.06) per share in Q2 2025 and $47.8 million or $(0.11) per share for the six months ended June 30, 2025 which primarily excludes $32.4 million gain on the debt and equity transactions completed in Q2 2025 as well as a $2.4 million non-cash gain and $13.3 million non-cash loss and for the three and six month period ended June 30, 2025, respectively, on rehabilitation provisions as a result of updates to costs and valuation assumptions for contractually obligated environmental rehabilitation costs on legacy Oil and Gas assets in Spain.
- **Adjusted EBITDA**[3] was $2.6 million in Q2 2025 and $7.0 million for the six months ended June 30, 2025.
- **Updates to 2025 guidance:**
    - At Metals, as a result of significant challenges in the general operating environment in Cuba resulting in materially lower production of mixed sulphides feed in the first half of the year coupled with limited availability of profitable third-party feeds due to high Chinese payabilities for intermediate feeds, Sherritt is lowering its full year production guidance range. Sherritt still anticipates higher second half production on the back of the commissioning and ramp up of the sixth leach train at Moa and with the implementation of a recovery plan agreed to by the joint venture partners that would also see greater expat involvement in the recovery efforts in Cuba. Sherritt has revised its finished nickel production guidance range from 31,000 to 33,000 tonnes to 27,000 to 29,000 tonnes and its finished cobalt production guidance range from 3,300 to 3,600 tonnes to 3,000 to 3,200 tonnes. The revised guidance ranges reflect limited third-party feed due to the market dynamics mentioned and lower than originally forecast mixed sulphides production from Moa as the impact of near-term challenges from the decline in operating environment is expected to take time to mitigate despite the increased capacity from the expansion being available in the second half of the year.

- In light of the continued challenging operating and nickel pricing environment, opportunities to decrease or defer certain capital spending items are being implemented at Metals. As a result, 2025 guidance for sustaining capital has been reduced from $35.0 million to $30.0 million and the tailings facility spending has been reduced from $40.0 million to $35.0 million. The lower 2025 spending on the new tailings facility is a deferral of spending; overall spending for the project remains unchanged with the timeline for commissioning still on track and expected in the second half of 2026.
- At Power, the guidance range for electricity production is unchanged. With the interruption of gas supply from a legacy CUPET well, estimated electricity production for the year is expected to be at the lower end of the 2025 guidance range of 800 GWh to 850 GWh. The loss of gas from the compromised well is being partially mitigated with gas from other wells and CUPET is actively working to replace gas production with a new well in Q3.
- The NDCC(3) and unit operating cost(3) ranges in Metals and Power, respectively, as well as spending on capital in Power remain unchanged.

- **Available liquidity in Canada** as at June 30, 2025 was $45.0 million.
- **Power dividends in Canada** were $5.6 million in Q2 2025, totaling $9.9 million for the six months ended June 30, 2025.
- **The Corporation's syndicated revolving-term credit facility maturity was extended** by one year from April 30, 2026 to April 30, 2027. There were no other significant changes to the terms, financial covenants or restrictions.
- **Phase two of the Moa JV expansion** is in the final stage of commissioning activities. Ramp up remains expected for H2 2025.
- **Copper Mark:** In May 2025, Sherritt received confirmation it became a Participant of the Copper Mark as it aims to obtain The Nickel Mark award for its refinery in Fort Saskatchewan. The Nickel Mark is part of the Copper Mark assurance framework that supports responsible production practices and demonstrates commitment to the green transition across the value chains of copper, nickel, molybdenum and zinc. For Sherritt, participation in this assurance process is an essential part of its strategic focus to build customer and key stakeholder value in the critical minerals industry.

(1) References to operational and financial metrics in this MD&A, 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 ("Metals Marketing") 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 agreement. 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 growth and market development support. Fort Site refers to the Corporation's 100% interest in the utility and fertilizer operations.

(2) Principal amount of Second Lien Notes and PIK Notes at the transaction date and the premium required to be paid on maturity of the Second Lien Notes in November 2026, net of the principal amount of Amended Senior Secured Notes issued. See the Capital Resources section of the MD&A for details.

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

DEVELOPMENTS SUBSEQUENT TO THE QUARTER

Organizational cost reductions

Amid persistent multi-year lows in nickel prices and a materially lower short- to medium-term pricing outlook due to a global slowdown in the EV supply chain expansion outside of China, coupled with the ongoing challenges associated with the operating environment in Cuba, Sherritt has implemented further significant cost reduction measures. These significant measures include, but are not limited to, a 10% workforce reduction, across the Canadian operations with a focus on non-operating roles. The cost reduction initiatives are anticipated to deliver approximately $20.0 million in annualized savings (100% basis) and are in addition to the $17.0 million in annualized savings (100% basis) achieved through the 2024 initiatives.

Over the past several years, Sherritt has rigorously pursued cost optimization, including a 10% workforce reduction at its Corporate office in May 2021, a 10% workforce reduction across Canadian operations in January 2024 and a further 10% workforce reduction at its Corporate office in May and July 2024. The executive management team has also been streamlined from seven members at the start of 2024 to five members currently. These efforts, along with Sherritt's ongoing pursuit of cost optimization opportunities, demonstrate the Corporation's commitment to building a leaner, more resilient organization capable of weathering the current challenging market conditions, while continuing to manage and mitigate the risks associated with Sherritt's operations and Cuban investments.

Financial results

$ millions, except as otherwise noted		For the three months ended 2025 June 30		2024 June 30	Change		For the six months ended 2025 June 30		2024 June 30	Change
FINANCIAL HIGHLIGHTS										
Revenue	**$**	**43.7**	$	51.4	(15%)	**$**	**82.1**	$	80.2	2%
Combined revenue[(1)]		**135.6**		163.2	(17%)		**261.3**		290.9	(10%)
Loss from operations and joint venture		**(19.4)**		(1.9)	(921%)		**(51.2)**		(24.3)	(111%)
Net earnings (loss) from continuing operations		**10.4**		(11.5)	190%		**(30.2)**		(52.4)	42%
(Loss) earnings from discontinued operations, net of tax		**(0.2)**		-	-		**(0.2)**		0.4	(150%)
Net earnings (loss) for the period		**10.2**		(11.5)	189%		**(30.4)**		(52.0)	42%
Adjusted net loss from continuing operations[(1)]		**(25.6)**		(10.0)	(156%)		**(47.8)**		(34.6)	(38%)
Adjusted EBITDA[(1)]		**2.6**		13.0	(80%)		**7.0**		6.5	8%
Net earnings (loss) from continuing operations ($ per share) (basic and diluted)	**$**	**0.02**	$	(0.03)	167%	**$**	**(0.07)**	$	(0.13)	46%
Net earnings (loss) for the period ($ per share) (basic and diluted)		**0.02**		(0.03)	- 167%		**(0.07)**		(0.13)	46%
Adjusted loss from continuing operations[(1)] ($ per share)		**(0.06)**		(0.03)	(100%)		**(0.11)**		(0.08)	(38%)
CASH										
Cash and cash equivalents (prior period, December 31, 2024)	**$**	**121.6**	$	145.7	(17%)	**$**	**121.6**	$	145.7	(17%)
Cash provided (used) by continuing operations for operating activities		**5.6**		(37.8)	115%		**6.6**		(24.8)	127%
Combined free cash flow[(1)]		**2.8**		(27.0)	110%		**(3.8)**		(11.2)	66%
Distributions received from Moa Joint Venture										
Proceeds from Cobalt Swap - Sherritt share		**-**		-	-		**3.1**		0.6	464%
Proceeds from Cobalt Swap - GNC[(2)] redirected share		**-**		-	-		**3.1**		0.6	464%
OPERATIONAL DATA										
COMBINED SPENDING ON CAPITAL[(1)]	**$**	**15.7**	$	9.3	69%	**$**	**31.2**	$	21.4	46%
PRODUCTION VOLUMES										
Mixed sulphides (50% basis, tonnes) ("MSP")[(3)]		**3,238**		4,095	(21%)		**6,395**		8,147	(22%)
Finished nickel (50% basis, tonnes)		**3,431**		3,383	1%		**6,378**		6,980	(9%)
Finished cobalt (50% basis, tonnes)		**389**		342	14%		**712**		684	4%
Fertilizer (tonnes)		**65,207**		60,355	8%		**121,027**		117,419	3%
Electricity (33⅓% basis, gigawatt hours)		**176**		205	(14%)		**346**		415	(17%)
SALES VOLUMES										
Finished nickel (50% basis, tonnes)		**3,256**		3,791	(14%)		**6,695**		7,814	(14%)
Finished cobalt (50% basis, tonnes)		**380**		390	(3%)		**836**		752	11%
Fertilizer (tonnes)		**44,614**		60,682	(26%)		**77,734**		84,591	(8%)
Electricity (33⅓% basis, gigawatt hours)		**176**		205	(14%)		**346**		415	(17%)
AVERAGE EXCHANGE RATE (CAD/US$)	**$**	**1.384**	$	1.368	1%	**$**	**1.409**	$	1.359	4%
AVERAGE-REALIZED PRICES (CAD)[(1)]										
Nickel ($ per pound)	**$**	**9.57**	$	11.25	(15%)	**$**	**9.78**	$	10.55	(7%)
Cobalt ($ per pound)		**18.19**		14.32	27%		**15.51**		14.41	8%
Fertilizer ($ per tonne)		**674.44**		574.70	17%		**591.10**		528.73	12%
Electricity ($ per megawatt hour)		**52.56**		52.00	1%		**53.53**		51.62	4%
UNIT OPERATING COSTS[(1)]										
Nickel (NDCC) (US$ per pound)	**$**	**5.27**	$	5.75	(8%)	**$**	**5.64**	$	6.50	(13%)
Electricity ($ per megawatt hour)		**24.80**		42.74	(42%)		**31.03**		29.81	4%

(1) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.
(2) General Nickel Company S.A. ("GNC").
(3) Mixed sulphides = mixed sulphides precipitate (MSP).

Consolidated revenue, which excludes revenue from the Moa JV as it is accounted for under the equity method, in the three and six months ended June 30, 2025 was $43.7 million and $82.1 million compared to $51.4 million and $80.2 million in prior year periods, respectively. Fertilizer revenue at Fort Site was $22.0 million and $33.9 million in three and six months ended June 30, 2025 compared to $24.8 million and $30.2 million, respectively, in the same periods in 2024. Fertilizer average-realized prices(1) were higher in each of the current year periods. Fertilizer sales volumes were lower in Q2 2025 and slightly higher in the six months ended June 30, 2025 compared to the prior year periods. There was no cobalt sold under the Cobalt Swap in either Q2 2025 or Q2 2024. In the six months ended June 30, 2025 Sherritt sold 173 tonnes (100% basis) of finished cobalt that it received in Q4 2024 under the Cobalt Swap agreement(2) recognizing revenue of $4.7 million compared to sales of 23 tonnes (100% basis) and revenue of $0.9 million in the same period in 2024. Power revenue was relatively unchanged in each of the current year periods compared to the prior year periods. Oil and Gas service revenue was $1.6 million and $3.9 million in the three and six months ended June 30, 2025 compared to $6.0 million and $11.3 million in the prior year periods, respectively, as a result of less drilling services in the current year.

Combined revenue(1) which includes the Corporation's consolidated revenue and its 50% share of revenue of the Moa JV, in the three and six months ended June 30, 2025 was $135.6 million and $261.3 million compared to $163.2 million and $290.9 million in the same periods in the prior year, respectively. In addition to the impact of consolidated revenue as discussed above, Combined revenue(1) was lower in each of the current year periods due to 27% and 21% lower nickel revenue in the three and six months ended June 30, 2025, respectively, compared to the prior year periods, primarily as a result of lower average-realized prices(1) and sales volumes for nickel. The lower nickel revenue was partly offset by higher cobalt revenue as higher average-realized prices(1) offset lower Moa JV cobalt sales volume in the current year periods.

In the three and six months ended June 30, 2025, average-realized prices(1) for nickel were 15% and 7% lower while average-realized prices(1) for cobalt were 27% and 8% higher. The average-realized prices(1) for fertilizers were 17% and 12% higher in the current year periods, compared to the prior year periods, respectively. On a combined basis, sales volumes of nickel were 14% lower in each of the current year periods, while sales volumes of cobalt were 3% lower and 11% higher, respectively, and sales volume of fertilizers were 26% and 8% lower, respectively, compared to the prior year periods.

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.

Sherritt recognized earnings from continuing operations of $10.4 million and a loss from continuing operations of $30.2 million in the three and six months ended June 30, 2025 as compared to losses from continuing operations of $11.5 million and $52.4 million in the same periods is the prior year, respectively. During Q2 2025, Sherritt recognized a gain on the Debt and Equity Transactions of $32.4 million. In addition to the lower combined revenue(1), discussed above, MPR/lb was slightly lower in each of the current year periods as lower planned maintenance costs, lower fuel oil and diesel prices, were partly offset by higher sulphur prices. In Q2 2025, natural gas, fuel oil and diesel prices were 12%, 10% and 4% lower, respectively, while sulphur prices were 40% higher. In the six months ended June 30, 2025, sulphur and natural gas prices were 28% and 6% higher, respectively, while diesel and fuel oil prices were 9% and 7% lower, respectively. Power earnings from operations were higher in Q2 2025 and lower in the six months ended June 30, 2025 compared to the prior year periods primarily as a result of timing of planned maintenance. In the Oil and Gas segment, the higher loss from operations for the three and six months ended June 30, 2025 includes a $2.4 million non-cash gain and a $13.3 million non-cash loss, respectively, on provisions for rehabilitation and closure costs at Sherritt's legacy Oil and Gas assets in Spain, partly offset by higher drilling service earnings in the prior year periods.

(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 condensed consolidated statements of financial position:

$ millions, except as noted, as at		2025 June 30		2024 December 31	Change
Working capital[(1)]	$	**43.3**	$	91.8	(53%)
Current ratio[(2)]		**1.17:1**		1.31:1	(11%)
Cash and cash equivalents	$	**121.6**	$	145.7	(17%)
Total assets		**1,231.0**		1,382.8	(11%)
Loans and borrowings		**315.7**		372.5	(15%)
Total liabilities		**686.8**		785.4	(13%)
Shareholders' equity		**544.2**		597.4	(9%)

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

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

Cash and cash equivalents were $121.6 million as at June 30, 2025 compared to $135.6 million as at March 31, 2025.

As at June 30, 2025, total available liquidity in Canada was $45.0 million, composed of cash and cash equivalents in Canada of $14.7 million and available credit facilities of $30.3 million compared to $55.7 million as at March 31, 2025. During the quarter, Sherritt received $5.6 million of dividends from Energas in Canada for a total of $9.9 million in the first half of 2025 and cash provided by operating activities primarily reflecting timing of working capital receipts and payments including timing of maintenance at Power. Offsetting these inflows, Sherritt paid $8.7 million of interest on the Second Lien Notes, $10.3 million of transaction costs on the Debt and Equity Transactions, $4.4 million of expenditures on property, plant and equipment and $6.2 million on contractually obligated environmental rehabilitation costs related to legacy Oil and Gas assets in Spain.

At current spot nickel prices, and based on revised 2025 guidance for Metals, (*please refer to the Outlook section of this MD&A for further details*), the Corporation expects that distributions under the Cobalt Swap agreement will be limited, commence in the fourth quarter of 2025 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 the Moa JV's liquidity include but are not limited to, anticipated nickel and cobalt prices and sales volumes, spending on capital at the Moa JV, financing, working capital, and other 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.

Based on 2025 guidance for Power which includes electricity production that is expected to be at the lower end of the guidance range, (*please refer to the Outlook section of this MD&A for further details*), Sherritt expects total dividends from Energas in Canada in 2025 to be at the lower end of its previously disclosed range of $25.0 million and $30.0 million.

For further information on risks related to distributions from the Moa JV and dividends in Canada from Energas, refer to the risks related to Sherritt's corporate structure in the Corporation's 2024 Annual Information Form.

As at June 30, 2025, the Corporation was in compliance with all its debt covenants.

Debt and Equity Transactions

In April 2025, the Corporation completed a transaction pursuant to a plan of arrangement (the "CBCA Plan") under the Canada Business Corporations Act (the "CBCA") that exchanged the Corporation's existing notes obligations, comprised of the 8.50% second lien secured notes due 2026 ("Second Lien Notes"), the 10.75% unsecured PIK option notes due 2029 ("PIK Notes"), for amended 9.25% senior second lien secured notes due November 30, 2031 (the "Amended Senior Secured Notes") and certain early consent consideration. The Corporation also completed a subsequent exchange transaction (the "Subsequent Exchange Transaction") with certain holders of Second Lien Notes (the "Subsequent Exchange Noteholders") involving the exchange of $17.1 million of the Amended Senior Secured Notes for 99 million common shares of the Corporation issued from treasury and commitments for subsequent scheduled repurchases of Amended Senior Secured Notes totaling $45.0 million of such notes from 2025 to 2028. These transactions collectively comprise the Corporation's Debt and Equity Transactions and significantly improved the Corporation's capital structure and extended maturity on its debt to late 2031. Refer to the Capital resources section of this MD&A for further information on the Debt and Equity Transactions.

(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 Q2 2025, the price of nickel on the London Metal Exchange ("LME") closed at US$6.81/lb decreasing from the Q1 2025 closing price of US$7.13/lb. The average nickel price of US$6.88/lb during the quarter was lower than in Q1 2025 which averaged US$7.06/lb.

The global nickel market is forecast to be at a 200 kt surplus in 2025[(1)], driven primarily by a 16% year-over-year increase in Chinese backed Indonesian supply, lower growth in demand for downstream nickel uses due to tariff uncertainty, a weaker global economic outlook and ongoing geopolitical tensions. The Indonesian government's sanctions on nickel firms for environmental violations, highlights a shift toward stricter regulatory enforcement which may curtail the pace of supply growth and increase the cost of Indonesian supply reducing their cost competitiveness. Reverting to annual mining quotas (known as RKABs) from the three-year quotas issued at the start of 2025 is indicative of further intension by the Indonesian Government to intervene to seek to establish and maintain market balance in nickel and remains a positive development within the current uncertain macroeconomic environment.

Expected 2025 global stainless steel production of 65 Mt[(2)], has been reduced from prior forecasts with growth decelerating from 4.8% to 3.8%, as China and Indonesia respond to weaker market conditions. In China, output is projected to grow 4.7% to 42 Mt, although competitive pressures may prompt output cuts, curbing both stainless steel output and nickel demand. Indonesia's production is contracting due to the suspension of operations at Delong's Obsidian plant. In Europe, markets remain weak and stainless steel production is forecast to decline 2% to 6 Mt[(2)].

Global electric vehicle ("EV") sales are projected to rise from 18.6 million units in 2024 to 23 million units in 2025, led by growth in China, which accounts for approximately 70% of the EV market[(3)]. Although growth is trailing earlier expectations, nickel demand from batteries is still projected to reach 570 kt in 2025, representing a 10% increase in demand over 2024[(2)]. Long-term demand is expected to be supported by rising adoption in Europe and eventually in the United States.

Nickel demand is expected to outpace supply over the long term, resulting in a forecast market deficit beyond 2030, with price support anticipated in the lead-up to that year. This outlook depends on several factors, including the pace and extent of Indonesian supply expansion or government intervention measures, global EV adoption rates and battery technology developments, global economic conditions, and the strength of climate policy commitments. Evolving global trade dynamics driven by new agreements and tariffs could also shape supply chains and impact on the overall market balance into regional (non-geographic "tariff regions") supply chains.

COBALT

In Q2 2025, Argus Chemical Grade cobalt price closed at US$17.50/lb, unchanged from Q1 2025. The average cobalt price increased to US$17.50/lb during the quarter from US$12.77/lb in Q1 2025.

Refined cobalt prices have surged since February, driven by the Democratic Republic of the Congo ("DRC")'s unexpected four-month export ban, which was extended in June by an additional three months to September 2025. The move reversed prior negative market sentiment, pushing prices up over 50%. A potential shift to a quota system is being considered as the DRC seeks to support prices by limiting exports and strengthening artisanal mining working conditions. While government officials have expressed a commitment to maintaining a balanced market, and any further measures such as additional controls or quotas would continue to offer price support, a sustained recovery is likely to be gradual amid intrinsic oversupply.

Despite global headwinds, battery adoption is expanding across consumer electronics, with rising capacities driven by AI-related power needs[(2)]. China's EV market remains strong, supported by affordability, policy incentives, and resilient consumer demand, although lithium-ion-phosphate ("LFP") batteries, which contain no nickel or cobalt, are a growing portion of this market. Europe is projected to see 15% EV growth in 2025, while the U.S. is expected to grow by 6%. However, tariffs, rising costs, and the phase-out of tax credits could weigh on overall EV demand and consequently cobalt demand. Similar "tariff regions" in supply chains could develop for cobalt following the G7 pronouncements in June on critical minerals supply.

FERTILIZER

In Q2 2025, fertilizer prices increased quarter-over-quarter, driven by seasonal spring application demand, firm producer pricing, rising sulphur input costs on strong industrial sulphur demand. However, prices are expected to ease with the onset of the summer season. A rebound is likely ahead of the fall application window, while geopolitical risks particularly supply disruptions in the Middle East could trigger a spike in natural gas prices, further influencing fertilizer markets before the onset of winter.

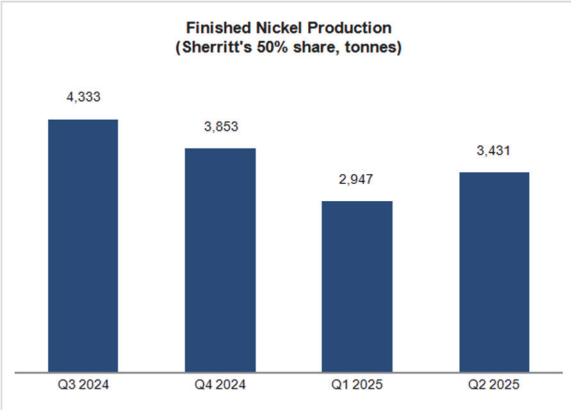
(1) CRU nickel market outlook, June 2025
(2) Wood Mackenzie nickel demand analysis, June 2025
(3) CRU, Cobalt Market Outlook, May 2025

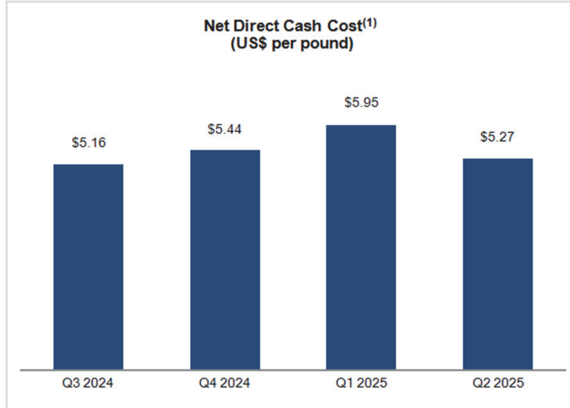
Review of operations

METALS

	For the three months ended			For the six months ended		
	2025	2024		**2025**	2024	
$ millions (Sherritt's share), except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS(1)						
Revenue	**$ 124.7**	$ 150.6	(17%)	**$ 238.4**	$ 265.7	(10%)
Cost of sales	**130.1**	144.5	(10%)	**249.2**	275.6	(10%)
(Loss) earnings from operations	**(7.4)**	2.7	(374%)	**(16.0)**	(18.3)	13%
Adjusted EBITDA(2)	**7.8**	18.0	(57%)	**13.3**	10.5	27%
CASH FLOW(1)						
Cash provided by continuing operations for operating activities(2)	**$ 20.0**	$ 21.2	(6%)	**$ 41.9**	$ 52.4	(20%)
Free cash flow(2)	**6.4**	13.5	(53%)	**17.8**	35.2	(49%)
PRODUCTION VOLUME (tonnes)						
Mixed sulphides	**3,238**	4,095	(21%)	**6,395**	8,147	(22%)
Finished nickel	**3,431**	3,383	1%	**6,378**	6,980	(9%)
Finished cobalt	**389**	342	14%	**712**	684	4%
Fertilizer	**65,207**	60,355	8%	**121,027**	117,419	3%
NICKEL RECOVERY(3) (%)	**83%**	88%	(6%)	**84%**	87%	(3%)
SALES VOLUME (tonnes)						
Finished nickel	**3,256**	3,791	(14%)	**6,695**	7,814	(14%)
Finished cobalt	**380**	390	(3%)	**836**	752	11%
Fertilizer	**44,614**	60,682	(26%)	**77,734**	84,591	(8%)
AVERAGE REFERENCE PRICE(4) (US$ per pound)						
Nickel	**$ 6.88**	$ 8.35	(18%)	**$ 6.97**	$ 7.94	(12%)
Cobalt	**17.50**	13.34	31%	**15.24**	13.59	12%
AVERAGE-REALIZED PRICE(2)						
Nickel ($ per pound)	**$ 9.57**	$ 11.25	(15%)	**$ 9.78**	$ 10.55	(7%)
Cobalt ($ per pound)	**18.19**	14.32	27%	**15.51**	14.41	8%
Fertilizer ($ per tonne)	**674.44**	574.70	17%	**591.10**	528.73	12%
UNIT OPERATING COST(2) (US$ per pound)						
Nickel - net direct cash cost(2)	**$ 5.27**	$ 5.75	(8%)	**$ 5.64**	$ 6.50	(13%)
SPENDING ON CAPITAL(2)						
Sustaining						
Moa JV (50% basis), Fort Site (100% basis)	**$ 7.6**	$ 4.6	65%	**$ 16.4**	$ 11.0	49%
Moa JV - Tailings facility (50% basis)	**5.0**	2.8	79%	**9.8**	3.8	158%
Growth - Moa JV (50% basis)	**2.3**	0.4	475%	**4.0**	2.4	67%
	$ 14.9	$ 7.8	91%	**$ 30.2**	$ 17.2	76%

(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) 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:

	For the three months ended			For the six months ended		
	2025	2024		**2025**	2024	
$ millions, except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
REVENUE						
Nickel	**$ 68.6**	$ 94.0	(27%)	**$ 144.3**	$ 181.8	(21%)
Cobalt - Moa JV	**15.2**	12.3	24%	**23.9**	23.0	4%
Cobalt - Cobalt Swap	**-**	-	-	**4.7**	0.9	422%
Fertilizers	**30.0**	34.8	(14%)	**45.9**	44.7	3%
Other	**10.9**	9.5	15%	**19.6**	15.3	28%
	$ 124.7	$ 150.6	(17%)	**$ 238.4**	$ 265.7	(10%)
COST OF SALES(2)						
Mining, processing and refining (MPR)(3)	**$ 72.6**	$ 84.5	(14%)	**$ 146.1**	$ 167.9	(13%)
Third-party feed costs	**6.5**	1.7	282%	**8.3**	9.1	(9%)
Finished cobalt cost(4)	**-**	-	-	**4.7**	0.8	488%
Fertilizers	**18.6**	25.7	(28%)	**29.5**	33.9	(13%)
Selling costs	**5.0**	6.1	(18%)	**9.9**	11.7	(15%)
Royalties/territorial contributions and other non-cash costs(5)	**5.1**	7.1	(28%)	**9.2**	13.9	(34%)
Other by-product costs and other	**7.1**	4.6	54%	**12.2**	10.0	22%
	$ 114.9	$ 129.7	(11%)	**$ 219.9**	$ 247.3	(11%)
NET DIRECT CASH COST(1) (US$ per pound of nickel)						
Mining, processing and refining costs(6)	**$ 7.32**	$ 7.41	(1%)	**$ 7.14**	$ 7.21	(1%)
Third-party feed costs	**0.64**	0.16	300%	**0.40**	0.39	3%
Cobalt by-product credits(7)	**(1.53)**	(1.08)	(42%)	**(1.27)**	(1.00)	(27%)
Net fertilizer by-product credits	**(1.16)**	(0.80)	(45%)	**(0.79)**	(0.46)	(72%)
Selling costs	**0.50**	0.52	(4%)	**0.48**	0.50	(4%)
Changes in inventories and other non-cash adjustments(8)	**(0.12)**	(0.04)	(200%)	**0.02**	0.09	(78%)
Net other by-products credits and other	**(0.38)**	(0.42)	10%	**(0.34)**	(0.23)	(48%)
	$ 5.27	$ 5.75	(8%)	**$ 5.64**	$ 6.50	(13%)
AVERAGE EXCHANGE RATE (CAD/US$)	**$ 1.384**	$ 1.368		**$ 1.409**	$ 1.359	

(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) MPR costs in cost of sales exclude the cost of cobalt volumes sold in accordance with the Cobalt Swap which is included in finished cobalt cost.
(4) Finished cobalt cost in cost of sales 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) Royalties/territorial contributions and other non-cash costs are included in cost of sales but are excluded from NDCC and consists of royalties, territorial contributions, inventory write-downs and other non-cash costs.
(6) MPR costs for the purposes of NDCC includes Sherritt's share of the Moa JV's costs of nickel and cobalt sold during the period plus Sherritt's 50% share of cobalt received and sold under the Cobalt Swap during the period per pound of nickel sold.
(7) Cobalt by-product credit includes Sherritt's share of cobalt revenue sold by the Moa JV during the period per pound of nickel sold plus Sherritt's 50% share of cobalt received and sold under the Cobalt Swap during the period per pound of nickel sold.
(8) Changes in inventories and other non-cash adjustments are excluded from cost of sales but included in NDCC.

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

	For the three months ended			For the six months ended		
	2025	2024		**2025**	2024	
	June 30	June 30	Change	**June 30**	June 30	Change
Sulphur (US$ per tonne)	**$ 250.73**	$ 179.71	40%	**$ 230.64**	$ 180.87	28%
Diesel (US$ per litre)	**0.93**	0.97	(4%)	**0.94**	1.03	(9%)
Fuel oil (US$ per tonne)	**433.05**	479.25	(10%)	**446.07**	478.88	(7%)
Natural gas cost ($ per gigajoule)[2]	**1.98**	2.26	(12%)	**2.21**	2.09	6%

(1) The above input commodity prices are the average reference prices during the periods.

(2) The Corporation entered into natural gas swaps from January to December 2025 fixing the price paid at $1.91 per gigajoule on a notional amount of 7.6 million gigajoules.

Revenue

Metals revenue in the three and six months ended June 30, 2025 was $124.7 million and $238.4 million compared to $150.6 million and $265.7 million, respectively, in the same periods in 2024.

Nickel revenue in the three and six months ended June 30, 2025 was $68.6 million and $144.3 million compared to $94.0 million and $181.8 million, respectively, in the same periods in 2024. Nickel revenue in the current year periods was lower primarily due to lower average-realized prices[1] of nickel and lower sales volumes. In the current year periods, the average-realized price[1] of nickel of $9.57/lb and $9.78/lb, respectively, was 15% and 7% lower compared to the prior year periods. Sales volumes of 3,256 tonnes and 6,695 tonnes were 14% lower in both of the current year periods. Sales volumes are reasonably in line with production volumes in both current year periods. In 2024, sales volumes exceeded production recovering from the depressed market conditions in 2023 which led to an inventory build up.

Cobalt revenue in the three and six months ended June 30, 2025 was $15.2 million and $28.6 million compared to $12.3 million and $23.9 million, respectively, in the same periods in 2024. In Q2 2025, cobalt revenue was higher as the higher average-realized price[1] of cobalt more than offset the lower sales volume. For the six months ended June 30, 2025, average-realized price[1] and sales volume were both higher. In the current year periods, the average-realized price[1] of cobalt of $18.19/lb and $15.51/lb was 27% and 8%, respectively, higher compared to the prior year periods following the cobalt export ban in the DRC in February 2025. Sales volumes of 380 tonnes and 836 tonnes were 3% lower and 11% higher, respectively, compared to the prior year periods. The higher sales volume in the six months ended June 30, 2025 includes the sale by Sherritt of 173 tonnes of cobalt received at the end of 2024 under the Cobalt Swap agreement compared to 23 tonnes in same period in 2024. For more information regarding the timing of Cobalt Swap distributions in 2024, refer to the Cobalt Swap sales section below.

Fertilizer revenue in the three and six months ended June 30, 2025 was $30.0 million and $45.9 million compared to $34.8 million and $44.7 million, respectively, in the same periods in 2024. In the current year periods, the average-realized price[1] of fertilizers of $674.44/lb and $591.10/lb was 17% and 12% higher, respectively, compared to the prior year periods. Sales volumes of 44,614 tonnes and 77,734 tonnes were 26% and 8% lower, respectively, compared to the prior year periods. While overall customer demand was lower for the 2025 spring planting season, the sales volumes during Q2 2025 also reflect the timing of customer purchases. During Q1 2025 sales volumes were 39% higher year-over-year reflecting accelerated purchases which were weighted more heavily toward the first quarter this year.

Cobalt Swap

There were no sales of cobalt from the Cobalt Swap in either Q2 2025 or Q2 2024. In the six months ended June 30, 2025 Sherritt sold 173 tonnes (100% basis) of finished cobalt that it received in Q4 2024 under the Cobalt Swap agreement recognizing revenue of $4.7 million compared to sales of 23 tonnes (100% basis) and revenue of $0.9 million in the same period in 2024.

Variances in cobalt sales volumes, revenue and cost of sales are, in part, dependent upon the timing of receipts of cobalt and their subsequent sale by Sherritt under the Cobalt Swap agreement compared to sales of cobalt produced and sold directly by the Moa JV. Sales volumes, revenue and costs of sales of cobalt received by Sherritt under the Cobalt Swap agreement are recognized by Sherritt on a 100% basis versus a 50% basis for cobalt produced and sold directly by the Moa JV.

While the timing of the sales under the Cobalt Swap or by Moa JV directly results in variances in sales volumes, revenue and cost of sales, it does not have a material impact on earnings from operations, average-realized prices[1], cobalt by-product credits[2], 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.

At current spot nickel prices, and based on revised 2025 guidance for Metals, (*please refer to the Outlook section of this MD&A for further details*), the Corporation expects that distributions under the Cobalt Swap agreement will be limited, commence in the fourth quarter of 2025 and will not meet the annual minimum amount in 2025.

Refer to the risks related to Sherritt's corporate structure in the Corporation's 2024 Annual Information Form for further information on risks related to distributions from the Moa JV.

Production

Mixed sulphides production at the Moa JV in the three and six months ended June 30, 2025 was 3,238 tonnes and 6,395 tonnes, compared to 4,095 tonnes and 8,147 tonnes, respectively, in the same periods in 2024. The lower production in Q2 2025 was primarily attributable to the planned shutdown at the Acid Plant. Due to high acid prices and low nickel prices, the Moa JV elected to not purchase acid during this period which lowered MSP production by approximately 1,000 tonnes (100% basis). The general challenging operating environment in Cuba, due to the challenging economic conditions experienced in the country, continue to negatively impact MSP production. Sherritt and its Cuban partner have agreed on a recovery plan which includes an increase in expatriate personnel. The recovery efforts, coupled with the ramp up of the sixth leach train at Moa is expected to increase MSP production in the second half of the year. Recovery efforts will take time to implement as outlined in the revised 2025 guidance. In the six months ended June 30, 2025, supply chain delays and a further nationwide power outage also contributed to lower production.

Sherritt's share of finished nickel production in the three and six months ended June 30, 2025 was 3,431 tonnes and 6,378 tonnes compared to 3,383 tonnes and 6,980 tonnes, respectively, in the same periods in 2024. In the current year periods, production was primarily impacted by lower mixed sulphides feed availability from Moa which could not be offset by third-party feeds due to unprofitably high payabilities in the intermediate market. In addition, in the six months ended June 30, 2025, lower mixed sulphides inventory was available at the refinery to begin the year. In 2025, Sherritt expects its annual maintenance shutdown will take place in September.

Cobalt production in the three and six months ended June 30, 2025 was 389 tonnes and 712 tonnes, compared to 342 tonnes and 684 tonnes, respectively, in the same periods in 2024 consistent with nickel production, partly offset by the impact of a lower nickel-to-cobalt ratio in available feed processed.

Fertilizer production for the three and six months ended June 30, 2025 was 65,207 tonnes and 121,027 tonnes, 8% and 3% higher, respectively, compared to the same periods in 2024 primarily due to improved equipment availability and timing of maintenance activities.

NDCC[1]

NDCC[1] per pound of nickel sold for the three and six months ended June 30, 2025 was US$5.27/lb and US$5.64/lb, respectively, compared to US$5.75/lb and US$6.50/lb in the same periods in 2024. In each of the current year periods, NDCC[1] improved despite the impact of lower nickel sales volume in the current year periods.

In each of the current year periods, MPR/lb was slightly lower compared to Q2 2024 due to lower planned maintenance costs, lower fuel oil and diesel prices, partly offset by higher sulphur prices. Third-party feed costs were higher in Q2 2025 and relatively unchanged for the six-month period compared to the prior year periods as a result of processing more third-party feed that was previously acquired. Cobalt by-product credits were higher in both current year periods primarily as a result of 27% and 8% higher average-realized cobalt price[1], respectively Fertilizer net by-product credits were higher as a result of 17% and 12% higher average-realized fertilizer prices[1], respectively, and lower planned maintenance costs in the current year periods which more than offset lower fertilizer sales volumes.

Spending on capital[1]

Sustaining spending on capital in the three and six months ended June 30, 2025 was $7.6 million and $16.4 million compared to $4.6 million and $11.0 million in the same periods in 2024, respectively. The modestly higher spending in each of the current year periods is consistent with spending estimates for the first half of the year.

Sustaining spending on capital in the three and six months ended June 30, 2025 related to the tailings facility was $5.0 million and $9.8 million compared to $2.8 million and $3.8 million in the same periods in 2024, respectively.

Growth spending on capital in the three and six months ended June 30, 2025 was $2.3 million and $4.0 million compared to $0.4 million and $2.4 million in the same periods in 2024, respectively. The final spending on growth capital is planned to be incurred during ramp up of the Moa JV expansion.

(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

During the quarter, commissioning of phase two of the Moa JV expansion, the processing plant, continued. This work will be completed by mid-August with ramp up scheduled to occur in the third quarter. Additional MSP from the ramp up of phase two of the expansion is expected to begin to be processed at the refinery in the fourth quarter of this year.

The low capital intensity expansion program, which remains under budget, 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. The Moa JV could pursue further expansion opportunities at the refinery should sufficient positive margin third-party feeds be available to further expand finished nickel and cobalt production and expand cash flow generation capacity.

Strategic developments

Sherritt, through its mixed hydroxide precipitate processing project ("MHP Project"), has advanced 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.

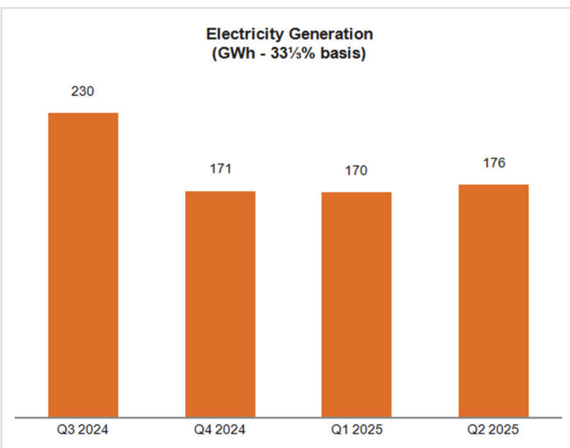
During the quarter, Sherritt received positive confirmation that the MHP Project was approved for funding of up to $2.4 million through Emissions Reduction Alberta ("ERA")'s Advanced Materials Challenge that would support integrated piloting and demonstration of an innovative refining flowsheet at Sherritt's Fort Saskatchewan process technology site over a two-year project period.

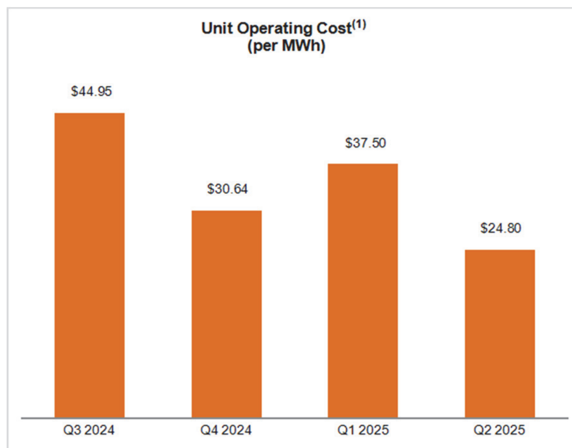
As a result of the organization wide cost reduction initiative, work on this project will be paused until broader nickel market conditions improve and greater certainty on the timeline for development of the downstream electric vehicle supply chain in North America.

POWER

$ millions (Sherritt's share, 33⅓% basis), except as otherwise noted	For the three months ended 2025 June 30	2024 June 30	Change	For the six months ended 2025 June 30	2024 June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 10.6**	$ 11.8	(10%)	**$ 22.0**	$ 23.8	(8%)
Cost of sales	**5.0**	9.3	(46%)	**11.9**	13.3	(11%)
Earnings from operations	**4.3**	1.2	258%	**7.0**	8.3	(16%)
Adjusted EBITDA(1)	**5.0**	1.8	178%	**8.4**	9.4	(11%)
CASH FLOW						
Cash provided (used) by continuing operations for operating activities(1)	**$ 16.0**	$ (7.8)	305%	**$ 16.9**	$ 1.9	789%
Free cash flow(1)	**15.2**	(9.3)	263%	**16.0**	(2.2)	827%
PRODUCTION AND SALES VOLUME						
Electricity (GWh(2))	**176**	205	(14%)	**346**	415	(17%)
AVERAGE-REALIZED PRICE(1)						
Electricity (per MWh(2))	**$ 52.56**	$ 52.00	1%	**$ 53.53**	$ 51.62	4%
UNIT OPERATING COST(1)						
Electricity (per MWh)	**$ 24.80**	$ 42.74	(42%)	**$ 31.03**	$ 29.81	4%
SPENDING ON CAPITAL(1)						
Sustaining	**$ 0.8**	$ 1.5	(47%)	**$ 0.9**	$ 4.1	(78%)

(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:

$ millions (Sherritt's share, 33⅓% basis)	For the three months ended 2025 June 30	2024 June 30	Change	For the six months ended 2025 June 30	2024 June 30	Change
Electricity sales	**$ 9.2**	$ 10.7	(14%)	**$ 18.5**	$ 21.4	(14%)
Varadero frequency control revenue	**0.7**	-	-	**2.1**	-	-
By-products and other	**0.7**	1.1	(36%)	**1.4**	2.4	(42%)
	$ 10.6	$ 11.8	(10%)	**$ 22.0**	$ 23.8	(8%)

Frequency control at Varadero

As a result of the nationwide power outages in Cuba and challenges facing the national power grid in 2024, 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. Energas expects that the Varadero facility will operate in frequency control throughout most of 2025 with an estimated reduction in electricity volume of approximately 150 GWh (Sherritt's share). Energas expects 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 and six months ended June 30, 2025 was $10.6 million and $22.0 million compared to $11.8 million and $23.8 million in same periods in the prior year, respectively. Current year revenue includes full compensation of $0.7 million and $2.1 million for the three and six months ended June 30, 2025, respectively, for the Varadero facility operating in frequency control. Lower revenue was largely attributable to lower production as discussed below, partially offset by the weaker Canadian dollar which had a positive impact on the U.S. dollar-denominated average-realized price(1) of electricity.

Production

Production volume for the three and six months ended June 30, 2025 was 176 GWh and 346 GWh compared to 205 GWh and 415 GWh in the same periods in the prior year, respectively. Lower electricity production was primarily a result of the Varadero facility operating in frequency control and the loss of gas production from one of CUPET's legacy gas wells which experienced an increase in water production in Q1 2025 impacting the amount of gas provided to the power facility. CUPET is actively working to replace production from the well with the development of a replacement gas well which is expected to be drilled in August and begin production in September. The decrease in gas supply during the quarter was partially offset by increased gas supply from other wells.

Unit operating cost(1)

Unit operating cost(1) for the three and six months ended June 30, 2025 was $24.80/MWh, and $31.03/MWh, compared to $42.74/MWh, and $29.81/MWh, respectively, primarily as a result of the timing of planned maintenance. In the current year, Power completed a major turbine inspection during Q1 while two major inspections were completed in Q2 2024. There are no additional major inspections planned during the balance of the year. A weaker Canadian dollar on U.S. dollar-denominated costs and lower electricity volumes from the Varadero facility operating in frequency control in the current year periods has a negative impact on unit operating cost(1).

Spending on capital(1)

Spending on capital(1) was $0.8 million and $0.9 million in the three and six months ended June 30, 2025, respectively.

Dividends from Energas

Sherritt received $5.6 million of dividends in Canada from Energas in Q2 2025 for a total of $9.9 million inf the first half of 2025. Based on 2025 guidance for Power which includes electricity production that is expected to be at the lower end of the guidance range, (*please refer to the Outlook section of this MD&A for further details*), Sherritt expects total dividends from Energas in Canada in 2025 to be at the lower end of its previously disclosed range of $25.0 million and $30.0 million. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2024 Annual Information Form for further information on risks related to dividends in Canada from Energas.

(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 2025 June 30	2024 June 30	Change	For the six months ended 2025 June 30	2024 June 30	Change
EXPENSES						
Administrative expenses	**$ 10.1**	$ 7.3	38%	**$ 15.0**	$ 14.3	5%

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, corporate action, 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 June 30, 2025 were $2.8 million higher compared to the prior year primarily as a result of higher consulting services fees. Share-based compensation expense of $0.5 million was lower compared to an expense of $0.9 million in the prior year period primarily as a result of a lower number of vested units in the current year.

Administrative expenses at Corporate and Other for the six months ended June 30, 2025 were $0.7 million higher compared to the prior year primarily as a result of higher consulting services fees, partially offset by $0.9 million of severance expenses in 2024 related to the restructuring of Technologies to reduce scale in line with a narrower focus to deliver essential support and enhancements to internal operations and business development opportunities, with no comparable amounts in the current year. Share-based compensation expense of $0.9 million was lower compared to an expense of $2.2 million in the prior year period primarily as a result of a lower number of vested units in the current year.

In April 2025, the Corporation's Senior Vice President, General Counsel and Corporate Secretary departed the organization to pursue other interests and the Corporation does not anticipate immediately filling the role. Including the departure of the Senior Vice President, Metals, in the prior year, the executive management team has been reduced from seven members at the start of 2024 to five members currently, aligning with ongoing efforts to optimize costs and improve efficiency and reflecting a challenging operating and market environment.

Sir Richard Lapthorne retired from the Corporation's Board of Directors for personal reasons on June 9, 2025. Richard Moat was appointed to the Board prior to the Corporation's annual meeting of shareholders in June (the "Meeting") following the retirement of Steven Goldman who did not seek reelection at the Meeting. All six director nominees standing for election were elected as directors at the Meeting. To fill the vacancy on the Board resulting from Sir Richard Lapthorne's retirement and consistent with the Corporation's ongoing commitment to good governance and Board renewal, following the Meeting, the Board appointed John Ewing as a director of the Corporation, Leon Binedell was appointed Executive Chairman and Shelley Brown, an independent director of Sherritt since August 2024, was named Lead Independent Director.

Outlook

2025 production volumes, unit operating costs and spending on capital guidance

Production volumes, unit operating costs and spending on capital	Guidance for 2025 - Total	Year-to-date actuals - Total	Updated 2025 guidance - Total
Production volumes			
Metals - Moa JV (100% basis, tonnes)			
Finished nickel	31,000 – 33,000	12,756	27,000 – 29,000
Finished cobalt	3,300 – 3,600	1,424	3,000 – 3,200
Power - Electricity (33⅓% basis, GWh)	800 – 850	346	No change
Unit operating costs(1)			
Metals – NDCC(1) (US$ per pound)	\$5.75 – \$6.25	\$5.64	No change
Electricity – unit operating cost (\$ per MWh)	\$23.00 – \$24.50	\$31.03	No change
Spending on capital(1)(\$ millions)			
Sustaining			
Metals - Moa JV (50% basis), Fort Site (100% basis)	\$35.0	\$16.4	\$30.0
Metals - Moa JV – Tailings facility (50% basis)	\$40.0	\$9.8	\$35.0
Power (33⅓% basis)	\$2.0	\$0.9	No change
Growth			
Metals - Moa JV (50% basis)	\$5.0	\$4.0	No change
Spending on capital(2)	\$82.0	\$31.1	\$72.0

(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

As a result of significant challenges in the general operating environment in Cuba resulting in materially lower production of mixed sulphides feed in the first half of the year coupled with limited availability of profitable third-party feeds due to high Chinese payabilities for intermediate feeds, Sherritt is lowering its full year production guidance range. Sherritt still anticipates higher second half production on the back of the commissioning and ramp up of the sixth leach train at Moa and with the implementation of a recovery plan agreed to by the joint venture partners that would also see greater expat involvement in the recovery efforts in Cuba. Sherritt has revised its finished nickel production guidance range from 31,000 to 33,000 tonnes to 27,000 to 29,000 tonnes and its finished cobalt production guidance range from 3,300 to 3,600 tonnes to 3,000 to 3,200 tonnes. The revised guidance ranges reflect limited third-party feed due to the market dynamics mentioned and lower than originally forecast mixed sulphides production from Moa as the impact of near-term challenges from the decline in operating environment is expected to take time to mitigate despite the increased capacity from the expansion being available in the second half of the year.

In light of the continued challenging operating and nickel pricing environment, opportunities to decrease or defer certain capital spending items are being implemented at Metals. As a result, 2025 guidance for sustaining capital has been reduced from \$35.0 million to \$30.0 million and the tailings facility spending has been reduced from \$40.0 million to \$35.0 million. The lower 2025 spending on the new tailings facility is a deferral of spending; overall spending for the project remains unchanged with the timeline for commissioning still on track and expected in the second half of 2026.

Based on NDCC(1) for the six months ended June 30, 2025 and estimated production volumes and costs to the end of the year, NDCC range of US\$5.75/lb to US\$6.25/lb, remains unchanged.

Power

The guidance range for electricity production is unchanged, with the interruption of gas supply from a legacy CUPET well, estimated electricity production for the year is expected to be at the lower end of the 2025 guidance range of 800 GWh to 850 GWh.

Based on unit operating cost(1) in the first half of 2025, and the absence of planned major maintenance activities in the second half of the year, Sherritt continues to expect unit operating cost(1) to be within the 2025 guidance range of \$23.00/MWh to \$24.50/MWh.

Liquidity

As at June 30, 2025, total available liquidity in Canada was $45.0 million, which is composed of cash and cash equivalents in Canada in major currencies of $14.7 million and $30.3 million of available credit facilities and excludes restricted cash of $0.3 million.

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.

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. During the three months ended June 30, 2025, the Corporation's Credit Facility was extended by one year from April 30, 2026 to April 30, 2027. There were no other significant changes to the terms, financial covenants or restrictions. Refer to the Capital resources section for further details on the Amended Senior Secured Notes, Second Lien Notes, PIK Notes and the Credit Facility.

Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of its liquidity requirements. Determinants of the Moa JV's 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. As at June 30, 2025, the Moa JV had drawn $40.9 million (US$30.0 million) on a US$60.0 million (100% basis) Cuban credit facility with a 5-year maturity to support spending on tailings management and working capital.

At current spot prices and based on revised 2025 guidance for production volumes, NDCC(1) and spending on capital(1) disclosed in the Outlook section, the Corporation expects that cobalt and cash distributions under the Cobalt Swap agreement will be limited, commence in the fourth quarter of 2025 and will not meet the annual minimum amount in 2025. As previously disclosed and as defined by the Cobalt Swap agreement, the shortfall in the annual minimum payment in 2025 will be added to the annual minimum payment in 2026. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2024 Annual Information Form for further information on risks related to distributions from the Moa JV.

During the three and six months ended June 30, 2025, the Corporation received $5.6 million and $9.9 million of dividends from Energas in Canada, respectively. Based on 2025 guidance estimates for production volumes, which are expected to be at the lower end of the guidance range, 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 at the lower end of its previously disclosed range of $25.0 million and $30.0 million. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2024 Annual Information Form for further information on risks related to dividends in Canada from Energas.

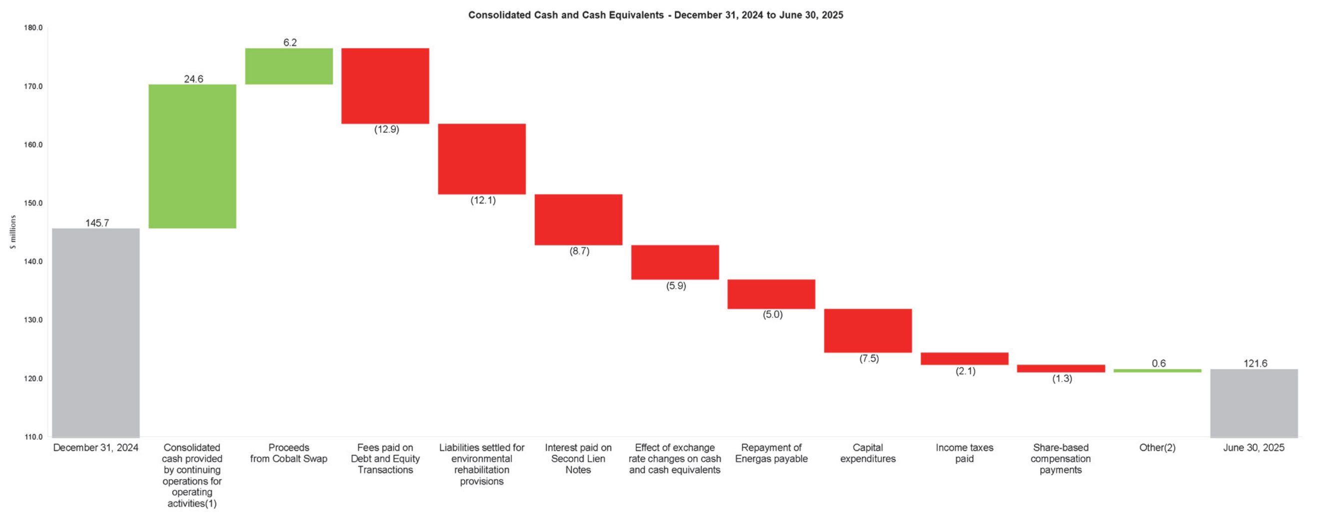
In April 2025, the Second Lien Notes and PIK Notes were extinguished and Amended Senior Secured Notes were recognized with a principal amount of $266.1 million and maturity of November 30, 2031. Following the recognition of the Amended Senior Secured Notes, $17.1 million of Amended Senior Secured Notes were extinguished for 99 million common shares of the Corporation issued from treasury. Collectively, these transactions comprise the Corporation's Debt and Equity Transactions and significantly improved the Corporation's capital structure and materially extended the debt maturity. In aggregate, the Debt and Equity Transactions reduced the Corporation's outstanding debt by a principal amount of $42.6 million, eliminated the $25.0 million premium payable at maturity of the Second Lien Notes, extended the maturities of the Corporations' notes obligations to November 2031 and reduced annual interest expense by approximately $3.0 million. Refer to the Capital Resources section of the MD&A for further information on the Debt and Equity Transactions.

Subsequent to period end, the Corporation implemented cost reduction measures including a workforce reduction representing 10% across the Canadian operations with a focus on non-operating roles. The cost reduction initiatives are anticipated to deliver approximately $20.0 million (100% basis) in annualized savings and are in addition to the $17.0 million (100% basis) in annualized savings achieved through the 2024 initiatives.

Cash in Cuba is denominated in Cuban pesos ("CUP") and not exchangeable into other currencies unless sufficient foreign currency reserves exist in Cuba and is primarily held by Energas for use locally by the joint operation. To facilitate the conversion of CUP to Canadian dollars, the Corporation has in place the Moa Swap, which facilitates the payment of the Canadian equivalent of approximately US$50.0 million annually from the Moa JV to Energas, which Energas uses to facilitate foreign currency payments in support of the business and to pay dividends to the Corporation in Canada. In addition, the Corporation has in place the Cobalt Swap under which the Corporation receives finished cobalt and cash in Canadian dollars from the Moa JV as repayment of the GNC receivable. Energas, in turn, pays an equivalent amount to GNC in CUP under the Energas payable. The Moa JV is not directly exposed to significant risk related to the CUP, as it receives major foreign currencies from the sale of nickel and cobalt to customers outside of Cuba.

(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 June 30, 2025 decreased by $24.1 million from December 31, 2024. The components of this change are shown below:



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

(2) Other is composed of the decrease in restricted cash, proceeds from the natural gas swaps, receipts of other financial assets, repayment of other financial liabilities, cash used by discontinued operations and other finance charges.

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

$ millions, as at June 30, 2025	Cash	Cash equivalents	Total
Canada	$ 14.5	$ 0.2	$ 14.7
Cuba[(1)]	106.4	-	106.4
Other	0.5	-	0.5
	$ 121.4	$ 0.2	$ 121.6
The Corporation's share of cash and cash equivalents in the Moa JV, not included in the above balances:			$ 21.7

(1) As at June 30, 2025, $103.8 million of the Corporation's cash and cash equivalents was held by Energas in Cuba (December 31, 2024 - $111.4 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 six months ended		
	2025	2024		**2025**	2024	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
Cash provided (used) by operating activities						
Cash provided (used) by operating activities[1]						
Metals - Fort Site[2]	$ **10.0**	$ 0.7	nm[6]	$ **17.8**	$ 12.3	45%
Metals - Metals Marketing[3]	**(1.6)**	0.3	(633%)	**3.4**	4.1	(17%)
Power	**16.0**	(7.8)	305%	**16.9**	1.9	789%
Oil and Gas[4]	**5.1**	(4.0)	228%	**0.8**	(0.5)	260%
Corporate and Other[5]	**(8.8)**	(4.1)	(115%)	**(16.4)**	(11.6)	(41%)
Distributions from Moa JV:						
Proceeds from Cobalt Swap - Sherritt share	**-**	-	-	**3.1**	0.6	417%
Proceeds from Cobalt Swap - GNC redirected share	**-**	-	-	**3.1**	0.6	417%
Interest paid on Second Lien Notes	**(8.7)**	(9.4)	7%	**(8.7)**	(9.4)	(7%)
Share-based compensation payments	**(0.2)**	(0.7)	(71%)	**(1.3)**	(2.4)	(46%)
Liabilities settled for environmental rehabilitation provisions	**(6.2)**	(10.8)	(43%)	**(12.1)**	(18.2)	(34%)
Purchase of nickel put options	**-**	(2.2)	(100%)	**-**	(2.2)	(100%)
Other cash provided by operating activities	**-**	0.2	(100%)	**-**	-	-
Cash provided (used) by continuing operations	**5.6**	(37.8)	115%	**6.6**	(24.8)	127%
Cash used by discontinued operations	**-**	-	-	**(0.1)**	(0.1)	-
Cash provided (used) by operating activities	$ **5.6**	$ (37.8)	115%	$ **6.5**	$ (24.9)	126%
Cash (used) provided by investing activities	$ **(2.9)**	$ 25.7	(111%)	$ **(5.8)**	$ 25.1	(123%)
Cash (used) provided by financing activities	**(10.9)**	(1.2)	(808%)	**(18.9)**	9.3	(303%)
Effect of exchange rate changes on cash and cash equivalents	**(5.8)**	1.2	(583%)	**(5.9)**	3.7	(259%)
(Decrease) increase in cash and cash equivalents	$ **(14.0)**	$ (12.1)	(16%)	$ **(24.1)**	$ 13.2	(283%)
Cash and cash equivalents:						
Beginning of the period	$ **135.6**	$ 144.4	(6%)	$ **145.7**	$ 119.1	22%
End of the period	$ **121.6**	$ 132.3	(8%)	$ **121.6**	$ 132.3	(8%)

(1) Non-GAAP financial measure. For additional information, see the Non-GAAP and other financial measures section.
(2) Excluding share-based compensation payments, presented separately above.
(3) Excluding proceeds from the Cobalt Swap, presented separately above.
(4) Excluding liabilities settled for environmental rehabilitation provisions related to legacy Oil and Gas assets in Spain and share-based compensation payments, presented separately above.
(5) Excluding interest paid on Second Lien Notes and share-based compensation payments, presented separately above.
(6) Not meaningful ("nm").

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

Cash provided by operating activities was higher for the three and six months ended June 30, 2025 compared to the same periods in the prior year, primarily as a result of the following:

- Higher cash provided by operating activities for the three and six months ended June 30, 2025 at Fort Site primarily due to higher operating earnings and the timing of working capital payments;
- Higher cash used by operating activities for the three months ended June 30, 2025 and lower cash provided by operating activities for the six months ended June 30, 2025 at Metals Marketing primarily due to timing of customer receipts;
- Higher cash provided by operating activities for the three and six months ended June 30, 2025 at Power primarily due to lower maintenance costs and timing of working capital payments. Sherritt received dividends of $5.6 million in Canada from Energas during the three months ended June 30, 2025 and $9.9 million during the six months ended June 30, 2025, which exceeded the $5.1 million of dividends received for the same periods in the prior year, following the completion of maintenance work in 2024 to bring online an additional turbine and to improve equipment availability to process additional gas from completed wells. 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 for the three and six months ended June 30, 2025 at Oil and Gas primarily due to timing of working capital payments and receipts;

- Higher cash used by operating activities for the three and six months ended June 30, 2025 at Corporate and Other primarily due to timing of working capital payments and higher consulting services fees;
- Higher proceeds from the Cobalt Swap from the sale of cobalt to customers for the six months ended June 30, 2025, as a higher amount of finished cobalt was distributed at the end of the fourth quarter in the prior year and sold during the current period, with no comparable cobalt distributions and minimal sales in the comparative period; and
- Lower 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 lower amount of decommissioning work required to be performed in the current periods.

Investing and financing activities for the three months ended June 30, 2025 primarily consist of expenditures on property, plant and equipment, decrease in restricted cash and transaction fees paid on the Debt and Equity Transactions. Investing and financing activities for the six months ended June 30, 2025 primarily consist of expenditures on property, plant and equipment, decrease in restricted cash, repayment of the Energas payable pursuant to the Cobalt Swap and transaction fees paid on the Debt and Equity Transactions. Refer to the Capital Resources section of the MD&A for further information on the Debt and Equity Transactions.

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 June 30, 2025	For the six months ended June 30, 2025
Adjusted EBITDA(1)	$ 2.6	$ 7.0
Add (deduct) non-cash items:		
Moa JV Adjusted EBITDA(1)	0.3	(2.3)
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	(0.3)	(19.0)
Finished cobalt cost of sales	-	4.7
Share-based compensation expense	0.6	1.0
(Gain) loss on environmental rehabilitation provisions	(2.4)	13.3
Net change in non-cash working capital	21.2	22.3
Interest received	0.2	0.8
Interest paid	(10.2)	(11.7)
Income taxes paid	(0.6)	(2.1)
Distributions from Moa JV:		
Proceeds from Cobalt Swap - Sherritt share	-	3.1
Proceeds from Cobalt Swap - GNC redirected share	-	3.1
Liabilities settled for environmental rehabilitation provisions	(6.2)	(12.1)
Share-based compensation payments	(0.2)	(1.3)
Other(2)	0.6	(0.2)
Cash provided by continuing operations for operating activities per financial statements	5.6	6.6
Add (deduct):		
Cash used by discontinued operations	-	(0.1)
Property, plant, equipment and intangible asset expenditures	(4.4)	(7.5)
Decrease in restricted cash	1.1	1.1
Fees paid on Debt and Equity Transactions	(10.3)	(12.9)
Repayment of other financial liabilities	(0.6)	(6.0)
Effect of exchange rate changes on cash and cash equivalents	(5.8)	(5.9)
Other(2)	0.4	0.6
Change in cash and cash equivalents	$ (14.0)	$ (24.1)

(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 indenture governing the Amended Senior Secured Notes (the "Amended Senior Secured Notes Indenture") and Credit Facility agreement, in order to maintain or adjust its capital structure, the Corporation may, among other things, 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.

During the three months ended June 30, 2025, the Corporation issued 99.0 million shares from treasury in order to extinguish $17.1 million of notes obligations. Refer to Debt and Equity Transactions section below for further information on the transactions.

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 commitments for property, plant and equipment are presented in the following table on an undiscounted basis. For amounts payable that are not fixed, including scheduled repurchases of the Amended Senior Secured Notes in 2025, the amount disclosed is determined by reference to the conditions existing as at June 30, 2025.

Canadian $ millions, as at June 30, 2025	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	$ 155.8	$ 155.8	$ -	$ -	$ -	$ -	$ -
Income taxes payable	0.2	0.2	-	-	-	-	-
Amended Senior Secured Notes (includes principal, interest and scheduled repurchases)	384.0	23.8	34.8	38.4	34.3	18.9	233.8
Credit Facility	77.8	4.9	72.9	-	-	-	-
Other non-current financial liabilities	1.3	-	0.1	0.3	0.3	0.3	0.3
Provisions	197.0	7.3	7.9	11.8	10.3	22.0	137.7
Energas payable(2)	92.4	9.0	7.2	76.2	-	-	-
Lease liabilities	10.1	2.1	1.5	1.4	1.3	1.2	2.6
Property, plant and equipment commitments	5.0	5.0	-	-	-	-	-
Total	$ 923.6	$ 208.1	$ 124.4	$ 128.1	$ 46.2	$ 42.4	$ 374.4

(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.

DEBT AND EQUITY TRANSACTIONS

In March 2025, the Corporation announced a transaction to be implemented pursuant to a plan of arrangement (the "CBCA Plan") under the Canada Business Corporations Act (the "CBCA") that proposed exchanging the Corporation's existing notes obligations, comprised of the 8.50% second lien secured notes due 2026 ("Second Lien Notes") and 10.75% unsecured PIK option notes due 2029 ("PIK Notes"), for amended 9.25% senior second lien secured notes due November 30, 2031 (the "Amended Senior Secured Notes") and certain early consent consideration. The Corporation also announced a subsequent exchange transaction (the "Subsequent Exchange Transaction") with certain holders of Second Lien Notes (the "Subsequent Exchange Noteholders") involving the exchange of a portion of the Amended Senior Secured Notes for up to 99 million common shares of the Corporation to be issued from treasury and commitments for subsequent scheduled repurchases of Amended Senior Secured Notes totaling $45.0 million of such notes from 2025 to 2028. These transactions collectively comprise the Corporation's Debt and Equity Transactions.

During the three months ended June 30, 2025, the CBCA Plan received approval by noteholders and by the Ontario Superior Court of Justice and the Debt and Equity Transactions were completed.

As a result, during the three months ended June 30, 2025, all of the outstanding Second Lien Notes in the principal amount of $221.3 million (amortized cost of $240.0 million including the premium payable at maturity) and all of the outstanding PIK Notes in the principal amount of $70.3 million (amortized cost of $69.4 million) were exchanged and extinguished and the Corporation recognized Amended Senior Secured Notes at their initial fair value and principal amount of $266.1 million. In addition, accrued interest on the Second Lien Notes of $8.7 million was paid, accrued interest on the PIK Notes of $1.8 million was extinguished and no mandatory redemptions were required to be made as the Second Lien Notes were extinguished prior to the mandatory redemption date on April 30, 2025.

Holders of the PIK Notes that had voted in favour of the CBCA Plan by the early consent deadline received additional Amended Senior Secured Notes in a principal amount equal to 5% of the outstanding principal amount of PIK Notes, which is included in the $266.1 million above. In addition, holders of Second Lien Notes that had voted in favour of the CBCA Plan by the early consent deadline received early cash consent consideration of $6.5 million.

Following the implementation of the CBCA Plan, pursuant to the Subsequent Exchange Transaction, $17.1 million of Amended Senior Secured Notes held by the Subsequent Exchange Noteholders were exchanged and extinguished for 99 million common shares of the Corporation issued from treasury with a fair value of $13.9 million.

In aggregate, the Debt and Equity Transactions reduced the Corporation's outstanding debt by a principal amount of $42.6 million, eliminated the $25.0 million premium payable at maturity of the Second Lien Notes and resulted in the extension of the maturities of the Corporation's notes obligations to November 2031 and will reduce annual interest expense by approximately $3.0 million.

During the six months ended June 30, 2025, transaction costs of $15.9 million were incurred and are netted within the $32.4 million Gain on Debt and Equity Transactions within net finance expense. Transaction costs are composed of early cash consent consideration of $6.5 million and legal, financial and other advisory costs of $9.4 million. Transaction costs of $4.9 million were reclassified from other financing items to the Gain on Debt and Equity Transactions during the three months ended June 30, 2025. Of the $15.9 million of transaction costs incurred, $10.3 million and $12.9 million were paid in the three and six months ended June 30, 2025, respectively, and are presented within fees paid on Debt and Equity Transactions in the condensed consolidated statements of cash flows. As at June 30, 2025, $3.0 million of transaction costs remained payable.

AMENDED SENIOR SECURED NOTES

During the three months ended June 30, 2025, the Corporation completed the Debt and Equity Transactions, resulting in the issuance of Amended Senior Secured Notes with a principal amount of $266.1 million, interest rate of 9.25% per annum and maturity of November 30, 2031. Interest is payable semi-annually in cash in April and October beginning in October 2025. Subsequent to the issuance of the Amended Senior Secured Notes, pursuant to the Subsequent Exchange Transaction, $17.1 million of Amended Senior Secured Notes held by the Subsequent Exchange Noteholders were exchanged and extinguished for 99 million common shares.

As at June 30, 2025, the outstanding principal amount of the Amended Senior Secured Notes is $249.0 million (December 31, 2024 - nil).

Upon implementation of the Subsequent Exchange Transaction, the Corporation entered into put agreements with each of the Subsequent Exchange Noteholders pursuant to which the Subsequent Exchange Noteholders have the right to require the Corporation to repurchase certain Amended Senior Secured Notes (the “Put Agreements”). Under the Put Agreements, Subsequent Exchange Noteholders have the right to require repurchases with a purchase price equal to (i) 105% of the principal amount of the Amended Senior Secured Notes purchased and (ii) all accrued and unpaid interest on such principal amounts on the following dates (the “Scheduled Repurchase Dates”):

(a) On December 15, 2025, provided that the Corporation’s liquidity exceeds $50.0 million (the “Minimum Liquidity”) after giving effect to such purchase, $5.0 million in aggregate principal amount of the Amended Senior Secured Notes (the “2025 Payment”);

(b) On December 15, 2026, $10.0 million in aggregate principal amount of the Amended Senior Secured Notes, provided that if the 2025 Payment was not made as a result of the Corporation not having liquidity in excess of Minimum Liquidity, $12.5 million in aggregate principal amount of the Amended Senior Secured Notes;

(c) On December 15, 2027, $15.0 million in aggregate principal amount of the Amended Senior Secured Notes, provided that if the 2025 Payment was not made as a result of the Corporation not having liquidity in excess of Minimum Liquidity, $17.5 million in aggregate principal amount of the Amended Senior Secured Notes; and

(d) On December 15, 2028, $15.0 million in aggregate principal amount of the Amended Senior Secured Notes (the “Scheduled Repurchases”).

The Corporation has a call right at any time up to 120 days prior to any Scheduled Repurchase Date to repurchase the Amended Senior Secured Notes from such Subsequent Exchange Noteholders at par value, in a principal amount not to exceed the principal amount that would be subject to the Scheduled Repurchase amounts described above.

Under the Put Agreements, the Corporation agreed that it will take steps to purchase or retire an additional amount of outstanding Amended Senior Secured Notes on the same dates as the Scheduled Repurchases (such additional purchases being, collectively, the “Additional Repurchases”). The Additional Repurchases will be at a price and structure as approved by the Corporation’s Board of Directors, provided that the Corporation’s liquidity would exceed the Minimum Liquidity after giving effect to the Scheduled Repurchases and any Additional Repurchases.

Minimum Liquidity is defined in the Put Agreements as cash and cash equivalents in Canada plus available credit facilities. The Minimum Liquidity amount as at June 30, 2025 is $45.0 million.

Under the indenture governing the Amended Senior Secured Notes (the “Amended Senior Secured 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 Amended Senior Secured Notes Indenture. As at June 30, 2025, the Corporation met the required financial ratio and has the capacity to make restricted payments up to $116.1 million.

As at June 30, 2025, the Corporation was in compliance with all Amended Senior Secured Notes covenants.

SECOND LIEN NOTES

During the three months ended June 30, 2025, the Corporation completed the Debt and Equity Transactions (note 5). Upon completion of the Debt and Equity Transactions, the Corporation paid accrued interest of $8.7 million on the Second Lien Notes, the Second Lien Notes and premium at maturity were extinguished and Amended Senior Secured Notes were recognized.

No mandatory redemptions were required to be made during the three months ended June 30, 2025 as the Second Lien Notes were extinguished prior to the mandatory redemption date on April 30, 2025.

As at June 30, 2025, the outstanding principal amount of Second Lien Notes is nil (December 31, 2024 - $221.3 million).

PIK NOTES

As a result of the Debt and Equity Transactions, the PIK Notes and accrued interest of $1.8 million from January 31, 2025 were extinguished and Amended Senior Secured Notes were recognized.

As at June 30, 2025, the outstanding principal amount of the PIK Notes is nil (December 31, 2024 - $66.7 million).

During the six months ended June 30, 2025, in accordance with the terms of the indenture governing the PIK Notes, the Corporation elected not to pay cash interest of $3.6 million and added the payment-in-kind interest to the principal amount owed to noteholders (during the six months ended June 30, 2024 - $3.4 million).

During the six months ended June 30, 2024, the Corporation repurchased $1.5 million of principal of the PIK Notes at a cost of $0.8 million, plus $0.1 million of accrued interest, resulting in a gain on repurchase of notes of $0.7 million.

CREDIT FACILITY

During the three months ended June 30, 2025, the Credit Facility was amended to extend its maturity for one year from April 30, 2026 to April 30, 2027. The maximum available credit of $100.0 million and interest rate of Canadian Overnight Repo Rate Average ("CORRA") plus 4.00% remain unchanged. There were no other significant changes to the terms, financial covenants or restrictions. Borrowings on the Credit Facility are available to fund working capital and capital expenditures.

As at June 30, 2025, the outstanding principal amount of the Credit Facility is $69.0 million (December 31, 2024 - $69.0 million) and the Corporation was in compliance with all Credit Facility covenants. During the six months ended June 30, 2025, the Corporation received a waiver from the Credit Facility syndicate on potential events of default as a result of the proposed CBCA Plan.

COMMON SHARES

As at July 29, 2025, the Corporation had 496,288,680 common shares outstanding following the issuance of 99 million additional common shares from treasury during the three months ended June 30, 2025 as a result of the Debt and Equity Transactions described above.

An additional 7,764,256 common shares are issuable upon exercise of outstanding stock options granted to employees pursuant to the Corporation's stock option plan.

Managing risk

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

A comprehensive list of the Corporation's significant business risks and strategies designed to manage these risks can be found in the Corporation's 2024 Annual Information Form for the year ended December 31, 2024, dated March 24, 2025. Refer to the below updates to risks related to Sherritt's operations in Cuba and risks related to U.S. government policy towards Cuba.

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 Cuban Government to fulfil payment obligations to the Corporation, as well as the provision of goods and services to the Cuban businesses may be affected by economic and other pressures on Cuba. Additionally, the continued general economic decline in Cuba could have an impact on the Corporation and the Cuban businesses. Risks include, but are not limited to, fluctuations in official or convertible currency exchange rates, access to foreign currency, repatriation of foreign currency, and high rates of inflation. In addition, 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, skilled worker retention and shortages, 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. On June 30, 2025, the Trump administration released a National Security Presidential Memorandum ("NSPM") reaffirming its hardline stance towards Cuba, outlining a strengthened sanctions framework aimed at curbing Cuba's access to international financing and restricting entities engaging in trade or investment in Cuban state-run industries. These measures that require further implementation from the U.S. administration signal a continuation of the administration's policy to isolate Cuba economically and politically and may escalate the risks related to Sherritt's operations in Cuba. Changes in regulations and political attitudes are beyond the control of Sherritt and may adversely affect its business. Operations may be affected in varying degrees by such factors as Cuban Government regulations with respect to currency conversion, repatriation of foreign currency, 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.

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.

For further information on the risks related to Sherritt's operations in Cuba, refer to the Corporation's 2024 Annual Information Form.

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 or dealings directly or indirectly involving Cuba, its government, Cuban entities, goods derived from Cuban-origin, and Cuban nationals, and it bars all persons subject to the jurisdiction of the United States from participating or facilitating in such transactions or dealings unless authorized under general or specific licenses issued by the U.S. Department of the Treasury ("U.S. Treasury"). 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 transactions or dealings directly or indirectly involving entities deemed to be owned or controlled by Cuba, including entities owned or controlled by the Cuban government, 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 as 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 exported, re-exported, or otherwise supplied to Cuba or used in the Corporation's operations in Cuba. Additionally, the U.S. embargo generally prohibits imports into the United States of Cuban-origin goods, goods located in or transported from or through Cuba, or foreign goods made or derived, in whole or in part, from goods derived from Cuban-origin, 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. entities. However, the U.S. 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.

For further information on the risks related to The Helms-Burton Act, refer to the Corporation's 2024 Annual Information Form.

Basis of presentation, material accounting policies, critical accounting estimates and judgments

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

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

The condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as disclosed in note 2 of the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2024, except for the adoption of the Amendments to IAS 21, which were adopted effective January 1, 2025 and the new accounting policies for financial instruments. For further information on the adoption of the Amendments to IAS 21, see note 4 of the condensed consolidated financial statements for the three months ended June 30, 2025 and for further information on the new accounting policies for financial instruments, see note 3 of the condensed consolidated financial statements for the three months ended June 30, 2025.

The critical accounting estimates and judgments used in the preparation of the condensed consolidated financial statements are consistent with those disclosed in note 3 of the Corporation's annual consolidated financial statements as at and for the year ended December 31, 2024.

Summary of quarterly results

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

$ millions, except per share amounts, for the three months ended		**2025 Jun 30**		2025 Mar 31		2024 Dec 31		2024 Sept 30		2024 Jun 30		2024 Mar 31		2023 Dec 31		2023 Sept 30
Revenue	**$**	**43.7**	$	38.4	$	45.7	$	32.9	$	51.4	$	28.8	$	34.8	$	36.4
Share of loss of Moa Joint Venture, net of tax		**(18.7)**		(11.4)		(3.4)		(1.8)		(1.2)		(12.3)		(14.5)		(5.0)
Net earnings (loss) from continuing operations		**10.4**		(40.6)		(22.5)		1.8		(11.5)		(40.9)		(53.4)		(24.8)
Net earnings (loss) for the period		**10.2**		(40.6)		(22.9)		2.1		(11.5)		(40.5)		(53.4)		(24.8)
Net earnings (loss) per share, basic ($ per share)																
Net earnings (loss) from continuing operations	**$**	**0.02**	$	(0.10)	$	(0.06)	$	0.00	$	(0.03)	$	(0.10)	$	(0.13)	$	(0.06)
Net earnings (loss)		**0.02**		(0.10)		(0.06)		0.01		(0.03)		(0.10)		(0.13)		(0.06)

In general, net earnings/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 $1.4352 (Q1 2025) 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):

- Q2 2025: $32.4 million gain on Debt and Equity Transactions, net of transaction costs, which included $4.9 million of transaction costs on the Debt and Equity Transactions recognized in Q1 2025 that were reclassified to the gain on Debt and Equity Transactions in Q2 2025 and a $2.4 million non-cash gain on environmental rehabilitation provisions on legacy Oil and Gas assets in Spain, partially offset by a $5.3 million non-cash unrealized loss on natural gas swaps and higher consulting services fees. In addition, the Corporation's net earnings include a net non-cash gain on revaluation of the GNC receivable and Energas payable of $3.5 million pursuant to the Cobalt Swap;
- Q1 2025: $15.7 million non-cash loss on environmental rehabilitation provisions on legacy Oil and Gas assets in Spain and $4.9 million of transaction costs as a result of the Corporation's Debt and Equity Transactions. In addition, the Corporation's net loss includes a non-cash unrealized gain of $3.5 million on natural gas swaps and a net non-cash gain on revaluation of the GNC receivable and Energas payable of $1.9 million;
- 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; and
- 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.

Off-balance sheet arrangements

As at June 30, 2025, the Corporation had no off-balance sheet arrangements.

Transactions with related parties

The Corporation enters into transactions related to its joint arrangements. For further detail, refer to notes 8 and 18 of the Corporation's condensed consolidated financial statements for the three and six months ended June 30, 2025.

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

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

As at June 30, 2025, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the three months ended June 30, 2025, the Corporation did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Supplementary information

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation's net earnings (loss) and earnings (loss) per share from continuing operations for the three months ended June 30, 2025 from a change in selected key variables. The impact is measured by changing one variable at a time and may not necessarily be indicative of sensitivities on future results.

Factor		Increase	Approximate change in quarterly net earnings (CAD$ millions) Increase/ (decrease)	Approximate change in quarterly basic earnings per share (EPS) Increase/ (decrease)
Prices				
Nickel - LME price per pound[1]	US$	1.00	$ 7	$ 0.01
Cobalt - Argus price per pound[1]	US$	5.00	5	0.01
Fertilizers - price per tonne[1]	$	50.00	2	-
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	(3)	(0.01)
Operating costs[1]				
Natural gas - cost per gigajoule (Moa JV and Fort Site)[2]	$	1.00	(1)	-
Fuel oil - cost per tonne (Moa JV and Fort Site)	US$	50.00	(1)	-
Sulphur - cost per tonne (Moa JV and Fort Site)	US$	25.00	(1)	-

(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.

(2) The Corporation entered into natural gas swaps from January to December 2025 fixing the price paid at $1.91 per gigajoule on a notional amount of 7.6 million gigajoules, which reduces the Corporation's exposure to natural gas prices and is not reflected in the sensitivity above.

INVESTMENT IN MOA JOINT VENTURE

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

Statements of financial position

Canadian $ millions, 100% basis, as at		2025 June 30		2024 December 31	Variance	
Assets						
Cash and cash equivalents	**$**	**43.4**	$	11.3	32.1	Increase is primarily due to cash provided by operating activities, including the timing of working capital payments, $40.9 million (US$30.0 million) of drawings on a Cuban credit facility to support spending on capital for tailings management and working capital, partially offset by spending on capital.
Income taxes receivable		**6.6**		7.0	(0.4)	
Other current assets		**27.2**		40.9	(13.7)	Decrease is primarily due to the extinguishment of a receivable for cash and cobalt distributions from the Corporation pursuant to the Cobalt Swap upon declaration as dividends during the quarter, partially offset by an increase in prepaid expenses.
Trade accounts receivable, net		**62.6**		90.3	(27.7)	Decrease is primarily due to lower nickel sales prices and volumes.
Inventories		**350.3**		382.3	(32.0)	Decrease is due to nickel sales volume exceeding production during the year, coupled with lower cost of nickel and cobalt inventories.
Other non-current assets		**13.7**		17.9	(4.2)	
Property, plant and equipment		**1,087.6**		1,136.6	(49.0)	Decrease is primarily due to depletion, depreciation and amortization coupled with a decrease in the U.S. dollar relative to the Canadian dollar.
Deferred income taxes		**9.8**		10.3	(0.5)	
Total assets		**1,601.2**		1,696.6	(95.4)	
Liabilities						
Trade accounts payable and accrued liabilities		**122.6**		111.9	10.7	Increase is primarily due to timing of payments to suppliers.
Income taxes payable		**3.2**		1.0	2.2	
Other current financial liabilities		**0.2**		0.2	-	
Deferred revenue		**15.4**		21.0	(5.6)	
Loans and borrowings		**87.1**		40.5	46.6	Increase is primarily due to $40.9 million (US$30.0 million) of drawings on a Cuban credit facility to support spending on capital for tailings management and working capital, as well as financing received for mining equipment.
Environmental rehabilitation provisions		**89.5**		86.9	2.6	
Other non-current financial liabilities		**2.3**		2.9	(0.6)	
Deferred income taxes		**10.0**		11.2	(1.2)	
Total liabilities		**330.3**		275.6	54.7	
Net assets of Moa Joint Venture	**$**	**1,270.9**	$	1,421.0	(150.1)	
Proportion of Sherritt's ownership interest		**50%**		50%		
Total		**635.5**		710.5		
Intercompany capitalized interest elimination		**(42.4)**		(45.1)		
Investment in Moa Joint Venture	**$**	**593.1**	$	665.4		

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 the functional currency of certain of the operating companies within the Moa JV is the U.S. dollar. As at June 30, 2025, the period-end U.S. dollar decreased in value relative to the Canadian dollar, resulting in lower assets and liabilities reported in Canadian dollars as compared to December 31, 2024.

Statements of comprehensive loss

Canadian $ millions, 100% basis		For the six months ended 2025 June 30		2024 June 30	Variance	
Revenue	**$**	**366.2**	$	444.1	(77.9)	Decrease is primarily due to a decrease in nickel revenue as a result of lower sales volume and lower average-realized nickel price.
Cost of sales		**(403.9)**		(465.1)	61.2	Decrease is primarily due to a decrease in NDCC and nickel sales volume.
Impairment of property, plant and equipment		**-**		(1.0)	1.0	
Administrative expenses		**(5.8)**		(5.4)	(0.4)	
Loss from operations		**(43.5)**		(27.4)	(16.1)	
Financing income		**0.2**		0.4	(0.2)	
Financing expense		**(17.7)**		(5.6)	(12.1)	Increase is primarily due to a foreign exchange loss during the period due to the strengthening of the average U.S. dollar compared to the Canadian dollar.
Net finance expense		**(17.5)**		(5.2)	(12.3)	
Loss before income tax		**(61.0)**		(32.6)	(28.4)	
Income tax expense		**(3.8)**		(1.8)	(2.0)	
Net loss and comprehensive loss of Moa Joint Venture	**$**	**(64.8)**	$	(34.4)	(30.4)	
Proportion of Sherritt's ownership interest		**50%**		50%	-	
Total		**(32.4)**		(17.2)	(15.2)	
Intercompany elimination		**2.3**		3.7	(1.4)	
Share of loss of Moa Joint Venture, net of tax	**$**	**(30.1)**	$	(13.5)	(16.6)	

For the three and six months ended June 30, 2025, 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 $140.8 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of $61.3 million;
- Loans and borrowings of $43.6 million; and
- Property, plant and equipment commitments of $17.6 million, which includes $8.6 million of property, plant and equipment commitments in 2025 and 2026 for tailings management and $9.0 million of commitments for sustaining and growth spending on capital.

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.

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 six months ended		
	2025	2024		**2025**	2024	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
Revenue by reportable segment						
Metals[1]	**$ 124.7**	$ 150.6	(17%)	**$ 238.4**	$ 265.7	(10%)
Power	**10.6**	11.8	(10%)	**22.0**	23.8	(8%)
Corporate and Other	**0.3**	0.8	(63%)	**0.9**	1.4	(36%)
Combined revenue	**$ 135.6**	$ 163.2	(17%)	**$ 261.3**	$ 290.9	(10%)
Adjustment for Moa Joint Venture	**(93.5)**	(117.8)		**(183.1)**	(222.0)	
Adjustment for Oil and Gas	**1.6**	6.0	(73%)	**3.9**	11.3	(65%)
Financial statement revenue	**$ 43.7**	$ 51.4	(15%)	**$ 82.1**	$ 80.2	2%

(1) Revenue of Metals for the three months ended June 30, 2025 is composed of revenue recognized by the Moa JV of $93.5 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 $30.2 million and Metals Marketing of $1.0 million, both of which are included in consolidated revenue (for the three months ended June 30, 2024 - $117.8 million, $31.9 million and $0.9 million, respectively). Revenue of Metals for the six months ended June 30, 2025 is composed of revenue recognized by the Moa JV of $183.1 million (50% basis), coupled with revenue recognized by Fort Site of $48.7 million and Metals Marketing of $6.6 million (for the six months ended June 30, 2024 - $222.0 million, $40.8 million and $2.9 million, respectively).

Adjusted EBITDA

The Corporation defines Adjusted EBITDA as earnings/loss 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.

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 from operations and joint venture per the financial statements to Adjusted EBITDA:

$ millions, for the three months ended June 30	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	**2025** Total
(Loss) earnings from operations and joint venture per financial statements	$ **(7.4)**	$ **4.3**	$ **(0.3)**	$ **(10.3)**	$ **(5.7)**	$ **(19.4)**
Add (deduct):						
Depletion, depreciation and amortization	**2.7**	**0.7**	**-**	**0.1**	**-**	**3.5**
Oil and Gas loss from operations, net of depletion, depreciation and amortization	**-**	**-**	**0.3**	**-**	**-**	**0.3**
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	**12.5**	**-**	**-**	**-**	**-**	**12.5**
Net finance expense	**-**	**-**	**-**	**-**	**4.6**	**4.6**
Income tax expense	**-**	**-**	**-**	**-**	**1.1**	**1.1**
Adjusted EBITDA	$ **7.8**	$ **5.0**	$ **-**	$ **(10.2)**	$ **-**	$ **2.6**

$ millions, for the three months ended June 30	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	2024 Total
Earnings (loss) from operations and joint venture per financial statements	$ 2.7	$ 1.2	$ 1.7	$ (6.9)	$ (0.6)	$ (1.9)
Add (deduct):						
Depletion, depreciation and amortization	2.9	0.6	0.1	0.1	-	3.7
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	-	-	(1.8)	-	-	(1.8)
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	11.9	-	-	-	-	11.9
Impairment of property, plant and equipment	0.5	-	-	-	-	0.5
Net finance expense	-	-	-	-	0.1	0.1
Income tax expense	-	-	-	-	0.5	0.5
Adjusted EBITDA	$ 18.0	$ 1.8	$ -	$ (6.8)	$ -	$ 13.0

$ millions, for the six months ended June 30												**2025**
		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	**$**	**(16.0)**	**$**	**7.0**	**$**	**(19.0)**	**$**	**(15.1)**	**$**	**(8.1)**	**$**	**(51.2)**
Add:												
Depletion, depreciation and amortization		**5.0**		**1.4**		**-**		**0.4**		**-**		**6.8**
Oil and Gas loss from operations, net of depletion, depreciation and amortization		**-**		**-**		**19.0**		**-**		**-**		**19.0**
Adjustments for share of earnings of Moa Joint Venture:												
Depletion, depreciation and amortization		**24.3**		**-**		**-**		**-**		**-**		**24.3**
Net finance expense		**-**		**-**		**-**		**-**		**6.2**		**6.2**
Income tax expense		**-**		**-**		**-**		**-**		**1.9**		**1.9**
Adjusted EBITDA	**$**	**13.3**	**$**	**8.4**	**$**	**-**	**$**	**(14.7)**	**$**	**-**	**$**	**7.0**

$ millions, for the six months ended June 30												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	$	(18.3)	$	8.3	$	(0.6)	$	(13.9)	$	0.2	$	(24.3)
Add (deduct):												
Depletion, depreciation and amortization		5.3		1.1		0.1		0.5		-		7.0
Oil and Gas loss from operations, net of depletion, depreciation and amortization		-		-		0.5		-		-		0.5
Adjustments for share of earnings of Moa Joint Venture:												
Depletion, depreciation and amortization		23.0		-		-		-		-		23.0
Impairment of property, plant and equipment		0.5		-		-		-		-		0.5
Net finance income		-		-		-		-		(1.1)		(1.1)
Income tax expense		-		-		-		-		0.9		0.9
Adjusted EBITDA	$	10.5	$	9.4	$	-	$	(13.4)	$	-	$	6.5

(1) Adjusted EBITDA of Metals for the three months ended June 30, 2025 is composed of Adjusted EBITDA at Moa JV of $(0.3) million (50% basis), Adjusted EBITDA at Fort Site of $9.3 million and Adjusted EBITDA at Metals Marketing of $(1.2) million (for the three months ended June 30, 2024 - $11.8 million, $7.2 million and $(1.0) million, respectively).

(2) Adjusted EBITDA of Metals for the six months ended June 30, 2025 is composed of Adjusted EBITDA at Moa JV of $2.3 million (50% basis), Adjusted EBITDA at Fort Site of $13.3 million and Adjusted EBITDA at Metals Marketing of $(2.3) million (for the six months ended June 30, 2024 - $9.8 million, $2.3 million and $(1.6) million, respectively).

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given 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.

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 June 30							**2025**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 68.6**	**$ 15.2**	**$ 30.0**	**$ 10.6**	**$ 12.8**	**$ (93.5)**	**$ 43.7**
Adjustments to revenue:							
Frequency control, by-product and other revenue	**-**	**-**	**-**	**(1.4)**			
Revenue for purposes of average-realized price calculation	**68.6**	**15.2**	**30.0**	**9.2**			
Sales volume for the period	**7.2**	**0.8**	**44.6**	**176**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	**$ 9.57**	**$ 18.19**	**$ 674.44**	**$ 52.56**			

$ millions, except average-realized price and sales volume, for the three months ended June 30							2024
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 94.0	$ 12.3	$ 34.8	$ 11.8	$ 16.3	$ (117.8)	$ 51.4
Adjustments to revenue:							
By-product and other revenue	-	-	-	(1.1)			
Revenue for purposes of average-realized price calculation	94.0	12.3	34.8	10.7			
Sales volume for the period	8.3	0.9	60.7	205			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	$ 11.25	$ 14.32	$ 574.70	$ 52.00			

$ millions, except average-realized price and sales volume, for the six months ended June 30							**2025**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 144.3**	**$ 28.6**	**$ 45.9**	**$ 22.0**	**$ 24.4**	**$ (183.1)**	**$ 82.1**
Adjustments to revenue:							
Frequency control, by-product and other revenue	**-**	**-**	**-**	**(3.5)**			
Revenue for purposes of average-realized price calculation	**144.3**	**28.6**	**45.9**	**18.5**			
Sales volume for the period	**14.8**	**2.0**	**77.7**	**346**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	**$ 9.78**	**$ 15.51**	**$ 591.10**	**$ 53.53**			

$ millions, except average-realized price and sales volume, for the six months ended June 30							2024
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 181.8	$ 23.9	$ 44.7	$ 23.8	$ 28.0	$ (222.0)	$ 80.2
Adjustments to revenue:							
By-product and other revenue	-	-	-	(2.4)			
Revenue for purposes of average-realized price calculation	181.8	23.9	44.7	21.4			
Sales volume for the period	17.2	1.7	84.6	415			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	$ 10.55	$ 14.41	$ 528.73	$ 51.62			

(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 by-product and other revenue; cobalt gain/loss pursuant to the Cobalt Swap; realized gain/loss on natural gas swaps; royalties/territorial contributions; 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.

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 June 30										**2025**
		Metals		Power		Other[1]		Adjustment for Moa Joint Venture		Total
Cost of sales per financial statements	**$**	**130.1**	**$**	**5.0**	**$**	**2.4**	**$**	**(105.1)**	**$**	**32.4**
Less:										
Depletion, depreciation and amortization in cost of sales		**(15.2)**		**(0.6)**						
		114.9		**4.4**						
Adjustments to cost of sales:										
Cobalt by-product revenue - Moa JV and Cobalt Swap		**(15.2)**		**-**						
Fertilizer by-product revenue		**(30.0)**		**-**						
Other revenue		**(10.9)**		**-**						
Realized gain on natural gas swaps		**(0.3)**		**-**						
Royalties/territorial contributions and other non-cash costs[2]		**(5.1)**		**-**						
Changes in inventories and other non-cash adjustments[3]		**(0.7)**		**-**						
Cost of sales for purposes of unit cost calculation		**52.7**		**4.4**						
Sales volume for the period		**7.2**		**176**						
Volume units		Millions of pounds		Gigawatt hours						
Unit operating cost[4][5]	**$**	**7.34**	**$**	**24.80**						
Unit operating cost (US$ per pound) (NDCC)[6]	**$**	**5.27**								

$ millions, except unit cost and sales volume, for the three months ended June 30										2024
		Metals		Power		Other[1]		Adjustment for Moa Joint Venture		Total
Cost of sales per financial statements	$	144.5	$	9.3	$	4.6	$	(116.6)	$	41.8
Less:										
Depletion, depreciation and amortization in cost of sales		(14.8)		(0.5)						
		129.7		8.8						
Adjustments to cost of sales:										
Cobalt by-product revenue - Moa JV and Cobalt Swap		(12.3)		-						
Fertilizer by-product revenue		(34.8)		-						
Other revenue		(9.5)		-						
Royalties/territorial contributions and other non-cash costs[2]		(7.1)		-						
Changes in inventories and other non-cash adjustments[3]		(1.0)		-						
Cost of sales for purposes of unit cost calculation		65.0		8.8						
Sales volume for the period		8.3		205						
Volume units		Millions of pounds		Gigawatt hours						
Unit operating cost[4][5]	$	7.87	$	42.74						
Unit operating cost (US$ per pound) (NDCC)[6]	$	5.75								

$ millions, except unit cost and sales volume, for the six months ended June 30					2025
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 249.2**	**$ 11.9**	**$ 23.9**	**$ (201.9)**	**$ 83.1**
Less:					
Depletion, depreciation and amortization in cost of sales	**(29.3)**	**(1.2)**			
	219.9	**10.7**			
Adjustments to cost of sales:					
Cobalt by-product revenue - Moa JV and Cobalt Swap	**(28.6)**	**-**			
Fertilizer by-product revenue	**(45.9)**	**-**			
Other revenue	**(19.6)**	**-**			
Cobalt loss	**0.3**	**-**			
Realized gain on natural gas swaps	**(0.4)**	**-**			
Royalties/territorial contributions and other non-cash costs(2)	**(9.2)**	**-**			
Changes in inventories and other non-cash adjustments(3)	**1.2**	**-**			
Cost of sales for purposes of unit cost calculation	**117.7**	**10.7**			
Sales volume for the period	**14.8**	**346**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(4)(5)	**$ 7.97**	**$ 31.03**			
Unit operating cost (US$ per pound) (NDCC)(6)	**$ 5.64**				

$ millions, except unit cost and sales volume, for the six months ended June 30					2024
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 275.6	$ 13.3	$ 12.9	$ (232.5)	$ 69.3
Less:					
Depletion, depreciation and amortization in cost of sales	(28.3)	(0.9)			
	247.3	12.4			
Adjustments to cost of sales:					
Cobalt by-product revenue - Moa JV and Cobalt Swap	(23.9)	-			
Fertilizer by-product revenue	(44.7)	-			
Other revenue	(15.3)	-			
Royalties/territorial contributions and other non-cash costs(2)	(13.9)	-			
Changes in inventories and other non-cash adjustments(3)	2.4	-			
Cost of sales for purposes of unit cost calculation	151.9	12.4			
Sales volume for the period	17.2	415			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(4)(5)	$ 8.82	$ 29.81			
Unit operating cost (US$ per pound) (NDCC)(6)	$ 6.50				

(1) Other cost of sales is composed of the cost of sales of Oil and Gas, a non-core reportable segment, and cost of sales of the Corporate and Other reportable segment.
(2) Royalties/territorial contributions and other non-cash costs are included in cost of sales but are excluded from NDCC and consists of royalties, territorial contributions, inventory write-downs and other non-cash costs.
(3) Changes in inventories and other non-cash adjustments is primarily composed of changes in inventories, the effect of average exchange rate changes and other non-cash items. These amounts are excluded from cost of sales but included in NDCC.
(4) Unit operating cost/NDCC may not calculate exactly based on amounts presented due to foreign exchange and rounding.
(5) Power, unit operating cost price per MWh.
(6) 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.

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 earnings/loss from continuing operations and net earnings/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:

		2025		2024
For the three months ended June 30	**$ millions**	**$/share**	$ millions	$/share
Net earnings (loss) from continuing operations	**$ 10.4**	**$ 0.02**	$ (11.5)	$ (0.03)
Adjusting items:				
Sherritt - Unrealized foreign exchange gain - continuing operations	**(1.0)**	**-**	-	-
Corporate and Other - Gain on Debt and Equity transactions, net of transaction costs	**(32.4)**	**(0.07)**	-	-
Reclassification of transaction costs on Debt and Equity Transactions to Gain on Debt and Equity Transactions	**(4.9)**	**(0.01)**	-	-
Corporate and Other - Gain on repurchase of PIK Notes	**-**	**-**	(0.7)	-
Corporate and Other - Unrealized gain on nickel put options	**-**	**-**	(3.4)	(0.01)
Metals - Moa JV - Impairment of property, plant and equipment	**-**	**-**	0.5	-
Metals - Moa JV - Inventory write-down/obsolescence	**0.3**	**-**	1.6	-
Metals - Fort Site - Unrealized loss on natural gas swaps	**5.3**	**0.01**	-	-
Metals - Fort Site - Realized gain on natural gas swaps	**(0.3)**	**-**	-	-
Power - (Gain) loss on revaluation of GNC receivable	**(5.6)**	**(0.01)**	7.9	0.02
Power - Loss (gain) on revaluation of Energas payable	**2.1**	**-**	(2.6)	(0.01)
Oil and Gas - Net loss (gain) from continuing operations, net of unrealized foreign exchange gain/loss	**0.7**	**-**	(1.9)	-
Total adjustments, before tax	**$ (35.8)**	**$ (0.08)**	$ 1.4	$ -
Tax adjustments	**(0.2)**	**-**	0.1	-
Adjusted net loss from continuing operations	**$ (25.6)**	**$ (0.06)**	$ (10.0)	$ (0.03)

For the six months ended June 30		2025 $ millions	2025 $/share	2024 $ millions	2024 $/share
Net loss from continuing operations	$	**(30.2)**	$ **(0.07)**	$ (52.4)	$ (0.13)
Adjusting items:					
Sherritt - Unrealized foreign exchange gain - continuing operations		**(0.9)**	**-**	-	-
Sherritt's share - Severance related to restructuring and workforce reduction		**-**	**-**	3.5	0.01
Corporate and Other - Gain on Debt and Equity transactions, net of transaction costs		**(32.4)**	**(0.07)**	-	-
Corporate and Other - Unrealized gain on nickel put options		**-**	**-**	(3.4)	(0.01)
Corporate and Other - Gain on repurchase of PIK Notes		**-**	**-**	(0.7)	-
Metals - Moa JV - Impairment of property, plant and equipment		**-**	**-**	0.5	-
Metals - Moa JV - Inventory write-down/obsolescence		**0.5**	**-**	2.5	0.01
Metals - Moa JV - Cobalt loss		**0.3**	**-**	-	-
Metals - Fort Site - Inventory write-down		**-**	**-**	0.9	-
Metals - Fort Site - Unrealized loss on natural gas swaps		**1.8**	**-**	-	-
Metals - Fort Site - Realized gain on natural gas swaps		**(0.4)**	**-**	-	-
Power - (Gain) loss on revaluation of GNC receivable		**(8.2)**	**(0.02)**	18.4	0.05
Power - Loss (gain) on revaluation of Energas payable		**2.8**	**0.01**	(4.0)	(0.01)
Oil and Gas - Net loss from continuing operations, net of unrealized foreign exchange gain/loss		**19.4**	**0.04**	0.4	-
Total adjustments, before tax	**$**	**(17.1)**	$ **(0.04)**	$ 18.1	$ 0.05
Tax adjustments		**(0.5)**	**-**	(0.3)	-
Adjusted net loss from continuing operations	**$**	**(47.8)**	$ **(0.11)**	$ (34.6)	$ (0.08)

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 June 30	Metals	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
						2025
Property, plant and equipment expenditures(2)	$ **13.6**	$ **0.8**	$ **-**	$ **14.4**	$ **(10.0)**	$ **4.4**
Intangible asset expenditures(2)	**-**	**-**	**-**	**-**	**-**	**-**
	13.6	**0.8**	**-**	**14.4**	$ **(10.0)**	$ **4.4**
Adjustments:						
Accrual adjustment	**1.3**	**-**	**-**	**1.3**		
Spending on capital	$ **14.9**	$ **0.8**	$ **-**	$ **15.7**		

$ millions, for the three months ended June 30	Metals	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
						2024
Property, plant and equipment expenditures(2)	$ 7.7	$ 1.5	$ -	$ 9.2	$ (7.6)	$ 1.6
Intangible asset expenditures(2)	-	-	-	-	-	-
	7.7	1.5	-	9.2	$ (7.6)	$ 1.6
Adjustments:						
Accrual adjustment	0.1	-	-	0.1		
Spending on capital	$ 7.8	$ 1.5	$ -	$ 9.3		

$ millions, for the six months ended June 30	Metals	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
						2025
Property, plant and equipment expenditures(2)	**$ 24.1**	**$ 0.9**	**$ 0.1**	**$ 25.1**	**$ (17.6)**	**$ 7.5**
Intangible asset expenditures(2)	**-**	**-**	**-**	**-**	**-**	**-**
	24.1	**0.9**	**0.1**	**25.1**	**$ (17.6)**	**$ 7.5**
Adjustments:						
Accrual adjustment	**6.1**	**-**	**-**	**6.1**		
Spending on capital	**$ 30.2**	**$ 0.9**	**$ 0.1**	**$ 31.2**		

$ millions, for the six months ended June 30	Metals	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
						2024
Property, plant and equipment expenditures(2)	$ 17.2	$ 4.1	$ -	$ 21.3	$ (16.0)	$ 5.3
Intangible asset expenditures(2)	-	-	0.2	0.2	-	0.2
	17.2	4.1	0.2	21.5	$ (16.0)	$ 5.5
Adjustments:						
Accrual adjustment	-	-	(0.1)	(0.1)		
Spending on capital	$ 17.2	$ 4.1	$ 0.1	$ 21.4		

(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 condensed 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 June 30							**2025**
	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	**$ 20.0**	**$ 16.0**	**$ (1.1)**	**$ (17.7)**	**$ 17.2**	**$ (11.6)**	**$ 5.6**
Less:							
Property, plant and equipment expenditures	**(13.6)**	**(0.8)**	**-**	**-**	**(14.4)**	**10.0**	**(4.4)**
Free cash flow	**$ 6.4**	**$ 15.2**	**$ (1.1)**	**$ (17.7)**	**$ 2.8**	**$ (1.6)**	**$ 1.2**

$ millions, for the three months ended June 30							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	$ 21.2	$ (7.8)	$ (14.8)	$ (16.4)	$ (17.8)	$ (20.0)	$ (37.8)
Less:							
Property, plant and equipment expenditures	(7.7)	(1.5)	-	-	(9.2)	7.6	(1.6)
Free cash flow	$ 13.5	$ (9.3)	$ (14.8)	$ (16.4)	$ (27.0)	$ (12.4)	$ (39.4)

$ millions, for the six months ended June 30							**2025**
	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	**$ 41.9**	**$ 16.9**	**$ (11.4)**	**$ (26.1)**	**$ 21.3**	**$ (14.7)**	**$ 6.6**
Less:							
Property, plant and equipment expenditures	**(24.1)**	**(0.9)**	**(0.1)**	**-**	**(25.1)**	**17.6**	**(7.5)**
Free cash flow	**$ 17.8**	**$ 16.0**	**$ (11.5)**	**$ (26.1)**	**$ (3.8)**	**$ 2.9**	**$ (0.9)**

$ millions, for the six months ended June 30								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	$	52.4	$ 1.9	$ (18.8)	$ (25.2)	$ 10.3	$ (35.1)	$ (24.8)
Less:								
Property, plant and equipment expenditures		(17.2)	(4.1)	-	-	(21.3)	16.0	(5.3)
Intangible expenditures		-	-	(0.2)	-	(0.2)	-	(0.2)
Free cash flow	$	35.2	$ (2.2)	$ (19.0)	$ (25.2)	$ (11.2)	$ (19.1)	$ (30.3)

(1) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $11.6 million, $10.0 million and $(1.6) million, respectively, for the three months ended June 30, 2025 (June 30, 2024 - $20.0 million, $0.7 million and $0.5 million, respectively).

(2) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $10.0 million, $3.6 million and nil, respectively, for the three months ended June 30, 2025 (June 30, 2024 - $7.5 million, $0.2 million and nil, respectively).

(3) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $14.7 million, $17.6 million and $9.6 million, respectively, for the six months ended June 30, 2025 (June 30, 2024 - $35.1 million, $12.0 million and $5.3 million, respectively).

(4) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $17.6 million, $6.5 million and nil, respectively, for the six months ended June 30, 2025 (June 30, 2024 - $16.0 million, $1.2 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, including increasing MSP 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; significant liquidity improvement following completion of debt and equity transactions reducing outstanding debt and extending maturities; challenges with foreign currency constraints; 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 savings from cost reduction measures and workforce reduction; 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 24, 2025 for the period ending December 31, 2024, 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.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended June 30, 2025 and 2024 and as at June 30, 2025 and December 31, 2024

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statements of comprehensive loss

Unaudited, Canadian $ millions, except per share amounts	Note	For the three months ended 2025 June 30	For the three months ended 2024 June 30	For the six months ended 2025 June 30	For the six months ended 2024 June 30
Revenue	6	**$ 43.7**	$ 51.4	**$ 82.1**	$ 80.2
Cost of sales	7	**(32.4)**	(41.8)	**(83.1)**	(69.3)
Administrative expenses	7	**(12.0)**	(10.3)	**(20.1)**	(21.7)
Share of loss of Moa Joint Venture, net of tax	8	**(18.7)**	(1.2)	**(30.1)**	(13.5)
Loss from operations and joint venture		**(19.4)**	(1.9)	**(51.2)**	(24.3)
Gain on Debt and Equity Transactions	5, 9	**32.4**	-	**32.4**	-
Interest income on financial assets measured at amortized cost	9	**0.1**	0.5	**0.4**	1.1
Other financing items	9	**4.4**	0.2	**5.7**	(9.0)
Financing expense	9	**(7.3)**	(10.2)	**(16.9)**	(19.5)
Net finance income (expense)		**29.6**	(9.5)	**21.6**	(27.4)
Earnings (loss) before income tax		**10.2**	(11.4)	**(29.6)**	(51.7)
Income tax recovery (expense)		**0.2**	(0.1)	**(0.6)**	(0.7)
Net earnings (loss) from continuing operations		**10.4**	(11.5)	**(30.2)**	(52.4)
(Loss) earnings from discontinued operations, net of tax		**(0.2)**	-	**(0.2)**	0.4
Net earnings (loss) for the period		**$ 10.2**	$ (11.5)	**$ (30.4)**	$ (52.0)
Other comprehensive (loss) income					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations, net of tax		**(34.3)**	6.7	**(36.7)**	22.7
Items that will not be subsequently reclassified to profit or loss:					
Actuarial losses on pension plans, net of tax		**(0.1)**	(0.1)	**(0.1)**	(0.2)
Other comprehensive (loss) income		**(34.4)**	6.6	**(36.8)**	22.5
Total comprehensive loss		**$ (24.2)**	$ (4.9)	**$ (67.2)**	$ (29.5)
Net earnings (loss) from continuing operations per common share:					
Basic and diluted	10	**$ 0.02**	$ (0.03)	**$ (0.07)**	$ (0.13)
Net earnings (loss) per common share:					
Basic and diluted	10	**$ 0.02**	$ (0.03)	**$ (0.07)**	$ (0.13)

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

Condensed consolidated statements of financial position

Unaudited, Canadian $ millions, as at	Note	2025 June 30	2024 December 31
ASSETS			
Current assets			
Cash and cash equivalents	11	**$ 121.6**	$ 145.7
Restricted cash		**0.3**	1.4
Advances, loans receivable and other financial assets	12	**25.9**	33.6
Trade accounts receivable, net	11	**92.0**	151.4
Inventories		**42.4**	43.3
Prepaid expenses		**9.5**	9.4
		291.7	384.8
Non-current assets			
Investment in Moa Joint Venture	8	**593.1**	665.4
Advances, loans receivable and other financial assets	12	**186.1**	171.6
Property, plant and equipment		**151.6**	152.1
Intangible assets		**6.6**	7.1
Other non-financial assets		**0.8**	0.7
Deferred income taxes		**1.1**	1.1
		939.3	998.0
Total assets		**$ 1,231.0**	$ 1,382.8
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Loans and borrowings	13	**$ 66.8**	$ 67.2
Trade accounts payable and accrued liabilities		**155.8**	172.5
Other financial liabilities	13	**12.6**	34.9
Deferred revenue		**5.7**	11.9
Provisions		**7.3**	4.8
Income taxes payable		**0.2**	1.7
		248.4	293.0
Non-current liabilities			
Loans and borrowings	5, 13	**248.9**	305.3
Other financial liabilities	13	**73.8**	72.3
Other non-financial liabilities		**7.2**	9.2
Provisions		**107.6**	104.7
Deferred income taxes		**0.9**	0.9
		438.4	492.4
Total liabilities		**686.8**	785.4
Shareholders' equity			
Capital stock	5, 16	**2,908.8**	2,894.9
Deficit		**(3,002.8)**	(2,972.4)
Reserves		**235.0**	234.9
Accumulated other comprehensive income		**403.2**	440.0
		544.2	597.4
Total liabilities and shareholders' equity		**$ 1,231.0**	$ 1,382.8

Commitments for expenditures (note 14)

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

Condensed consolidated statements of cash flow

Unaudited, Canadian $ millions	Note	For the three months ended 2025 June 30	2024 June 30	For the six months ended 2025 June 30	2024 June 30
Operating activities					
Net earnings (loss) from continuing operations		**$ 10.4**	$ (11.5)	**$ (30.2)**	$ (52.4)
Add (deduct) non-cash items:					
Finished cobalt cost of sales	7	**-**	-	**4.7**	0.8
Depletion, depreciation and amortization	6, 7	**3.5**	3.7	**6.8**	7.0
Share-based compensation expense	7	**0.6**	1.1	**1.0**	1.4
Share of loss of Moa Joint Venture, net of tax	8	**18.7**	1.2	**30.1**	13.5
Inventory write-down/obsolescence	7	**-**	-	**-**	0.9
Net finance (income) expense	9	**(29.6)**	9.5	**(21.6)**	27.4
Income tax (recovery) expense		**(0.2)**	0.1	**0.6**	0.7
(Gain) loss on environmental rehabilitation provisions	7	**(2.4)**	(0.5)	**13.3**	3.1
Net change in non-cash working capital	15	**21.2**	(16.2)	**22.3**	6.8
Interest received		**0.2**	1.5	**0.8**	3.1
Interest paid		**(10.2)**	(10.9)	**(11.7)**	(12.7)
Income taxes paid		**(0.6)**	(2.1)	**(2.1)**	(2.4)
Proceeds from Cobalt Swap	6	**0.1**	0.1	**6.2**	1.1
Share-based compensation payments		**(0.2)**	(0.7)	**(1.3)**	(2.4)
Liabilities settled for environmental rehabilitation provisions		**(6.2)**	(10.8)	**(12.1)**	(18.2)
Purchase of nickel put options		**-**	(2.2)	**-**	(2.2)
Other operating items		**0.3**	(0.1)	**(0.2)**	(0.3)
Cash provided (used) by continuing operations		**5.6**	(37.8)	**6.6**	(24.8)
Cash used by discontinued operations		**-**	-	**(0.1)**	(0.1)
Cash provided (used) by operating activities		**5.6**	(37.8)	**6.5**	(24.9)
Investing activities					
Property, plant and equipment expenditures	6	**(4.4)**	(1.6)	**(7.5)**	(5.3)
Intangible asset expenditures	6	**-**	-	**-**	(0.2)
Receipts of advances, loans receivable and other financial assets		**0.4**	27.3	**0.6**	30.6
Decrease in restricted cash		**1.1**	-	**1.1**	-
Cash (used) provided by continuing operations		**(2.9)**	25.7	**(5.8)**	25.1
Cash (used) provided by investing activities		**(2.9)**	25.7	**(5.8)**	25.1
Financing activities	15				
Fees paid on Debt and Equity Transactions	5	**(10.3)**	-	**(12.9)**	-
Repurchase of notes	13	**-**	(0.8)	**-**	(0.8)
Repayment of other financial liabilities		**(0.6)**	(0.4)	**(6.0)**	(0.9)
Increase in loans and borrowings	13	**-**	-	**-**	11.0
Cash (used) provided by continuing operations		**(10.9)**	(1.2)	**(18.9)**	9.3
Cash (used) provided by financing activities		**(10.9)**	(1.2)	**(18.9)**	9.3
Effect of exchange rate changes on cash and cash equivalents		**(5.8)**	1.2	**(5.9)**	3.7
(Decrease) increase in cash and cash equivalents		**(14.0)**	(12.1)	**(24.1)**	13.2
Cash and cash equivalents at beginning of the period		**135.6**	144.4	**145.7**	119.1
Cash and cash equivalents at end of the period		**$ 121.6**	$ 132.3	**$ 121.6**	$ 132.3

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

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian $ millions

	Note	Capital stock	Deficit	Reserves	Accumulated other comprehensive income	Total
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 period		-	(52.0)	-	-	(52.0)
Foreign currency translation differences on foreign operations, net of tax		-	-	-	22.7	22.7
Actuarial losses on pension plans, net of tax		-	-	-	(0.2)	(0.2)
		-	(52.0)	-	22.5	(29.5)
Stock option plan expense		-	-	0.4	-	0.4
Balance as at June 30, 2024		**$ 2,894.9**	**$ (2,951.6)**	**$ 234.5**	**$ 406.7**	**$ 584.5**
Total comprehensive income:						
Net loss for the period		-	(20.8)	-	-	(20.8)
Foreign currency translation differences on foreign operations, net of tax		-	-	-	33.3	33.3
		-	(20.8)	-	33.3	12.5
Stock option plan expense		-	-	0.4	-	0.4
Balance as at December 31, 2024		**$ 2,894.9**	**$ (2,972.4)**	**$ 234.9**	**$ 440.0**	**$ 597.4**
Total comprehensive loss:						
Net loss for the period		-	(30.4)	-	-	(30.4)
Foreign currency translation differences on foreign operations, net of tax		-	-	-	(36.7)	(36.7)
Actuarial losses on pension plans, net of tax		-	-	-	(0.1)	(0.1)
		-	(30.4)	-	(36.8)	(67.2)
Stock option plan expense		-	-	0.1	-	0.1
Issuance of common shares	5, 16	13.9	-	-	-	13.9
Balance as at June 30, 2025		**$ 2,908.8**	**$ (3,002.8)**	**$ 235.0**	**$ 403.2**	**$ 544.2**

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

Notes to the condensed consolidated financial statements

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Sherritt International Corporation (“Sherritt” or “the Corporation”) is a world leader in 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 July 29, 2025. The Corporation is listed on the Toronto Stock Exchange under the symbol “S”.

2. BASIS OF PRESENTATION

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND CRITICAL ACCOUNTING JUDGMENTS

These condensed consolidated financial statements have been prepared using the same accounting policies, methods of computation, critical accounting estimates and critical accounting judgments as the annual consolidated financial statements of the Corporation for the year ended December 31, 2024, except for the adoption of the Amendments to IAS 21 noted in note 4 below and the new accounting policies for financial instruments noted below.

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2024.

Material accounting policies for financial instruments

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, based on quantitative factors, 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 and/or based on qualitative factors, the terms are substantially different. 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.

Extinguishment of financial liabilities with equity instruments

The Corporation measures equity instruments issued to creditors to extinguish financial liabilities at the fair value of the equity instruments issued. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished, and the consideration paid being the fair value of the equity instruments issued, is recognized as a gain/loss on extinguishment of financial liabilities in net earnings/loss within net finance expense. The value of the equity instruments issued is allocated between the extinguished portion of the financial liability and the modified portion of the financial liability to determine the value of the equity instruments included in the gain/loss on extinguishment of financial liabilities and to determine the portion included in the substantial modification test.

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

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 determine the exchange rate to use and the disclosures to provide.

The amendments are effective for annual periods beginning on or after January 1, 2025. Effective January 1, 2025, the Corporation adopted these amendments. The application of these amendments did not have a material impact on the Corporation’s condensed consolidated financial statements. Refer to notes 11 and 17 for further details on the lack of exchangeability of the Cuban peso. Additional disclosures related to the lack of exchangeability of the Cuban peso will be provided in the Corporation’s annual 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 period ended June 30, 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 period ended June 30, 2025.

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.

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 condensed consolidated financial statements.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, amendments to the Classification and Measurement of Financial Instruments were issued related to the classification and measurement requirements in IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures".

The amendments specify:

(i) when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date;

(ii) how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and

(iii) new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

The amendments are effective for annual periods beginning on or after January 1, 2026. The Corporation is currently evaluating the impact of these amendments on its condensed consolidated financial statements.

5. DEBT AND EQUITY TRANSACTIONS

In March 2025, the Corporation announced a transaction to be implemented pursuant to a plan of arrangement (the “CBCA Plan”) under the Canada Business Corporations Act (the “CBCA”) that proposed exchanging the Corporation’s existing notes obligations, comprised of the 8.50% second lien secured notes due 2026 (“Second Lien Notes”) and 10.75% unsecured PIK option notes due 2029 (“PIK Notes”), for amended 9.25% senior second lien secured notes due November 30, 2031 (the “Amended Senior Secured Notes”) and certain early consent consideration. The Corporation also announced a subsequent exchange transaction (the “Subsequent Exchange Transaction”) with certain holders of Second Lien Notes (the “Subsequent Exchange Noteholders”) involving the exchange of a portion of the Amended Senior Secured Notes for up to 99 million common shares of the Corporation to be issued from treasury and commitments for subsequent scheduled repurchases of Amended Senior Secured Notes totaling $45.0 million of such notes from 2025 to 2028. These transactions were determined to be linked transactions for accounting purposes and collectively comprise the Corporation’s Debt and Equity Transactions.

During the three months ended June 30, 2025, the CBCA Plan received approval by noteholders and by the Ontario Superior Court of Justice and the Debt and Equity Transactions were completed.

As a result of the modification of the Second Lien Notes and PIK Notes and Subsequent Exchange Transaction being linked transactions for accounting purposes, a portion of the equity instruments issued was included in the Second Lien Notes substantial modification test. The Corporation concluded that the Second Lien Notes and PIK Notes were substantially modified, resulting in their extinguishment.

During the three months ended June 30, 2025, all of the outstanding Second Lien Notes in the principal amount of $221.3 million (amortized cost of $240.0 million including the premium payable at maturity) and all of the outstanding PIK Notes in the principal amount of $70.3 million (amortized cost of $69.4 million) were exchanged and extinguished and the Corporation recognized Amended Senior Secured Notes at their initial fair value and principal amount of $266.1 million. The Amended Senior Secured Notes are subsequently measured at amortized cost. In addition, accrued interest on the Second Lien Notes of $8.7 million was paid, accrued interest on the PIK Notes of $1.8 million was extinguished and no mandatory redemptions were required to be made as the Second Lien Notes were extinguished prior to the mandatory redemption date on April 30, 2025.

Holders of the PIK Notes that had voted in favour of the CBCA Plan by the early consent deadline received additional Amended Senior Secured Notes in a principal amount equal to 5% of the outstanding principal amount of PIK Notes, which is included in the $266.1 million above. In addition, holders of Second Lien Notes that had voted in favour of the CBCA Plan by the early consent deadline received early cash consent consideration of $6.5 million.

Following the implementation of the CBCA Plan, pursuant to the Subsequent Exchange Transaction, $17.1 million of Amended Senior Secured Notes held by the Subsequent Exchange Noteholders were exchanged and extinguished for 99 million common shares of the Corporation issued from treasury with a fair value of $13.9 million.

In aggregate, the Debt and Equity Transactions reduced the Corporation’s outstanding debt by a principal amount of $42.6 million, eliminated the $25.0 million premium payable at maturity of the Second Lien Notes and resulted in the extension of the maturities of the Corporation’s notes obligations to November 2031.

During the six months ended June 30, 2025, transaction costs of $15.9 million were incurred and are netted within the $32.4 million Gain on Debt and Equity Transactions within net finance expense. Transaction costs are composed of early cash consent consideration of $6.5 million and legal, financial and other advisory costs of $9.4 million. Transaction costs of $4.9 million were reclassified from other financing items to the Gain on Debt and Equity Transactions during the three months ended June 30, 2025. Of the $15.9 million of transaction costs incurred, $10.3 million and $12.9 million were paid in the three and six months ended June 30, 2025, respectively, and are presented within fees paid on Debt and Equity Transactions in the condensed consolidated statements of cash flows. As at June 30, 2025, $3.0 million of transaction costs remained payable. Refer to note 9 for a reconciliation of the Gain on Debt and Equity Transactions recognized during the three and six months ended June 30, 2025.

6. SEGMENTED INFORMATION

Canadian $ millions, for the three months ended June 30						2025
	Metals[1]	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV[1]	Total
Revenue	$ 124.7	$ 10.6	$ 1.6	$ 0.3	$ (93.5)	$ 43.7
Cost of sales	(130.1)	(5.0)	(1.9)	(0.5)	105.1	(32.4)
Administrative expenses	(2.0)	(1.3)	-	(10.1)	1.4	(12.0)
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	(18.7)	(18.7)
(Loss) earnings from operations and joint venture	(7.4)	4.3	(0.3)	(10.3)	(5.7)	(19.4)
Gain on Debt and Equity Transactions						32.4
Interest income on financial assets measured at amortized cost						0.1
Other financing items						4.4
Financing expense						(7.3)
Net finance income						29.6
Earnings before income tax						10.2
Income tax recovery						0.2
Net earnings from continuing operations						10.4
Loss from discontinued operations, net of tax						(0.2)
Net earnings for the period						$ 10.2

Supplementary information

Depletion, depreciation and amortization	$ 15.2	$ 0.7	$ -	$ 0.1	$ (12.5)	$ 3.5
Property, plant and equipment expenditures	13.6	0.8	-	-	(10.0)	4.4

Canadian $ millions, as at June 30						2025
Non-current assets[2]	$ 637.0	$ 17.5	$ 0.5	$ 4.6	$ (501.4)	$ 158.2
Total assets	1,005.3	368.4	7.3	15.0	(165.0)	1,231.0

Canadian $ millions, for the three months ended June 30						2024
	Metals[1]	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV[1]	Total
Revenue	$ 150.6	$ 11.8	$ 6.0	$ 0.8	$ (117.8)	$ 51.4
Cost of sales	(144.5)	(9.3)	(4.2)	(0.4)	116.6	(41.8)
Impairment of property, plant and equipment	(0.5)	-	-	-	0.5	-
Administrative expenses	(2.9)	(1.3)	(0.1)	(7.3)	1.3	(10.3)
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	(1.2)	(1.2)
Earnings (loss) from operations and joint venture	2.7	1.2	1.7	(6.9)	(0.6)	(1.9)
Interest income on financial assets measured at amortized cost						0.5
Other financing items						0.2
Financing expense						(10.2)
Net finance expense						(9.5)
Loss before income tax						(11.4)
Income tax expense						(0.1)
Net loss from continuing operations						(11.5)
Net loss for the period						$ (11.5)

Supplementary information

Depletion, depreciation and amortization	$ 14.8	$ 0.6	$ 0.1	$ 0.1	$ (11.9)	$ 3.7
Property, plant and equipment expenditures	7.7	1.5	-	-	(7.6)	1.6

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 six months ended June 30						2025
	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV(1)	Total
Revenue	$ 238.4	$ 22.0	$ 3.9	$ 0.9	$ (183.1)	$ 82.1
Cost of sales	(249.2)	(11.9)	(22.9)	(1.0)	201.9	(83.1)
Cobalt loss	(0.3)	-	-	-	0.3	-
Administrative expenses	(4.9)	(3.1)	-	(15.0)	2.9	(20.1)
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	(30.1)	(30.1)
(Loss) earnings from operations and joint venture	(16.0)	7.0	(19.0)	(15.1)	(8.1)	(51.2)
Gain on Debt and Equity Transactions						32.4
Interest income on financial assets measured at amortized cost						0.4
Other financing items						5.7
Financing expense						(16.9)
Net finance income						21.6
Loss before income tax						(29.6)
Income tax expense						(0.6)
Net loss from continuing operations						(30.2)
Net loss for the period						$ (30.4)
Supplementary information						
Depletion, depreciation and amortization	$ 29.3	$ 1.4	$ -	$ 0.4	$ (24.3)	$ 6.8
Property, plant and equipment expenditures	24.1	0.9	0.1	-	(17.6)	7.5
Canadian $ millions, as at June 30						2025
Non-current assets(2)	$ 637.0	$ 17.5	$ 0.5	$ 4.6	$ (501.4)	$ 158.2
Total assets	1,005.3	368.4	7.3	15.0	(165.0)	1,231.0

Canadian $ millions, for the six months ended June 30						2024
	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV(1)	Total
Revenue	$ 265.7	$ 23.8	$ 11.3	$ 1.4	$ (222.0)	$ 80.2
Cost of sales	(275.6)	(13.3)	(11.9)	(1.0)	232.5	(69.3)
Impairment of property, plant and equipment	(0.5)	-	-	-	0.5	-
Administrative (expenses) recoveries	(7.9)	(2.2)	-	(14.3)	2.7	(21.7)
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	(13.5)	(13.5)
(Loss) earnings from operations and joint venture	(18.3)	8.3	(0.6)	(13.9)	0.2	(24.3)
Interest income on financial assets measured at amortized cost						1.1
Other financing items						(9.0)
Financing expense						(19.5)
Net finance expense						(27.4)
Loss before income tax						(51.7)
Income tax expense						(0.7)
Net loss from continuing operations						(52.4)
Earnings from discontinued operations, net of tax						0.4
Net loss for the period						$ (52.0)
Supplementary information						
Depletion, depreciation and amortization	$ 28.3	$ 1.1	$ 0.1	$ 0.5	$ (23.0)	$ 7.0
Property, plant and equipment expenditures	17.2	4.1	-	-	(16.0)	5.3
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

(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 condensed consolidated statements of comprehensive loss, condensed consolidated statements of financial position and condensed consolidated statements of cash flow, wherein the financial performance, financial position and cash flows of the Moa JV are included in one line item in the share of loss 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.

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 in note 8 for revenue recognized by the Moa JV on a 100% basis.

	For the three months ended		For the six months ended	
	2025	2024	**2025**	2024
Canadian $ millions	**June 30**	June 30	**June 30**	June 30
	Total revenue	Total revenue	**Total revenue**	Total revenue
Cobalt	**$ -**	$ -	**$ 4.7**	$ 0.9
Fertilizer[1]	**22.0**	24.8	**33.9**	30.2
Power generation[2]	**9.2**	10.7	**18.5**	21.4
Sulphuric acid	**7.7**	6.7	**14.0**	9.9
Oil and gas service revenue	**1.6**	6.0	**3.9**	11.3
Other	**3.2**	3.2	**7.1**	6.5
	$ 43.7	$ 51.4	**$ 82.1**	$ 80.2

(1) Due to the seasonal nature of the fertilizer operations in Fort Saskatchewan, higher fertilizer revenue is expected in the second and fourth quarters of the year. For the year ended December 31, 2024, 40% of fertilizer revenue was recognized in the second quarter, 38% was recognized in the fourth quarter and the remaining 22% was recognized in the first and third quarters combined.

(2) Included in power generation revenue for the three and six months ended June 30, 2025 is $8.7 million and $17.1 million, respectively, of revenue from service concession arrangements ($7.9 million and $16.3 million for the three and six months ended June 30, 2024, respectively).

Cobalt revenue

Cobalt revenue relates to cobalt sold by the Corporation to customers from the cobalt volumes received through distributions from the Moa JV pursuant to the Cobalt Swap. $4.7 million of revenue was recognized during the six months ended June 30, 2025 following the sale of all of the finished cobalt inventories of $5.0 million as at December 31, 2024. The Corporation received $0.1 million and $6.2 million of cash during the three and six months ended June 30, 2025, respectively, from cobalt sales pursuant to the Cobalt Swap (during the three and six months ended June 30, 2024 - $0.1 million and $1.1 million, respectively). Refer to note 12 of the Corporation's annual consolidated financial statements for the year ended December 31, 2024 for further details on the Cobalt Swap.

Changes in reportable segments

In the comparative period, 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 comparative period, 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.

7. EXPENSES

Cost of sales includes the following:

	For the three months ended		For the six months ended	
	2025	2024	**2025**	2024
Canadian $ millions	**June 30**	June 30	**June 30**	June 30
Employee costs	**$ 14.2**	$ 13.7	**$ 28.7**	$ 28.5
Severance	**0.1**	0.3	**0.2**	0.8
Depletion, depreciation and amortization of property, plant and equipment and intangible assets	**3.3**	3.5	**6.3**	6.4
Raw materials and consumables	**15.5**	6.9	**27.0**	19.2
Finished cobalt(1)	**-**	-	**4.7**	0.8
Repairs and maintenance	**9.4**	16.9	**21.5**	28.2
Shipping and treatment costs	**1.1**	1.1	**2.0**	1.8
Inventory write-down/obsolescence	**-**	-	**-**	0.9
(Gain) loss on environmental rehabilitation provisions	**(2.4)**	(0.5)	**13.3**	3.1
Share-based compensation expense	**-**	0.2	**0.1**	0.1
Changes in inventories and other	**(8.8)**	(0.3)	**(20.7)**	(20.5)
	$ 32.4	$ 41.8	**$ 83.1**	$ 69.3

(1) 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 of the Corporation's annual consolidated financial statements for the year ended December 31, 2024 for further details on the Cobalt Swap.

Loss on environmental rehabilitation provisions

During the six months ended June 30, 2025, the Corporation recognized a $13.3 million loss on environmental rehabilitation provisions primarily due to a change in estimate for the Corporation's legacy Spanish Oil and Gas operations recognized during the six months ended June 30, 2025. The change in estimate primarily relates to an increase in estimated rehabilitation costs for decommissioning work to be completed in 2025.

Administrative expenses include the following:

	For the three months ended		For the six months ended	
	2025	2024	**2025**	2024
Canadian $ millions	**June 30**	June 30	**June 30**	June 30
Employee costs	**$ 5.0**	$ 7.4	**$ 11.3**	$ 14.9
Severance(1)	**0.1**	0.1	**0.1**	1.8
Depreciation	**0.2**	0.2	**0.5**	0.6
Share-based compensation expense	**0.6**	0.9	**0.9**	1.3
Consulting services and audit fees	**5.1**	0.6	**6.5**	2.0
Other	**1.0**	1.1	**0.8**	1.1
	$ 12.0	$ 10.3	**$ 20.1**	$ 21.7

(1) Severance expense in the comparative periods relates to the Corporation's restructuring and workforce reduction.

8. JOINT ARRANGEMENTS

Investment in Moa Joint Venture

During the three and six months ended June 30, 2025 and June 30, 2024, the Moa Joint Venture distributed nil tonnes of finished cobalt and paid nil cash distributions to the Corporation pursuant to the Cobalt Swap.

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

Statements of financial position

Canadian $ millions, 100% basis, as at	2025 June 30	2024 December 31
Assets		
Cash and cash equivalents	**$ 43.4**	$ 11.3
Income taxes receivable	**6.6**	7.0
Other current assets[(1)]	**27.2**	40.9
Trade accounts receivable, net	**62.6**	90.3
Inventories	**350.3**	382.3
Other non-current assets	**13.7**	17.9
Property, plant and equipment	**1,087.6**	1,136.6
Deferred income taxes	**9.8**	10.3
Total assets	**1,601.2**	1,696.6
Liabilities		
Trade accounts payable and accrued liabilities	**122.6**	111.9
Income taxes payable	**3.2**	1.0
Other current financial liabilities	**0.2**	0.2
Deferred revenue	**15.4**	21.0
Loans and borrowings[(2)]	**87.1**	40.5
Environmental rehabilitation provisions	**89.5**	86.9
Other non-current financial liabilities	**2.3**	2.9
Deferred income taxes	**10.0**	11.2
Total liabilities	**330.3**	275.6
Net assets of Moa Joint Venture	**$ 1,270.9**	$ 1,421.0
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**635.5**	710.5
Intercompany capitalized interest elimination	**(42.4)**	(45.1)
Investment in Moa Joint Venture	**$ 593.1**	$ 665.4

(1) Included in other current assets as at June 30, 2025 is nil from the Corporation for distributions received that had not yet been declared as dividends (December 31, 2024 - $29.9 million, which was extinguished upon declaration as dividends during the six months ended June 30, 2025).

(2) Included in loans and borrowings as at June 30, 2025 is $31.8 million of current financial liabilities (December 31, 2024 - $27.7 million) and $55.3 million of non-current financial liabilities (December 31, 2024 - $12.8 million). As at June 30, 2025, the Moa Joint Venture had drawn $40.9 million (US$30.0 million) (December 31, 2024 - nil) on a US$60.0 million equivalent credit facility denominated in Cuban pesos from a Cuban financial institution to support spending on capital related to tailings management and working capital, which is included in non-current financial liabilities.

Statements of comprehensive loss

Canadian $ millions, 100% basis	For the three months ended 2025 June 30	2024 June 30	For the six months ended 2025 June 30	2024 June 30
Revenue	**$ 186.9**	$ 235.6	**$ 366.2**	$ 444.1
Cost of sales(1)	**(210.1)**	(233.3)	**(403.9)**	(465.1)
Impairment of property, plant and equipment	**-**	(1.0)	**-**	(1.0)
Administrative expenses	**(2.7)**	(2.6)	**(5.8)**	(5.4)
Loss from operations	**(25.9)**	(1.3)	**(43.5)**	(27.4)
Financing income	**0.1**	0.2	**0.2**	0.4
Financing expense	**(11.8)**	(4.0)	**(17.7)**	(5.6)
Net finance expense	**(11.7)**	(3.8)	**(17.5)**	(5.2)
Loss before income tax	**(37.6)**	(5.1)	**(61.0)**	(32.6)
Income tax expense(2)	**(2.3)**	(1.1)	**(3.8)**	(1.8)
Net loss and comprehensive loss of Moa Joint Venture	**$ (39.9)**	$ (6.2)	**$ (64.8)**	$ (34.4)
Proportion of Sherritt's ownership interest	**50%**	50%	**50%**	50%
Total	**(20.0)**	(3.1)	**(32.4)**	(17.2)
Intercompany elimination	**1.3**	1.9	**2.3**	3.7
Share of loss of Moa Joint Venture, net of tax	**$ (18.7)**	$ (1.2)	**$ (30.1)**	$ (13.5)

(1) Included in cost of sales for the three and six months ended June 30, 2025 is depreciation and amortization of $25.2 million and $48.7 million, respectively ($23.7 million and $45.9 million for the three and six months ended June 30, 2024, respectively).

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

Joint operation

During the three and six months ended June 30, 2025, Energas declared and paid dividends of $5.6 million and $9.9 million, respectively, to the Corporation in Canada ($5.1 million for the three and six months ended June 30, 2024).

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

Canadian $ millions, 33⅓% basis, as at	2025 June 30	2024 December 31
Current assets(1)	**$ 126.0**	$ 139.2
Non-current assets	**14.6**	15.6
Current liabilities	**6.2**	15.5
Non-current liabilities	**66.6**	61.5
Net assets	**$ 67.8**	$ 77.8

(1) Included in current assets is $103.8 million of cash and cash equivalents denominated in Cuban pesos and held in Cuban bank deposit accounts (December 31, 2024 - $111.4 million).

Canadian $ millions, 33⅓% basis	For the three months ended 2025 June 30	2024 June 30	For the six months ended 2025 June 30	2024 June 30
Revenue	**$ 10.6**	$ 11.8	**$ 22.0**	$ 23.8
Expenses	**(10.2)**	(6.7)	**(18.2)**	(9.0)
Net earnings	**$ 0.4**	$ 5.1	**$ 3.8**	$ 14.8

9. NET FINANCE INCOME (EXPENSE)

Canadian $ millions	Note	For the three months ended 2025 June 30	2024 June 30	For the six months ended 2025 June 30	2024 June 30
Extinguishment of Second Lien Notes and premium at amortized cost for Amended Senior Secured Notes	5, 13	**240.0**	-	**240.0**	-
Extinguishment of PIK Notes at amortized cost for Amended Senior Secured Notes	5, 13	**69.4**	-	**69.4**	-
Extinguishment of accrued interest on PIK Notes	5, 13	**1.8**	-	**1.8**	-
Issuance of Amended Senior Secured Notes at fair value	5, 13	**(266.1)**	-	**(266.1)**	-
Extinguishment of Amended Senior Secured Notes at exchange price for common shares from treasury	5, 13	**17.1**	-	**17.1**	-
Issuance of common shares from treasury at fair value	5, 16	**(13.9)**	-	**(13.9)**	-
Transaction costs:					
Early cash consent consideration	5	**(6.5)**	-	**(6.5)**	-
Legal, financial and other advisory costs	5	**(9.4)**	-	**(9.4)**	-
Gain on Debt and Equity Transactions		**32.4**	**-**	**32.4**	**-**
Interest income on financial assets measured at amortized cost		**0.1**	0.5	**0.4**	1.1
Gain (loss) on revaluation of GNC receivable	11	**5.6**	(7.9)	**8.2**	(18.4)
(Loss) gain on revaluation of Energas payable	11	**(2.1)**	2.6	**(2.8)**	4.0
Unrealized loss on natural gas swaps	11	**(5.3)**	-	**(1.8)**	-
Realized gain on natural gas swaps	11	**0.3**	-	**0.4**	-
Unrealized gain on nickel put options		**-**	3.4	**-**	3.4
Gain on repurchase of notes	13	**-**	0.7	**-**	0.7
Reclassification of transaction costs on Debt and Equity Transactions to Gain on Debt and Equity Transactions	5	**4.9**	-	**-**	-
Other interest income and gains on financial instruments		**1.0**	1.4	**1.7**	1.3
Other financing items		**4.4**	0.2	**5.7**	(9.0)
Interest expense and accretion on loans and borrowings		**(7.9)**	(9.6)	**(16.7)**	(18.8)
Unrealized foreign exchange gain		**1.0**	-	**0.9**	-
Realized foreign exchange loss		**-**	(0.3)	**(0.5)**	(0.3)
Other interest expense and finance charges		**(0.4)**	(0.3)	**(0.5)**	(0.3)
Accretion expense on environmental rehabilitation provisions		**-**	-	**(0.1)**	(0.1)
Financing expense		**(7.3)**	(10.2)	**(16.9)**	(19.5)
Net finance income (expense)		**$ 29.6**	$ (9.5)	**$ 21.6**	$ (27.4)

10. EARNINGS (LOSS) PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars	For the three months ended 2025 June 30	2024 June 30	For the six months ended 2025 June 30	2024 June 30
Net earnings (loss) from continuing operations	**$ 10.4**	$ (11.5)	**$ (30.2)**	$ (52.4)
(Loss) earnings from discontinued operations, net of tax	**(0.2)**	-	**(0.2)**	0.4
Net earnings (loss) for the period – basic and diluted	**$ 10.2**	$ (11.5)	**$ (30.4)**	$ (52.0)
Weighted-average number of common shares – basic and diluted[(1)]	**474.5**	397.3	**436.1**	397.3
Net earnings (loss) from continuing operations per common share:				
Basic and diluted	**$ 0.02**	$ (0.03)	**$ (0.07)**	$ (0.13)
Net earnings (loss) per common share:				
Basic and diluted	**$ 0.02**	$ (0.03)	**$ (0.07)**	$ (0.13)

(1) The determination of the weighted-average number of common shares - diluted excludes 7.8 million shares related to stock options that were anti-dilutive for the three and six months ended June 30, 2025 (9.9 million for the three and six months ended June 30, 2024).

11. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents of the Corporation held in Canada was $14.7 million as at June 30, 2025 (December 31, 2024 - $32.1 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 cash deposited with financial institutions located in Cuba that are not rated. Of the Corporation's cash and cash equivalents of $121.6 million, total cash held in Cuban bank deposit accounts was $106.4 million as at June 30, 2025 (December 31, 2024 - $113.0 million).

Total cash denominated in Cuban pesos was $106.4 million as at June 30, 2025 (December 31, 2024 - $113.0 million), which is not exchangeable into other currencies unless sufficient foreign currency reserves exist in Cuba. Refer to note 17 for further details on the lack of exchangeability of the Cuban peso.

As at June 30, 2025, $103.8 million of the Corporation's cash and cash equivalents was held by Energas in Cuban bank deposit accounts (December 31, 2024 - $111.4 million). These funds are for use locally by the joint operation, including repayment of Energas' payable to GNC (note 13) in Cuban pesos ("CUP") pursuant to the Cobalt Swap and for payments under the Energas Payment Agreement ("Moa Swap"). Refer to note 17 for further details on the Cobalt Swap and Moa Swap.

Trade accounts receivable, net

Canadian $ millions, as at	2025 June 30	2024 December 31
Trade accounts receivable	**$ 71.8**	$ 112.5
Allowance for expected credit losses	**(19.7)**	(20.3)
Accounts receivable from Moa Joint Venture	**21.3**	37.6
Other	**18.6**	21.6
	$ 92.0	$ 151.4

Aging of trade accounts receivable, net

Canadian $ millions, as at	2025 June 30	2024 December 31
Not past due	**$ 87.1**	$ 132.6
Past due no more than 30 days	**0.8**	12.2
Past due for more than 30 days but no more than 60 days	**0.5**	1.3
Past due for more than 60 days	**3.6**	5.3
	$ 92.0	$ 151.4

Fair value measurement

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

Canadian $ millions, as at	Note	Hierarchy level	2025 June 30 Carrying value	2025 June 30 Fair value	2024 December 31 Carrying value	2024 December 31 Fair value
Liabilities:						
Second Lien Notes(1)(2)	13	1	**$ -**	**$ -**	$ 238.8	$ 111.8
PIK Notes(1)(2)	13	1	**-**	**-**	66.5	25.0
Amended Senior Secured Notes(1)(2)	13	1	**248.9**	**119.5**	-	-

(1) The fair values of the Second Lien Notes, PIK Notes and Amended Senior Secured Notes are based on market closing prices.

(2) During the three months ended June 30, 2025, the Second Lien Notes and PIK Notes were extinguished and Amended Senior Secured Notes were recognized as a result of the Debt and Equity Transactions. Refer to note 5 for further information on the Debt and Equity Transactions.

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	2025 June 30	2024 December 31
Fair value through profit or loss				
Assets:				
GNC receivable	12	3	$ 211.5	$ 203.3
Natural gas swap receivable	12	2	-	0.8
Liabilities:				
Energas payable	13	3	73.0	75.2
Natural gas swap payable	13	2	1.0	-

Fair value hierarchy

The GNC receivable and Energas payable are included in Level 3 of the fair value hierarchy.

The following significant unobservable inputs were used to determine the fair value of the GNC receivable as at June 30, 2025:

- Forecast in-kind nominal cobalt prices from US$12/lb to US$13/lb (December 31, 2024 - US$9/lb to US$12/lb). A US$10/lb increase in forecast in-kind nominal cobalt prices would increase the fair value by $2.2 million (December 31, 2024 - $9.1 million), while a US$10/lb decrease in forecast in-kind nominal cobalt prices would decrease the fair value by $2.2 million (December 31, 2024 - $9.2 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.
- Nominal discount rate of 12% (December 31, 2024 - 12%). A 5 percentage point increase in the discount rate would decrease the fair value by $21.6 million (December 31, 2024 - $23.4 million), while a 5 percentage point decrease in the discount rate would increase the fair value by $24.4 million (December 31, 2024 - $26.8 million).

The following is a reconciliation of the fair value of the GNC receivable from December 31, 2023 to June 30, 2024 and from December 31, 2024 to June 30, 2025:

Canadian $ millions, for the six months ended	Note	2025 June 30	2024 June 30
Balance, beginning of the period		**$ 203.3**	$ 217.8
Gain (loss) on revaluation of GNC receivable in net finance expense	9	**8.2**	(18.4)
Balance, end of the period	12	**$ 211.5**	$ 199.4

The following is a reconciliation of the fair value of the Energas payable from December 31, 2023 to June 30, 2024 and from December 31, 2024 to June 30, 2025:

Canadian $ millions, for the six months ended	Note	2025 June 30	2024 June 30
Balance, beginning of the period		**$ 75.2**	$ 75.4
Loss (gain) on revaluation of Energas payable in net finance expense	9	**2.8**	(4.0)
Settlements		**(5.0)**	-
Balance, end of the period	13	**$ 73.0**	$ 71.4

12. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	Note	2025 June 30	2024 December 31
Advances and loans receivable			
GNC receivable(1)	11	**$ 211.5**	$ 203.3
Other financial assets			
Natural gas swap receivable	11	**-**	0.8
Finance lease receivables		**0.5**	1.1
		212.0	205.2
Current portion of advances, loans receivable and other financial assets(2)		**(25.9)**	(33.6)
Non-current portion of advances, loans receivable and other financial assets		**$ 186.1**	$ 171.6

(1) As at June 30, 2025, the non-current portion of the GNC receivable is $186.2 million (December 31, 2024 - $170.8 million).

(2) Included in the current portion of advances, loans receivable and other financial assets as at June 30, 2025 is the current portion of the GNC receivable of $25.3 million (December 31, 2024 - $32.5 million).

GNC receivable

The principal balance of the GNC receivable as at June 30, 2025 is $277.1 million (December 31, 2024 - $277.1 million), reflecting nil settlements during the six months ended June 30, 2025.

No interest accrues on the GNC receivable over the five-year period of the Cobalt Swap. In the event that the total outstanding 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. Refer to note 12 of the Corporation's annual consolidated financial statements for the year ended December 31, 2024 for further details on the Cobalt Swap.

Moa Joint Venture revolving-term credit facility

During the three months ended June 30, 2025, the Moa Joint Venture revolving-term credit facility was amended to extend its maturity for one year from April 30, 2026 to April 30, 2027. The maximum available credit of $75.0 million and interest rate of Canadian Overnight Repo Rate Average ("CORRA") plus 4.00% remain unchanged. There were no other significant changes to the terms or restrictions.

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

As at June 30, 2025, nil principal amount was drawn by the Moa Joint Venture (December 31, 2024 - nil).

13. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

				For the six months ended June 30, 2025				
				Non-cash changes				
Canadian $ millions	Note		As at 2024 December 31		Other		Recognition/ (Extinguishment)		As at 2025 June 30
Second Lien Notes	5, 9, 11	$	238.8	$	**1.2**	$	**(240.0)**	$	**-**
PIK Notes	5, 9, 11		66.5		**2.9**		**(69.4)**		**-**
Amended Senior Secured Notes	5, 9, 11		-		**(0.1)**		**249.0**		**248.9**
Credit Facility			67.2		**(0.4)**		**-**		**66.8**
		$	372.5	$	**3.6**	$	**(60.4)**	$	**315.7**
Current portion of loans and borrowings			(67.2)						**(66.8)**
Non-current portion of loans and borrowings		$	305.3					$	**248.9**

Second Lien Notes

During the three months ended June 30, 2025, the Corporation completed the Debt and Equity Transactions (note 5). Upon completion of the Debt and Equity Transactions, the Corporation paid accrued interest of $8.7 million on the Second Lien Notes, the Second Lien Notes and premium at maturity were extinguished and Amended Senior Secured Notes were recognized. Refer to note 5 for further information on the Debt and Equity Transactions.

No mandatory redemptions were required to be made during the three months ended June 30, 2025 as the Second Lien Notes were extinguished prior to the mandatory redemption date on April 30, 2025.

As at June 30, 2025, the outstanding principal amount of Second Lien Notes is nil (December 31, 2024 - $221.3 million).

Other non-cash changes consist of interest and accretion of a 7% premium. This premium was due upon the earlier of optional redemption and maturity of the notes and was accreted over the life of the instrument.

PIK Notes

As a result of the Debt and Equity Transactions, the PIK Notes and accrued interest of $1.8 million from January 31, 2025 were extinguished and Amended Senior Secured Notes were recognized. Refer to note 5 for further information on the Debt and Equity Transactions.

As at June 30, 2025, the outstanding principal amount of the PIK Notes is nil (December 31, 2024 - $66.7 million).

Other non-cash changes consist of a gain due to revision of cash flows, interest and accretion. Accrued and unpaid interest on these notes was capitalized to the principal balance semi-annually in January and July at the election of the Corporation.

During the six months ended June 30, 2025, in accordance with the terms of the indenture governing the PIK Notes, the Corporation elected not to pay cash interest of $3.6 million and added the payment-in-kind interest to the principal amount owed to noteholders (during the six months ended June 30, 2024 - $3.4 million).

During the six months ended June 30, 2024, the Corporation repurchased $1.5 million of principal of the PIK Notes at a cost of $0.8 million, plus $0.1 million of accrued interest, resulting in a gain on repurchase of notes of $0.7 million (note 9).

Amended Senior Secured Notes

During the three months ended June 30, 2025, the Corporation completed the Debt and Equity Transactions, resulting in the issuance of Amended Senior Secured Notes with a principal amount of $266.1 million, interest rate of 9.25% per annum and maturity of November 30, 2031. Interest is payable semi-annually in cash in April and October beginning in October 2025. Subsequent to the issuance of the Amended Senior Secured Notes, pursuant to the Subsequent Exchange Transaction, $17.1 million of Amended Senior Secured Notes held by the Subsequent Exchange Noteholders were exchanged and extinguished for 99 million common shares. Refer to note 5 for further information on the Debt and Equity Transactions.

As at June 30, 2025, the outstanding principal amount of the Amended Senior Secured Notes is $249.0 million (December 31, 2024 - nil).

Upon implementation of the Subsequent Exchange Transaction, the Corporation entered into put agreements with each of the Subsequent Exchange Noteholders pursuant to which the Subsequent Exchange Noteholders have the right to require the Corporation to repurchase certain Amended Senior Secured Notes (the “Put Agreements”). Under the Put Agreements, Subsequent Exchange Noteholders have the right to require repurchases with a purchase price equal to (i) 105% of the principal amount of the Amended Senior Secured Notes purchased and (ii) all accrued and unpaid interest on such principal amounts on the following dates (the “Scheduled Repurchase Dates”):

(a) On December 15, 2025, provided that the Corporation’s liquidity exceeds $50.0 million (the “Minimum Liquidity”) after giving effect to such purchase, $5.0 million in aggregate principal amount of the Amended Senior Secured Notes (the “2025 Payment”);

(b) On December 15, 2026, $10.0 million in aggregate principal amount of the Amended Senior Secured Notes, provided that if the 2025 Payment was not made as a result of the Corporation not having liquidity in excess of Minimum Liquidity, $12.5 million in aggregate principal amount of the Amended Senior Secured Notes;

(c) On December 15, 2027, $15.0 million in aggregate principal amount of the Amended Senior Secured Notes, provided that if the 2025 Payment was not made as a result of the Corporation not having liquidity in excess of Minimum Liquidity, $17.5 million in aggregate principal amount of the Amended Senior Secured Notes; and

(d) On December 15, 2028, $15.0 million in aggregate principal amount of the Amended Senior Secured Notes (the “Scheduled Repurchases”).

The Corporation has a call right at any time up to 120 days prior to any Scheduled Repurchase Date to repurchase the Amended Senior Secured Notes from such Subsequent Exchange Noteholders at par value, in a principal amount not to exceed the principal amount that would be subject to the Scheduled Repurchase amounts described above. For accounting purposes, the put and call rights were determined to be closely related to the host debt and did not require bifurcation.

Under the Put Agreements, the Corporation agreed that it will take steps to purchase or retire an additional amount of outstanding Amended Senior Secured Notes on the same dates as the Scheduled Repurchases (such additional purchases being, collectively, the “Additional Repurchases”). The Additional Repurchases will be at a price and structure as approved by the Corporation’s Board of Directors, provided that the Corporation’s liquidity would exceed the Minimum Liquidity after giving effect to the Scheduled Repurchases and any Additional Repurchases.

Minimum Liquidity is defined in the Put Agreements as cash and cash equivalents in Canada plus available credit facilities. The Minimum Liquidity amount as at June 30, 2025 is $45.0 million.

Under the indenture governing the Amended Senior Secured Notes (the “Amended Senior Secured 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 Amended Senior Secured Notes Indenture. As at June 30, 2025, the Corporation met the required financial ratio and has the capacity to make restricted payments up to $116.1 million.

Other non-cash changes consist of interest and accretion.

Credit Facility

During the three months ended June 30, 2025, the syndicated revolving-term credit facility ("Credit Facility") was amended to extend its maturity for one year from April 30, 2026 to April 30, 2027. The maximum available credit of $100.0 million and interest rate of CORRA plus 4.00% remain unchanged. There were no other significant changes to the terms, financial covenants or restrictions. Borrowings on the Credit Facility are available to fund working capital and capital expenditures.

As at June 30, 2025, the outstanding principal amount of the Credit Facility is $69.0 million (December 31, 2024 - $69.0 million).

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

Other financial liabilities

Canadian $ millions, as at	Note	**2025 June 30**	2024 December 31
Energas payable[1]	11	**$ 73.0**	$ 75.2
Lease liabilities		**8.7**	9.8
Share-based compensation liability		**2.8**	3.2
Natural gas swap payable	11	**1.0**	-
Other financial liabilities		**0.9**	19.0
		86.4	107.2
Current portion of other financial liabilities[2]		**(12.6)**	(34.9)
Non-current portion of other financial liabilities		**$ 73.8**	$ 72.3

(1) As at June 30, 2025, the non-current portion of the Energas payable is $64.5 million (December 31, 2024 - $59.3 million).

(2) As at June 30, 2025, the current portion of other financial liabilities includes the current portions of the Energas payable of $8.5 million (December 31, 2024 - $15.9 million), a share-based compensation liability of $1.5 million (December 31, 2024 - $2.0 million), a natural gas swap payable of $1.0 million (December 31, 2024 – nil) and an other financial liability of nil (December 31, 2024 - $14.9 million to the Moa JV for distributions received that had not yet been declared as dividends as at December 31, 2024 and was extinguished upon declaration during the six months ended June 30, 2025).

Energas payable

During the six months ended June 30, 2025, $5.0 million (33⅓% basis) of cash was paid by Energas to GNC in CUP (during the six months ended June 30, 2024 - nil). The outstanding principal balance of the Energas payable as at June 30, 2025 is $92.3 million (December 31, 2024 - $97.3 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.

14. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at June 30	**2025**
Property, plant and equipment commitments	**$ 5.0**
Moa Joint Venture[1]:	
Property, plant and equipment commitments - Sustaining and growth	**9.0**
Property, plant and equipment commitments - Tailings facility[2]	**8.6**

(1) The Moa Joint Venture's property, plant and equipment commitments are non-recourse to the Corporation and presented on a 50% basis.

(2) The Moa Joint Venture's property, plant and equipment commitments for the tailings facility are in part funded by a US$60.0 million (100% basis) equivalent credit facility in CUP from a Cuban financial institution, of which $40.9 million (US$30.0 million) was drawn as at June 30, 2025 (note 8).

15. SUPPLEMENTAL CASH FLOW INFORMATION

Working capital is defined as the Corporation's current assets less current liabilities and was $43.3 million as at June 30, 2025 (December 31, 2024 - $91.8 million).

Net change in non-cash working capital

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

	For the three months ended		For the six months ended	
Canadian $ millions	**2025 June 30**	2024 June 30	**2025 June 30**	2024 June 30
Trade accounts receivable, net[(1)]	**$ 19.4**	$ 5.2	**$ 51.4**	$ 29.9
Inventories[(2)]	**(1.0)**	6.8	**(5.0)**	-
Prepaid expenses	**(2.4)**	(1.0)	**(0.1)**	(1.6)
Trade accounts payable and accrued liabilities	**26.7**	0.8	**(16.0)**	(12.5)
Deferred revenue	**(21.5)**	(28.0)	**(8.0)**	(9.0)
	$ 21.2	$ (16.2)	**$ 22.3**	$ 6.8

(1) Trade accounts receivable, net includes adjustments of $(0.1) million and $(6.2) million for the three and six months ended June 30, 2025, respectively, for Proceeds from Cobalt Swap presented separately in the condensed consolidated statements of cash flow ($(0.1) million and $(1.1) million for the three and six months ended June 30, 2024, respectively).

(2) Inventories include adjustments of nil and $(4.7) million for the three and six months ended June 30, 2025, respectively, for non-cash finished cobalt cost of sales presented separately in the condensed consolidated statements of cash flow (nil and $(0.8) million for the three and six months ended June 30, 2024, respectively).

Non-cash financing activities

During the three and six months ended June 30, 2025, all of the outstanding Second Lien Notes in the principal amount of $221.3 million and all of the outstanding PIK Notes in the principal amount of $70.3 million were exchanged and extinguished for Amended Senior Secured Notes with a principal amount of $266.1 million. Subsequently, $17.1 million of Amended Senior Secured Notes were exchanged and extinguished for 99 million common shares of the Corporation issued from treasury with a fair value of $13.9 million (note 16).

16. 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. During the six months ended June 30, 2025, the Corporation issued 99 million shares from treasury at a fair value of $13.9 million, representing the Corporation's share price on the date of issuance, as part of the Debt and Equity Transactions.

		For the six months ended 2025 June 30		For the year ended 2024 December 31	
Canadian $ millions, except share amounts	Note	**Number**	**Capital stock**	Number	Capital stock
Balance, beginning of the period		**397,288,680**	**$ 2,894.9**	397,288,680	$ 2,894.9
Issuance of common shares	5	**99,000,000**	**13.9**	-	-
Balance, end of the period		**496,288,680**	**$ 2,908.8**	397,288,680	$ 2,894.9

17. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Lack of exchangeability of the Cuban peso

Upon adoption of the Amendments to IAS 21, the Corporation determined that the Cuban peso is not exchangeable into other currencies unless sufficient foreign currency reserves exist in Cuba. The Corporation continues to use the 24 CUP:1 USD observable exchange rate without adjustment published by the Central Bank of Cuba as this is the exchange rate to which the Corporation is subject. The Corporation's primary risk is related to its cash and cash equivalents of $106.4 million as at June 30, 2025 denominated in CUP, which is primarily held by Energas in the Power segment.

To facilitate the conversion of CUP to Canadian dollars, the Corporation has in place the Moa Swap (note 11), which facilitates the payment of the Canadian equivalent of approximately US$50.0 million annually from the Moa JV to Energas, which Energas uses to facilitate foreign currency payments in support of the business and to pay dividends to the Corporation in Canada. In addition, the Corporation has in place the Cobalt Swap under which the Corporation receives finished cobalt and cash in Canadian dollars from the Moa JV as repayment of the GNC receivable. Energas, in turn, pays an equivalent amount to GNC in CUP under the Energas payable. The Moa JV is not directly exposed to significant risk related to the CUP, as it receives major foreign currencies from the sale of nickel and cobalt to customers outside of Cuba.

Financial obligation maturity analysis

The Corporation's significant contractual commitments, obligations, 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 scheduled repurchases of the Amended Senior Secured Notes (note 13) in 2025, the amount disclosed is determined by reference to the conditions existing as at June 30, 2025.

Canadian $ millions, as at June 30, 2025	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	$ 155.8	$ 155.8	$ -	$ -	$ -	$ -	$ -
Income taxes payable	0.2	0.2	-	-	-	-	-
Amended Senior Secured Notes (includes principal, interest and scheduled repurchases)	384.0	23.8	34.8	38.4	34.3	18.9	233.8
Credit Facility	77.8	4.9	72.9	-	-	-	-
Other non-current financial liabilities	1.3	-	0.1	0.3	0.3	0.3	0.3
Provisions	197.0	7.3	7.9	11.8	10.3	22.0	137.7
Energas payable(1)	92.4	9.0	7.2	76.2	-	-	-
Lease liabilities	10.1	2.1	1.5	1.4	1.3	1.2	2.6
Total	$ 918.6	$ 203.1	$ 124.4	$ 128.1	$ 46.2	$ 42.4	$ 374.4

(1) The Energas payable is paid in CUP in Cuba and does not impact the Corporation's liquidity in Canada.

18. RELATED PARTY TRANSACTIONS

The Corporation enters into related party transactions with its joint arrangements (note 8). Transactions between related parties are generally based on standard commercial terms. All amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received on the outstanding amounts. No expense has been recognized in the current or prior periods for bad debts in respect of amounts owed by related parties.

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