

sherritt

Q4

2025 FOURTH QUARTER REPORT

Sherritt International Corporation
For the three months and year ended December 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 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 February 10, 2026, should be read in conjunction with Sherritt's audited consolidated financial statements for the year ended December 31, 2025. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR+ at www.sedarplus.ca or on the Corporation's website at www.sherritt.com.

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

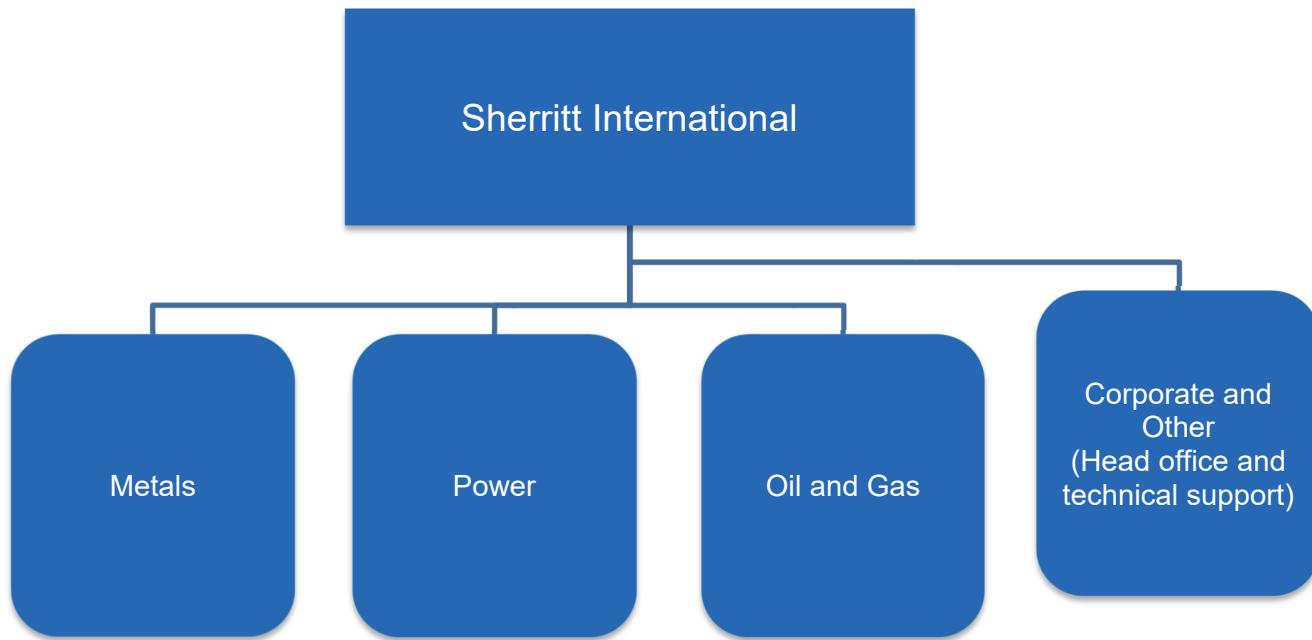
Securities regulators allow companies to disclose forward-looking information to help investors understand a company's future prospects. This MD&A contains statements about Sherritt's future financial condition, results of operations and business. See the end of this report for more information on forward-looking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

Overview of the business	2
The business we manage	4
Highlights	6
Financial results	9
Consolidated financial position	11
Significant factors influencing operations	12
Review of operations	13
Metals	13
Power	17
Corporate and Other	19
Environmental, social and governance ("ESG")	20
Outlook	21
Liquidity	23
Sources and uses of cash	25
Capital resources	26
Capital risk management	26
Contractual obligations and commitments	27
Debt and Equity Transactions	27
Amended Senior Secured Notes	28
Second Lien Notes	29
PIK Notes	29
Credit Facility	29
Guarantees	30
Capital Structure	30
Common shares	30
Managing risk	31
Critical accounting estimates and judgments	42
Accounting pronouncements	44
Summary of quarterly results	46
Three-year trend analysis	47
Off-balance sheet arrangements	47
Transactions with related parties	48
Controls and procedures	49
Supplementary information	50
Sensitivity analysis	50
Investment in Moa Joint Venture	51
Non-GAAP and other financial measures	53
Forward-looking statements	65

Overview of the business

Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Leveraging its technical expertise and decades of experience in critical minerals processing, Sherritt is committed to expanding domestic refining capacity and reducing reliance on foreign sources. The Corporation operates a strategically important refinery in Alberta, Canada, recognized as the only significant cobalt refinery and one of just three nickel refineries in North America. Sherritt's Moa Joint Venture produces cost competitive critical minerals while maintaining high sustainability standards and has an estimated mine life of approximately 25 years.

The Corporation's Power division, through its ownership in Energas, is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. Energas processes domestically sourced raw natural gas to generate electricity for sale to the Cuban national electrical grid. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Sherritt's common shares are listed on the Toronto Stock Exchange under the symbol "S".



METALS

Moa Joint Venture

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

The Moa JV is a vertically integrated joint venture that mines, processes and refines nickel and cobalt for sale worldwide (except in the United States). The joint venture has an open pit lateritic ore mine and processing facility in Moa, Cuba where ore is processed into mixed sulphide precipitate ("MSP") containing nickel and cobalt. The MSP is transported to the joint venture's refinery in Alberta, Canada. The resulting nickel and cobalt products are sold to various markets, primarily in Europe and Asia.

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

Fort Site

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

Metals Marketing

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

POWER

Sherritt's power generating assets are located in Cuba at Varadero, Boca de Jaruco and Puerto Escondido. These assets are held by Sherritt through its one-third interest in Energas S.A. ("Energas"), which is a Cuban joint venture established to process domestically sourced raw natural gas and generate electricity for sale to the Cuban national electrical grid. Cuban government agencies Unión Eléctrica ("UNE") and Unión Cubapetróleo ("CUPET") hold the remaining two-thirds interest in Energas. In 2022, Cuba's Executive Committee of the Council of Ministers approved the twenty-year extension of the Energas Joint Venture contract with the Cuban government to March 2043.

Raw natural gas is supplied free of charge to Energas by CUPET. The processing of raw natural gas produces clean natural gas, used to generate electricity, as well as by-products such as condensate and liquefied petroleum gas. All of Energas' electrical generation is purchased by UNE under long-term fixed-price contracts while the by-products are purchased by other agencies of the Cuban government.

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

OIL AND GAS

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

CORPORATE AND OTHER

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

(1) For additional information on the Cobalt Swap, see Note 13 – Advances, loans receivable and other financial assets of the consolidated financial statements for the year ended December 31, 2025.

The business we manage

ACCOUNTING PRESENTATION

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

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

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

The Moa JV is accounted for using the equity method of accounting, which recognizes the Corporation's share of earnings (loss) of Moa Joint Venture, net of tax, and its net assets as the Corporation's investment in Moa Joint Venture. 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 Moa JV's nickel and cobalt production and the Corporation's cobalt inventory received under the Cobalt Swap agreement.

Power: Includes the Corporation's 33⅓% interest in Energas.

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 consolidated financial statements for the year ended December 31, 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 53.

Highlights

FOURTH QUARTER AND FULL YEAR 2025 RESULTS AND SELECTED DEVELOPMENTS⁽¹⁾

Operational Performance

- **Finished nickel and cobalt production** at the Moa Joint Venture ("Moa JV") in Q4 2025 was 3,816 tonnes and 424 tonnes, respectively, (Sherritt's share⁽¹⁾). Full year 2025 production reached 25,240 tonnes of nickel and 2,728 tonnes of cobalt (100% basis) both within revised annual guidance ranges⁽²⁾.
- **Finished nickel and cobalt sales** in Q4 2025 were 3,710 tonnes and 437 tonnes, respectively. Full year 2025 sales totaled 13,145 tonnes and 1,535 tonnes, respectively.
- **Net direct cash cost ("NDCC")⁽³⁾** was US\$6.01/lb in Q4 2025. Full year 2025 NDCC⁽³⁾ of US\$5.96/lb was within the original guidance range, benefitting from higher cobalt by-product credits and ongoing cost optimization initiatives.
- **Electricity production** reached 210 GWh in Q4 2025. Full year 2025 production totaled 799 GWh, largely in line with the annual guidance range of 800 GWh to 850 GWh. The Boca de Jaruco facility operated in frequency control in December at the request of Unión Eléctrica ("UNE") which had not been factored into guidance. Energas was fully compensated for this reduction.
- **Electricity unit operating cost⁽³⁾** was \$23.48/MWh in Q4 2025. Full year 2025 unit operating cost⁽³⁾ of \$23.33/MWh was at the low end of the annual guidance range.

Financial Performance

- **Net loss from continuing operations** was \$15.7 million, or \$(0.03) per share in Q4 2025 and \$65.4 million, or \$(0.14) per share for the full year 2025.
- **Adjusted net loss from continuing operations⁽³⁾** was \$13.9 million or \$(0.03) per share in Q4 2025 and \$77.2 million or \$(0.17) per share for the full year. Q4 2025, adjusted net loss from continuing operations primarily excludes foreign exchange and net revaluation gains and losses and the \$3.5 million loss from operations of Sherritt's Oil and Gas division. Full year 2025, adjusted net loss from continuing operations primarily excludes a \$32.4 million gain on debt and equity transactions ("Debt and Equity Transactions") and \$11.7 million of net revaluation gains and losses partially offset by the \$22.0 million loss from Oil and Gas division operations (primarily due to updates to contractually obligated environmental rehabilitation costs on legacy assets in Spain).
- **Adjusted EBITDA⁽³⁾** was \$(1.5) million in Q4 2025 and \$7.1 million for the full year 2025.
- **Available liquidity in Canada** as of December 31, 2025 was \$43.7 million.

Strategic and Organizational Developments

- **Power division dividends** in Canada from Energas were \$7.8 million in Q4 2025 bringing full year 2025 dividends to \$26.0 million – double the \$13.0 million received in 2024 and in line with prior disclosure.
- **Cost reduction initiatives** were implemented in Q3 2025, which included a further workforce reduction with a focus on non-operating roles across Canadian operations. The cost reduction initiatives are expected to deliver approximately \$20.0 million in annual savings (100% basis) and are in addition to the \$17.0 million in annual savings (100% basis) achieved through the 2024 initiatives.
- **Debt restructuring** completed in April 2025 consolidated the Corporation's debt, extended the maturity to November 2031, reduced debt obligations by \$68.0 million⁽⁴⁾ and decreased annual interest expense by approximately \$3.0 million.
- **Board and leadership transition:** In November 2025, Brian Imrie was appointed as independent director and Chair of the Board, bringing extensive leadership, capital markets and mining-sector experience. In December, the Board also welcomed Brett Richards, an experienced mining executive with more than 37 years of industry experience, as an independent director. Dr. Peter Hancock, a seasoned mining industry executive with more than 35 years of experience that includes overseeing nickel mining operations, was appointed Interim Chief Executive Officer. Dr. Hancock previously served as an independent director since November 2021 and Chair of the Reserves, Operations and Capital Sustainability Committee since March 2022. The Board has launched a comprehensive search for a permanent Chief Executive Officer, which will include consultation with shareholders and other stakeholders.

- (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 33.3% 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) Guidance refers to 2025 guidance as most recently updated and disclosed in the Corporation's Management Discussion and Analysis for the three and nine months ended September 30, 2025. See the Outlook section for more information.
- (3) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.
- (4) 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.

OPERATIONAL UPDATE AND 2026 GUIDANCE

Operational update

In early 2026 Sherritt and its joint venture partner completed an operational review of the Moa mine, establishing the foundation for an actionable turnaround plan aimed at stabilizing operations and restoring mixed sulphides production to pre-2025 levels. The review identified key opportunities for improvement, including optimizing mining operations to increase production rates, enhancing workforce stability and technical expertise, and reducing maintenance downtime at the Moa processing facility.

To address these priorities, Sherritt has initiated a comprehensive turnaround plan that includes investing in additional mining equipment, deploying experienced technical personnel, a revised mining plan and allocating resources to improve operational performance and maintenance efficiency. Sherritt is also advancing several debottlenecking initiatives to enhance production efficiency. Sherritt's share of the 2026 turnaround investments is included in its spending on capital⁽¹⁾ guidance.

As these initiatives progress through 2026, Sherritt expects mixed sulphides production to recover steadily, reaching pre-2025 levels by year-end. Following the completion of the operational turnaround, Sherritt will focus on ramping up production to realize the full benefits of its expansion program.

2026 Guidance

Metals

- **Finished nickel and cobalt production** are expected to be 26,000 to 28,000 tonnes (100% basis) and 2,750 to 2,850 tonnes (100% basis), respectively. Nickel production is up from 2025 as a result of higher mixed sulphides production which is expected to be 30,000 to 32,000 tonnes (100% basis) of contained nickel and cobalt weighted to the second half of the year as the operational turnaround plan takes effect.
- **NDCC⁽¹⁾** is expected to be US\$5.75 to US\$6.25 per pound of nickel sold, consistent with 2025 levels benefitting from higher expected production and sales volumes, ongoing cost optimization initiatives, and higher cobalt by-product credits, partially offset by higher sulphur prices. NDCC⁽¹⁾ guidance for 2026 is based on a forecast cobalt reference price of US\$23.50 per pound and forecast sulphur price of US\$439.00 per tonne including freight and handling.
- **Sustaining spending on capital⁽¹⁾:**
 - Expected to be \$35.0 to \$40.0 million (Moa JV 50% basis, Fort Site 100% basis), including additional mining equipment and refurbishment of various equipment as part of the operational turnaround plan at Moa.
 - Tailings facility – expected to be \$25.0 to \$30.0 million (50% basis) related to the Moa JV's tailings management project which incorporates savings and deferred spending to 2027 through design optimization, improved material sourcing, and strategic procurement, while maintaining the expected date for commencing operations at year-end 2026.
- **Growth spending on capital⁽¹⁾:**
 - Improvement debottlenecking projects – expected to be \$2.5 to \$5.0 million (50% basis) which includes projects to enhance processing performance at Moa so the full benefit of the expansion program can be realized.

Efforts are underway to finance the Metals division's capital requirements.

Power

- **Electricity production** is expected to be 825 to 875 GWh (33½% basis), reflecting expectations that the Varadero facility will operate in frequency control for the majority of 2026.
- **Electricity unit operating cost⁽¹⁾** is expected to be \$27.25 to \$28.75 per MWh slightly above 2025 levels due to planned maintenance activities weighted toward the first half of the year.
- **Spending on capital⁽¹⁾** is expected to be \$3.0 million (33½% basis).

This guidance is based on current expectations, assumptions and projections about future events, including commodity and product prices and demand, the ability to successfully source required input commodities, operational performance, and other factors. Refer to the Forward-Looking Statements for further information.

Dividends and distributions

Based on 2026 guidance estimates for production volumes, unit operating costs⁽¹⁾ and spending on capital⁽¹⁾ as well as consensus 2026 prices for nickel and cobalt:

- Sherritt does not expect to receive any cash or cobalt distributions under the Cobalt Swap agreement. As defined by the agreement, any shortfall in the annual minimum payment amount will be added to the following year.
- Power dividends in Canada from Energas are expected to be \$20.0 million to \$25.0 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 distributions from the Moa JV and dividends in Canada from Energas.

DEVELOPMENTS SUBSEQUENT TO THE QUARTER

Organizational restructuring and cost optimization

Consistent with the Corporation's strategic focus on core operations and cost discipline, Sherritt eliminated the position of Chief Commercial Officer in early 2026. As part of ongoing cost optimization initiatives, Sherritt's executive management team has been streamlined from seven members at the beginning of 2024 to four, optimizing the organization for operational focus and efficiency.

Nickel put options

As part of its disciplined risk management approach, Sherritt purchased put options on 3,750 tonnes of nickel, or 625 tonnes per month, at an exercise price of US\$7.48/lb (US\$16,500/tonne) at a cost of \$2.4 million for the six-month period from February 1, 2026 to July 31, 2026. Settlements are received in cash monthly based on the average monthly nickel price on the London Metal Exchange. The put options provide Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes during periods of high volatility by providing a minimum price of US\$7.48/lb on a portion of nickel production from the Moa JV during the six-month period.

Geopolitical update

In early 2026, Venezuela ceased oil exports to Cuba as a result of recent geopolitical turmoil in the country. Venezuela has historically been a major supplier of oil to Cuba, and this supply disruption may exacerbate Cuba's existing economic challenges. In addition, on January 29, 2026, the U.S. government issued an Executive Order declaring a national emergency with respect to the government of Cuba and authorized the imposition of tariffs on countries that supply oil to Cuba, which may further heighten the risk of oil supply disruption to Cuba. The Corporation continues to monitor geopolitical and regulatory developments and to engage with its Cuban joint venture partner as appropriate.

Financial results

\$ millions, except as otherwise noted	For the three months ended			For the year ended		
	2025		2024	2025		2024
	December 31	December 31	Change	December 31	December 31	Change
FINANCIAL HIGHLIGHTS						
Revenue	\$ 55.5	\$ 45.7	21%	\$ 177.3	\$ 158.8	12%
Combined revenue ⁽¹⁾	163.2	160.3	2%	532.9	577.6	(8%)
Loss from operations and joint venture	(10.7)	(16.9)	37%	(74.5)	(43.5)	(71%)
Net loss from continuing operations	(15.7)	(22.5)	30%	(65.4)	(73.1)	11%
(Loss) earnings from discontinued operations, net of tax	(0.1)	(0.4)	75%	(0.3)	0.3	(200%)
Net loss for the period	(15.8)	(22.9)	31%	(65.7)	(72.8)	10%
Adjusted net loss from continuing operations ⁽¹⁾	(13.9)	(10.2)	(36%)	(77.2)	(56.3)	(37%)
Adjusted EBITDA ⁽¹⁾	(1.5)	14.4	(110%)	7.1	32.4	(78%)
Net loss from continuing operations (\$ per share) (basic and diluted)	\$ (0.03)	\$ (0.06)	50%	\$ (0.14)	\$ (0.18)	22%
Net loss (\$ per share) (basic and diluted)	(0.03)	(0.06)	50%	(0.14)	(0.18)	22%
Adjusted net loss from continuing operations ⁽¹⁾ (\$ per share)	(0.03)	(0.03)	-	(0.17)	(0.14)	(21%)
Cash used by continuing operations for operating activities	12.1	(21.5)	156%	21.2	(25.9)	182%
Combined free cash flow ⁽¹⁾	7.5	(20.2)	137%	(20.3)	(19.2)	(6%)
OPERATIONAL DATA						
COMBINED SPENDING ON CAPITAL⁽¹⁾	\$ 14.8	\$ 11.7	26%	\$ 60.6	\$ 42.7	42%
PRODUCTION VOLUMES						
Mixed sulphides (50% basis, tonnes) ("MSP") ⁽²⁾	2,535	3,552	(29%)	12,650	15,847	(20%)
Finished nickel (50% basis, tonnes)	3,816	3,853	(1%)	12,620	15,166	(17%)
Finished cobalt (50% basis, tonnes)	424	465	(9%)	1,364	1,603	(15%)
Fertilizer (tonnes)	57,486	67,648	(15%)	227,766	250,272	(9%)
Electricity (33⅓% basis, gigawatt hours)	210	171	23%	799	816	(2%)
SALES VOLUMES						
Finished nickel (50% basis, tonnes)	3,710	4,326	(14%)	13,145	15,678	(16%)
Finished cobalt (50% basis, tonnes)	437	465	(6%)	1,535	1,638	(6%)
Fertilizer (tonnes)	61,135	63,299	(3%)	166,817	179,135	(7%)
Electricity (33⅓% basis, gigawatt hours)	210	171	23%	799	816	(2%)
AVERAGE EXCHANGE RATE (CAD/US\$)	\$ 1.395	\$ 1.398	-	\$ 1.398	\$ 1.370	2%
AVERAGE-REALIZED PRICES (CAD)⁽¹⁾						
Nickel (\$ per pound)	\$ 9.51	\$ 9.98	(5%)	\$ 9.63	\$ 10.30	(7%)
Cobalt (\$ per pound)	25.26	12.30	105%	18.80	13.30	41%
Fertilizer (\$ per tonne)	553.68	502.93	10%	565.02	503.19	12%
Electricity (\$ per megawatt hour)	52.99	53.19	-	53.03	52.01	2%
UNIT OPERATING COSTS⁽¹⁾						
Nickel (NDCC) (US\$ per pound)	\$ 6.01	\$ 5.44	10%	\$ 5.96	\$ 5.94	-
Electricity (\$ per megawatt hour)	23.48	30.64	(23%)	23.33	34.29	(32%)

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

(2) Mixed sulphides = mixed sulphides precipitate (MSP).

FINANCIAL RESULTS

For the three months ended December 31, 2025

Consolidated revenue, which excludes revenue from the Moa JV as it is accounted for under the equity method, was \$55.5 million compared to \$45.7 million in the prior year period. At Metals, revenue from Sherritt's wholly-owned Fort Site utility and fertilizer operations of \$34.4 million was higher than the prior year period of \$30.1 million primarily due to higher revenue from sales of sulphuric acid as a result of higher sales volume and price. Power revenue was \$13.3 million compared to \$11.1 million in the prior year period primarily due to higher electricity production. Oil and Gas service revenue of \$6.1 million compared to \$1.0 million in the prior year due to an increase of services provided.

Combined revenue⁽¹⁾ which includes the Corporation's consolidated revenue and its 50% share of revenue of the Moa JV and excludes Oil and Gas revenue was \$163.2 million compared to \$160.3 million in the prior year period.

For more information regarding sales volumes and average-realized prices⁽¹⁾ of nickel, cobalt and fertilizers refer to the Metals Review of operations section on page 13.

Net loss from continuing operations of \$15.7 million was lower compared to \$22.5 million in the prior year period. Power earnings from operations of \$6.6 million was higher than the \$4.8 million in the prior year period primarily due to higher electricity production and sales and lower planned maintenance in the current year period. Oil and Gas loss from operations of \$3.5 million was lower compared to \$18.8 million in the prior year primarily due to a non-cash asset impairment of intangible assets of \$8.4 million in the prior year and rehabilitation and closure costs as a result of updated cost estimates provided by the operator of Sherritt's legacy Oil and Gas assets in Spain of \$6.9 million compared to \$4.4 million in the current year period. These amounts were partly offset by higher losses in Metals of \$18.0 million compared to \$1.0 million in the prior year period primarily a result of higher MPR/lb and lower net contribution from fertilizer sales primarily as a result of higher production costs partly offset by higher cobalt and sulphuric acid revenue.

For the year ended December 31, 2025

Consolidated revenue was \$177.3 million compared to \$158.8 million in the prior year. At Metals, revenue from Sherritt's wholly-owned Fort Site utility and fertilizer operations of \$102.4 million was higher than the prior year period of \$85.6 million primarily due to higher revenue from sales of sulphuric acid. Power revenue was \$49.2 million compared to \$47.8 million in the prior year period as higher frequency control and higher average-realized prices⁽¹⁾ largely offset slightly lower electricity production. Oil and Gas service revenue of \$15.2 million was relatively unchanged from the prior year.

Combined revenue⁽¹⁾ was \$532.9 million compared to \$577.6 million in the prior year primarily as lower nickel sales volume and the lower average-realized price⁽¹⁾ of nickel more than offset higher cobalt revenue.

For more information regarding sales volumes and average-realized prices⁽¹⁾ of nickel, cobalt and fertilizers refer to the Metals Review of operations section on page 13.

Net loss from continuing operations of \$65.4 million was lower compared to \$73.1 million in the prior year. Power earnings from operations of \$22.2 million was higher compared to \$13.5 million in the prior year primarily due to lower planned maintenance. As well, Sherritt recognized a \$32.4 million gain on the Debt and Equity Transactions and a higher non-cash revaluation gain of \$11.7 million on the net receivable pursuant to the Cobalt Swap on updates to valuation assumptions during the year. These amounts were partly offset by higher losses in Metals and Oil and Gas. Metals loss from operations of \$48.4 million compared to \$18.5 million in the prior year was primarily driven by lower nickel revenue as discussed above, partly offset by higher cobalt and sulphuric acid revenue. Oil and Gas loss from operations of \$22.0 million compared to \$18.3 million in the prior year period primarily due to higher rehabilitation and closure costs as a result of updated cost estimates of \$17.8 million compared to costs of \$8.2 million in the prior year. The prior year also included a non-cash asset impairment of intangible assets of \$8.4 million.

(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 13 – Advances, loans receivable and other financial assets of the consolidated financial statements for the year ended December 31, 2025.

CONSOLIDATED FINANCIAL POSITION

Cash and cash equivalents were \$124.9 million as at December 31, 2025 compared to \$120.2 million at September 30, 2025 and \$145.7 million at December 31, 2024. As at December 31, 2025, total available liquidity in Canada was \$43.7 million, composed of cash and cash equivalents in Canada of \$13.4 million and available credit facilities of \$30.3 million.

During the quarter, significant cash inflows included \$7.8 million of dividends in Canada from Energas and \$12.1 million cash provided by continuing operations primarily reflecting timing of working capital receipts and payments, including \$8.2 million of fertilizer spring season pre-buys at Fort Site and \$12.3 million payment of interest on the Amended Senior Secured Notes. In addition, Sherritt had \$5.8 million of expenditures on property, plant and equipment.

During the year, significant cash inflows included \$26.0 million of dividends in Canada from Energas and \$21.2 million cash provided by continuing operations primarily reflecting timing of working capital receipts and payments, including \$6.2 million of proceeds on the sale of cobalt it received under the Cobalt Swap in 2024 offset by \$21.0 million in payments of interest on the Second Lien and Amended Senior Secured Notes and Sherritt paid \$12.1 million on contractually obligated rehabilitation and closure costs related to legacy Oil and Gas assets in Spain. In addition, Sherritt had \$16.0 million of expenditures on property, plant and equipment and \$15.9 million of transaction costs related to the Debt and Equity Transactions.

As at December 31, 2025, the Corporation was in compliance with all its debt covenants.

Significant factors influencing operations

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

NICKEL

In Q4 2025, the price of nickel on the London Metal Exchange ("LME") closed at US\$7.48/lb, compared to the Q3 2025 closing price of US\$6.84/lb. The average nickel price during the quarter was US\$6.75/lb modestly below the average price in Q3 2025 of US\$6.81/lb. Prices remained rangebound within US\$6.40/lb and US\$6.95/lb until Indonesia announced plans on December 19, 2025 to cut production quotas for 2026, which led to prices exceeding US\$7.00/lb in late December and rising above US\$8.00/lb in January.

The global nickel market remained in a surplus in 2025, driven primarily by continued supply growth in Indonesia. The Indonesian government's efforts to achieve nickel market balance through intervention remains a positive development with the government's on-going crackdown on illegal mining and stricter enforcement of annual ore mining quotas potentially curtailing the pace of supply growth and increasing the cost of Indonesian supply.

Nickel demand is expected to outpace supply over the long term. 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 Q4 2025, Argus Standard Grade cobalt price closed at US\$24.38/lb, an increase of 29% from Q3 2025 closing price of US\$18.90/lb. The average cobalt price of US\$23.10/lb during the quarter was 34% higher than Q3 2025 which averaged US\$17.17/lb.

Refined cobalt prices have surged since February 2025, driven by the Democratic Republic of the Congo ("DRC")'s unexpected export ban, that transitioned to an export quota system in mid-October 2025 with annual quotas for 2026 and 2027 capped at 96,600 tonnes, approximately half of 2024 export levels. The DRC retains the right to make quota adjustments as it seeks to balance supply in light of demand and protect export value amid changing market conditions. With indications of strict enforcement, this has the potential to lead to cobalt market deficits in 2026 and 2027, with quota adjustments thereafter leading to a tightly balanced market.

FERTILIZER

Q4 2025 overall fertilizer prices moved slightly higher compared to Q3 2025. An 18% increase in average sulphur prices across the quarters on tighter sulphur feedstock availability continued to support ammonium sulphate prices. Geopolitical risks, particularly disruption risks to nitrogen supply and distribution assets continue to affect pricing sentiment.

Review of operations

METALS

\$ millions (Sherritt's share), except as otherwise noted	For the three months ended			For the year ended		
	2025		2024	2025		2024
	December 31	December 31	Change	December 31	December 31	Change
FINANCIAL HIGHLIGHTS⁽¹⁾						
Revenue	\$ 149.1	\$ 148.3	1%	\$ 481.6	\$ 526.6	(9%)
Cost of sales	165.5	146.6	13%	521.5	532.3	(2%)
Loss from operations	(18.0)	(1.0)	nm ⁽⁵⁾	(48.4)	(18.5)	(162%)
Adjusted EBITDA ⁽²⁾	(0.5)	14.6	(103%)	11.3	40.0	(72%)
CASH FLOW⁽¹⁾						
Cash provided by continuing operations for operating activities ⁽²⁾	\$ 20.9	\$ 5.9	254%	\$ 53.6	\$ 93.1	(42%)
Free cash flow ⁽²⁾	7.2	(0.3)	nm ⁽⁵⁾	7.1	59.1	(88%)
PRODUCTION VOLUME (tonnes)						
Mixed sulphides	2,535	3,552	(29%)	12,650	15,847	(20%)
Finished nickel	3,816	3,853	(1%)	12,620	15,166	(17%)
Finished cobalt	424	465	(9%)	1,364	1,603	(15%)
Fertilizer	57,486	67,648	(15%)	227,766	250,272	(9%)
NICKEL RECOVERY⁽³⁾ (%)	82%	84%	(2%)	83%	86%	(3%)
SALES VOLUME (tonnes)						
Finished nickel	3,710	4,326	(14%)	13,145	15,678	(16%)
Finished cobalt	437	465	(6%)	1,535	1,638	(6%)
Fertilizer	61,135	63,299	(3%)	166,817	179,135	(7%)
AVERAGE REFERENCE PRICE⁽⁴⁾ (US\$ per pound)						
Nickel	\$ 6.75	\$ 7.27	(7%)	\$ 6.88	\$ 7.63	(10%)
Cobalt	23.10	11.59	99%	17.69	12.77	39%
AVERAGE-REALIZED PRICE⁽²⁾						
Nickel (\$ per pound)	\$ 9.51	\$ 9.98	(5%)	\$ 9.63	\$ 10.30	(7%)
Cobalt (\$ per pound)	25.26	12.30	105%	18.80	13.30	41%
Fertilizer (\$ per tonne)	553.68	502.93	10%	565.02	503.19	12%
UNIT OPERATING COST⁽²⁾ (US\$ per pound)						
Nickel - net direct cash cost ⁽²⁾	\$ 6.01	\$ 5.44	10%	\$ 5.96	\$ 5.94	-
SPENDING ON CAPITAL⁽²⁾						
Sustaining						
Moa JV (50% basis), Fort Site (100% basis)	\$ 5.9	\$ 1.4	321%	\$ 27.2	\$ 15.2	79%
Moa JV - Tailings facility (50% basis)	7.3	4.6	59%	24.3	13.1	85%
Growth - Moa JV (50% basis)	1.1	5.3	(79%)	7.4	11.4	(35%)
	\$ 14.3	\$ 11.3	27%	\$ 58.9	\$ 39.7	48%

(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 standard-grade cobalt price published by Argus.

(5) Not meaningful ("nm").

Management's discussion and analysis

Metals revenue, cost of sales and NDCC⁽¹⁾ are composed of the following:

\$ millions, except as otherwise noted	For the three months ended			For the year ended		
	2025		2024	2025		2024
	December 31	December 31	Change	December 31	December 31	Change
REVENUE						
Nickel	\$ 77.8	\$ 95.3	(18%)	\$ 279.0	\$ 355.9	(22%)
Cobalt - Moa JV	24.3	11.1	119%	58.9	45.6	29%
Cobalt - Cobalt Swap	-	1.5	(100%)	4.7	2.4	96%
Fertilizers	33.9	31.8	7%	94.3	90.1	5%
Other	13.1	8.6	52%	44.7	32.6	37%
	\$ 149.1	\$ 148.3	1%	\$ 481.6	\$ 526.6	(9%)
COST OF SALES⁽²⁾						
Mining, processing and refining (MPR) ⁽³⁾	\$ 95.2	\$ 84.8	12%	\$ 297.7	\$ 323.6	(8%)
Third-party feed costs	3.1	8.2	(62%)	19.1	20.8	(8%)
Finished cobalt cost ⁽⁴⁾	-	1.4	(100%)	4.7	2.2	114%
Fertilizers	30.8	20.3	52%	71.1	62.0	15%
Selling costs	5.4	7.0	(23%)	19.4	23.9	(19%)
Royalties/territorial contributions and other non-cash costs ⁽⁵⁾	5.1	4.7	9%	21.3	23.4	(9%)
Other by-product costs and other	8.4	4.6	83%	28.5	18.4	55%
	\$ 148.0	\$ 131.0	13%	\$ 461.8	\$ 474.3	(3%)
NET DIRECT CASH COST⁽¹⁾ (US\$ per pound of nickel)						
Mining, processing and refining costs ⁽⁶⁾	\$ 8.32	\$ 6.29	32%	\$ 7.40	\$ 6.83	8%
Third-party feed costs	0.27	0.63	(57%)	0.47	0.44	7%
Cobalt by-product credits ⁽⁷⁾	(2.12)	(0.89)	(138%)	(1.51)	(0.99)	(53%)
Net fertilizer by-product credits	(0.26)	(0.85)	69%	(0.57)	(0.59)	3%
Selling costs	0.47	0.52	(10%)	0.48	0.50	(4%)
Changes in inventories and other adjustments ⁽⁸⁾	(0.25)	0.05	(600%)	0.09	0.05	80%
Net impact of redirected cobalt	-	(0.01)	100%	-	-	-
Net other by-products credits and other	(0.42)	(0.30)	(40%)	(0.40)	(0.30)	(33%)
	\$ 6.01	\$ 5.44	10%	\$ 5.96	\$ 5.94	-
AVERAGE EXCHANGE RATE (CAD/US\$)						
	\$ 1.395	\$ 1.398		\$ 1.398	\$ 1.370	

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

(2) Excludes non-cash depletion, depreciation and amortization and 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 and territorial contributions are included in cost of sales but are excluded from NDCC as these costs are not direct mine cash costs. Other non-cash costs consist of inventory write-downs and other costs that are included in cost of sales but are excluded from NDCC as the costs are non-cash.

(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 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 year ended		
	2025		2024	2025		2024
	December 31	December 31	Change	December 31	December 31	Change
Sulphur (US\$ per tonne)	\$ 356.58	\$ 187.75	90%	\$ 277.31	\$ 179.95	54%
Diesel (US\$ per litre)	0.91	0.90	1%	0.91	0.98	(7%)
Fuel oil (US\$ per tonne)	399.12	439.37	(9%)	423.50	468.57	(10%)
Natural gas (\$ per gigajoule) ⁽²⁾	2.79	1.63	71%	2.06	1.60	29%

(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, which reduces the Corporation's exposure to natural gas prices.

For the three months ended December 31, 2025

Revenue

Metals revenue was \$149.1 million compared to \$148.3 million in the prior year period.

Nickel revenue was \$77.8 million compared to \$95.3 million in the prior year period. Nickel revenue was lower due to lower sales volume and a lower average-realized price⁽¹⁾ of nickel. Sales volume was 3,710 tonnes compared to 4,326 tonnes primarily due to lower finished production outlined below. The average-realized price⁽¹⁾ of nickel was \$9.51/lb compared to \$9.98/lb in the prior year period.

Cobalt revenue was \$24.3 million compared to \$12.6 million in the prior year period. Cobalt revenue was higher as the higher average-realized price⁽¹⁾ of cobalt more than offset the lower sales volume. Sales volume was 437 tonnes compared to 465 tonnes in the prior year period primarily due to lower finished production outlined below. The average-realized price⁽¹⁾ of cobalt was \$25.26/lb compared to \$12.30/lb in the prior year period with the 105% increase primarily due to the Democratic Republic of the Congo's cobalt export ban implemented in February 2025 and replaced by the quota system which began in October 2025 restricting global supply.

Fertilizer revenue was \$33.9 million compared to \$31.8 million in the prior year period. Fertilizer revenue was higher due to the higher average-realized price⁽¹⁾ of fertilizers which more than offset lower sales volume. The average-realized price⁽¹⁾ of fertilizers was \$553.68/tonne compared to \$502.93/tonne the prior year period while sales volume of 61,135 tonnes compared to 63,299 tonnes consistent with lower metals production.

In addition, Metals had higher sulphuric acid revenue compared to the prior year as a result of higher sales volume and prices.

Production

Mixed sulphides production at the Moa JV was 2,535 tonnes of contained nickel and cobalt compared to 3,552 tonnes in the prior year period. Lower production was primarily due to below-plan mined ore volume, lower leach train availability, a delay in fuel oil procurement, national grid power outages and periods of reduced operating rates following Hurricane Melissa.

The continuation of lower-than-expected production of mixed sulphides at Moa impacted feed availability at the refinery in the quarter. Sherritt's share of finished nickel and cobalt production of 3,816 tonnes and 424 tonnes, respectively, was only marginally lower compared to 3,853 tonnes and 465 tonnes in the prior year period as the refinery drew down its MSP inventory from Q3 2025. Sherritt did not acquire additional third-party feed given high payabilities in the intermediate market.

Fertilizer production of 57,486 tonnes was lower compared to 67,648 tonnes in the prior year period primarily due to the planned biennial ammonia plant turnaround.

NDCC⁽¹⁾

NDCC⁽¹⁾ per pound of nickel sold was US\$6.01/lb compared to US\$5.44/lb in the prior year period.

MPR/lb was higher primarily as a result of higher input commodity prices driven by sulphur and natural gas prices which were 90% and 71% higher, respectively, compared to Q4 2024. Fuel oil and diesel prices were relatively unchanged in the current year period. Higher MPR/lb was also, in part, due to lower nickel sales volume compared to the prior year period. MPR/lb was positively impacted by the benefits from ongoing cost optimization initiatives. Higher MPR/lb was partly offset by lower third-party feed costs.

Cobalt by-product credits were higher primarily as a result of the 105% improvement in average-realized cobalt price⁽¹⁾ which offset lower cobalt sales volume. Fertilizer net by-product credits were lower as marginally higher fertilizer revenue was more than offset by higher production costs primarily due to higher natural gas prices and higher planned maintenance.

Spending on capital⁽¹⁾

Sustaining spending on capital of \$5.9 million was higher compared to \$1.4 million in the prior year period.

Sustaining spending on capital related to the tailings facility was \$7.3 million compared to \$4.6 million in the prior year period.

Growth spending on capital was \$1.1 million compared to \$5.3 million in the prior year period as final spending on the Moa JV expansion program was completed during the quarter.

Management's discussion and analysis

For the year ended December 31, 2025

Revenue

Metals revenue was \$481.6 million compared to \$526.6 million in the prior year.

Nickel revenue was \$279.0 million compared to \$355.9 million in the prior year. Nickel revenue was lower due to lower sales volume and a lower average-realized price⁽¹⁾ of nickel. Sales volume was 13,145 tonnes compared to 15,678 tonnes primarily due to lower finished production outlined below. The average-realized price⁽¹⁾ of nickel was \$9.63/lb compared to \$10.30/lb in the prior year.

Cobalt revenue was \$63.6 million compared to \$48.0 million in the prior year. Cobalt revenue was higher as the higher average-realized price⁽¹⁾ of cobalt more than offset the lower sales volume. Sales volume was 1,535 tonnes compared to 1,638 tonnes in the prior year primarily due to lower finished production outlined below. The average-realized price⁽¹⁾ of cobalt of \$18.80/lb was 41% higher compared to \$13.30/lb in the prior year.

Fertilizer revenue was \$94.3 million compared to \$90.1 million in the prior year. Fertilizer revenue was higher due to a higher average-realized price⁽¹⁾ of fertilizers which more than offset lower sales volume. The average-realized price⁽¹⁾ of fertilizers was \$565.02/tonne compared to \$503.19/tonne in the prior year while sales volume was 166,817 tonnes compared to 179,135 tonnes consistent with lower metals production.

In addition, Metals had higher sulphuric acid revenue compared to the prior year as a result of higher sales volume and prices.

Production

Mixed sulphides production at the Moa JV was 12,650 tonnes of contained nickel and cobalt compared to 15,847 tonnes in the prior year. Lower production was primarily due to below-plan mined ore volume, unplanned maintenance of the processing facilities in Moa and the ongoing challenging economic conditions and operating environment in Cuba.

In 2025, continued lower-than-expected production of mixed sulphides at Moa impacted feed availability at the refinery. Sherritt's share of finished nickel and cobalt production was 12,620 tonnes and 1,364 tonnes, respectively, compared to 15,166 tonnes and 1,603 tonnes in the prior year. As well, primarily in the second half of 2025, Sherritt did not acquire additional third-party feed. Finished nickel and cobalt production were at the lower ends of their revised 2025 guidance ranges.

Fertilizer production of 227,766 tonnes was lower compared to 250,272 tonnes in the prior year primarily due to lower metals production and the planned biennial ammonia plant turnaround.

NDCC⁽¹⁾

NDCC⁽¹⁾ per pound of nickel sold was US\$5.96/lb compared to US\$5.94/lb in the prior year. NDCC⁽¹⁾ was within the guidance range originally disclosed at the start of the year.

MPR/lb was higher, driven primarily by higher input commodity prices and the impact of lower nickel sales volume on per unit cost. During the year, sulphur and natural gas prices were 54% and 29% higher, respectively, compared to 2024. Fuel oil and diesel prices were slightly lower in the current year. MPR/lb also benefitted from ongoing cost optimization initiatives.

Cobalt by-product credits were higher primarily as a result of the 41% higher average-realized price⁽¹⁾ of cobalt which offset lower cobalt sales volume.

Spending on capital⁽¹⁾

Sustaining spending on capital was \$27.2 million compared to \$15.2 million in the prior year with higher spending in 2025 partially attributable to higher mining equipment replacement costs to improve mining operations. Sustaining spending on capital for the year however was lower than revised guidance as Sherritt continued to prudently manage capital spending in light of low nickel prices during 2025.

Sustaining spending on capital related to the tailings facility was \$24.3 million compared to \$13.1 million in the prior year and was lower than revised guidance as the joint venture delayed non-essential spending in an effort to manage liquidity. Expenditures in 2025 included costs associated with the construction of the embankments and materials and supplies required for the tailings pipelines. This prudent approach to managing liquidity, design optimization, improved material sourcing, and strategic procurement has deferred some spending to 2027 which is not expected to affect commencement of operations by the end of 2026.

Growth spending on capital was \$7.4 million compared to \$11.4 million in the prior year as the Moa JV expansion program was completed in the year.

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

POWER

\$ millions (Sherritt's share, 33% basis), except as otherwise noted	For the three months ended			For the year ended		
	2025		2024	2025		2024
	December 31	December 31	Change	December 31	December 31	Change
FINANCIAL HIGHLIGHTS						
Revenue	\$ 13.3	\$ 11.1	20%	\$ 49.2	\$ 47.8	3%
Cost of sales	5.5	5.9	(7%)	20.8	30.1	(31%)
Earnings from operations	6.6	4.8	38%	22.2	13.5	64%
Adjusted EBITDA ⁽¹⁾	7.3	5.5	33%	24.8	16.0	55%
CASH FLOW						
Cash used by continuing operations for operating activities ⁽¹⁾	\$ 13.1	\$ (1.1)	nm ⁽³⁾	\$ 34.2	\$ (9.8)	449%
Free cash flow ⁽¹⁾	12.6	(1.6)	888%	32.6	(12.7)	357%
PRODUCTION AND SALES VOLUME						
Electricity (GWh ⁽²⁾)	210	171	23%	799	816	(2%)
AVERAGE-REALIZED PRICE⁽¹⁾						
Electricity (per MWh ⁽²⁾)	\$ 52.99	\$ 53.19	-	\$ 53.03	\$ 52.01	2%
UNIT OPERATING COST⁽¹⁾						
Electricity (per MWh)	\$ 23.48	\$ 30.64	(23%)	\$ 23.33	\$ 34.29	(32%)
SPENDING ON CAPITAL⁽¹⁾						
Sustaining	\$ 0.5	\$ 0.3	67%	\$ 1.6	\$ 2.9	(45%)

(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).

(3) Not meaningful ("nm").

Power revenue is composed of the following:

\$ millions (Sherritt's share, 33% basis)	For the three months ended			For the year ended		
	2025		2024	2025		2024
	December 31	December 31	Change	December 31	December 31	Change
Electricity sales	\$ 11.2	\$ 9.2	22%	\$ 42.4	\$ 42.5	-
Frequency control revenue	1.3	1.1	18%	3.7	1.1	236%
By-products and other	0.8	0.8	-	3.1	4.2	(26%)
	\$ 13.3	\$ 11.1	20%	\$ 49.2	\$ 47.8	3%

Frequency control

As a result of the nationwide power outages in Cuba and challenges facing the national power grid, the government agency UNE required Energas to operate certain facilities in frequency control to help stabilize the power grid. Energas has been fully compensated for the reductions in production at its facilities and as a result there has been no impact to Power's Adjusted EBITDA⁽¹⁾, earnings from operations or dividends from Energas to Sherritt in Canada.

For the three months ended December 31, 2025

Revenue

Revenue of \$13.3 million was higher than the prior year period of \$11.1 million primarily due to higher electricity production as discussed below.

Production

Electricity production of 210 GWh was higher than the prior year period of 171 GWh benefiting from the increased natural gas being supplied to Energas' facilities including the new gas well that was brought online in Q4 2024 and the replacement gas well that was brought online in Q3 2025 to offset the loss of gas production from a legacy CUPET well.

Unit operating cost⁽¹⁾

Unit operating cost⁽¹⁾ was \$23.48/MWh improving from \$30.64/MWh during the prior year period primarily as a result of lower maintenance costs.

Management's discussion and analysis

Spending on capital⁽¹⁾

Spending on capital⁽¹⁾ was \$0.5 million.

Dividends from Energas

Sherritt received \$7.8 million of dividends in Canada from Energas in Q4 2025 compared to \$7.0 million in Q4 2024.

For the year ended December 31, 2025

Revenue

Revenue of \$49.2 million was higher than the prior year of \$47.8 million primarily due to higher compensation received from the Energas facilities operating in frequency control and higher average-realized prices⁽¹⁾ largely offset slightly lower electricity production.

Production

Electricity production was 799 GWh compared to 816 GWh in the prior year and was largely in line with the low end of the 2025 guidance range. While capable of producing more, the Boca de Jaruco facility was required by UNE to operate in frequency control for periods toward the end of 2025 to help stabilize the national power grid which had not been factored into Sherritt's guidance. Energas was fully compensated for this reduction. The lower electricity production compared to the prior year was primarily due to operating in frequency control partially offset by increased natural gas being supplied from new and existing wells as described above.

Unit operating cost⁽¹⁾

Unit operating cost⁽¹⁾ was \$23.33/MWh improving from \$34.29/MWh in the prior year and was at the lower end of the 2025 guidance range. The lower unit operating cost⁽¹⁾ was primarily as a result of lower maintenance costs. In the current year, maintenance costs included only one major turbine inspection which was completed in the first quarter. In the prior year, higher planned maintenance work in Q2 2024 and Q3 2024 included major inspections on three gas turbines and included bringing online another turbine to process gas being received from the new well that was brought into production in Q4 2024.

Spending on capital⁽¹⁾

Spending on capital⁽¹⁾ was \$1.6 million in line with 2025 guidance.

Dividends from Energas

Sherritt received \$26.0 million in 2025 which was double the \$13.0 million received in 2024 in line with Sherritt's prior disclosure.

(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			For the year ended		
	2025	2024	Change	2025	2024	Change
	December 31	December 31		December 31	December 31	
EXPENSES						
Administrative expenses	\$ 8.9	\$ 5.3	68%	\$ 30.1	\$ 25.7	17%

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 and year ended December 31, 2025 were \$3.6 million higher and \$4.4 million higher, respectively, compared to the same periods in the prior year primarily as a result of an increase in consulting services fees; an increase in share-based compensation expense, primarily due to an increase in the Corporation's share price and accelerated expensing of the former Chief Executive Officer's share-based compensation units upon departure; and an increase in severance expense, partially offset by a decrease in employee costs due to the Corporation's 10% workforce reduction completed during the year.

Subsequent to period end, consistent with the Corporation's strategic focus on core operations and cost reduction, Sherritt eliminated the position of Chief Commercial Officer. As part of its cost optimization initiatives, Sherritt's executive management team has been streamlined from the seven members at the beginning of 2024 to now four including this latest change. In addition, the Corporation expects to terminate its Toronto office lease in the first quarter of 2026 and is seeking a more economical office lease as part of its ongoing cost reduction measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Health and safety

Health and safety remains Sherritt's highest priority. Sherritt continues to make enhancements to safety practices and policies through regular safety strategy sessions at each operation and the implementation of a multi-year roadmap for continued safety enhancements, strengthening its safety culture and promoting safe workplace behaviours at all operations.

During 2025, Sherritt had zero work-related fatalities across all of its sites and saw its Total Recordable Injury Frequency Rate significantly improving from 1.26 in 2024 to 0.57 in 2025.

Environmental stewardship

Sherritt has a strong environmental management system that is designed to align with global standards, comply with regulatory requirements and maintain the Corporation's social license to operate.

In 2024, Sherritt commenced the Moa JV's tailings project. The project has been engineered and built to international standards, like our current tailings facility, and deliver an environmentally responsible tailings solution that will last for the entirety of the mine's estimated 25 year life and is expected operational by the end of 2026. In 2025 the joint venture commenced construction of the embankments and began procuring materials and supplies required for the tailings pipelines.

Sherritt continues its work to identify climate-related risks and opportunities and to develop effective mitigation and management strategies aimed at reducing risk and capitalizing on emerging opportunities. As part of its, ongoing cost and operating efficiency optimization initiatives Sherritt considers their potential to lower the greenhouse gas ("GHG") emissions intensity for Sherritt products.

Responsible production and supply

Sherritt continues to demonstrate its commitment to ethical and responsible production, supply and sourcing practices aligning with internationally-recognized industry frameworks, including maintaining Level A in all of The Mining Association of Canada's Towards Sustainable Mining ("TSM") protocols at Sherritt's operations in Fort Saskatchewan, conforming with the London Metal Exchange's Track B responsible sourcing requirements and aligning its mineral supply chain against Organization for Economic Co-operation and Development ("OECD") standards. In 2025, independent verification confirmed achievement of TSM Level A protocol and Sherritt completed a comprehensive risk assessment of its mineral supply chain against OECD standards and identified no significant risks.

In 2024, Sherritt became a Participant of the Copper Mark as it aims to obtain The Nickel Mark award for the refinery facilities in Fort Saskatchewan. In 2025, Sherritt completed the self-assessment and site-level independent assessment and expects the Copper Mark Assurance Process to be completed in 2026.

Outlook

2025 AND 2026 PRODUCTION VOLUMES, UNIT OPERATING COSTS⁽¹⁾ AND SPENDING ON CAPITAL⁽¹⁾ GUIDANCE

Production volumes, unit operating costs ⁽¹⁾ and spending on capital ⁽¹⁾	2025 Guidance ⁽²⁾	Year-to-date		2026 Guidance
		actual to December 31, 2025		
Production volumes				
Metals - Moa JV (100% basis, tonnes)				
Nickel, finished	25,000 - 26,000	25,240	26,000 - 28,000	
Cobalt, finished	2,700 - 2,800	2,728	2,750 - 2,850	
Electricity (33⅓% basis, GWh)	800 - 850	799	825 - 875	
Unit operating costs⁽¹⁾				
Metals - NDCC (US\$ per pound)	\$5.75 - \$6.25	\$5.96	\$5.75 - \$6.25	
Electricity - unit operating cost (\$ per MWh)	\$23.00 - \$24.50	\$23.33	\$27.25 - \$28.75	
Spending on capital⁽¹⁾ (\$ millions)				
Sustaining				
Metals - Moa JV (50% basis), Fort Site (100% basis)	\$30.0	\$27.2	\$35.0 - \$40.0	
Metals - Moa JV (50% basis) - Tailings facility	\$30.0	\$24.3	\$25.0 - \$30.0	
Power (33⅓% basis)	\$2.0	\$1.6	\$3.0	
Growth				
Metals - Moa JV (50% basis) - Expansion	\$7.0	\$7.4	-	
Metals - Moa JV (50% basis) - Improvement debottlenecking projects	-	-	\$2.5 - \$5.0	
Spending on capital ⁽³⁾	\$69.0	\$60.5	\$65.5 - \$78.0	

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

(2) Guidance refers to 2025 guidance as most recently updated and disclosed in the Corporation's Management Discussion and Analysis for the three and nine months ended September 30, 2025. Original 2025 production guidance for finished nickel and finished cobalt was 31,000 – 33,000 tonnes and 3,300 – 3,600 tonnes, respectively (100% basis). Original guidance for sustaining spending on capital was: Moa JV (ex-tailings facility) \$35.0 million, Moa JV tailings facility \$40.0 million. Original growth spending on capital at Moa JV was \$5.0 million. 2025 Guidance for electricity production, NDCC⁽¹⁾, electricity unit operating cost⁽¹⁾ and Power sustaining spending on capital were unchanged during the year.

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

2026 Guidance

Metals

- **Finished nickel and cobalt production** are expected to be 26,000 to 28,000 tonnes (100% basis) and 2,750 to 2,850 tonnes (100% basis), respectively. Nickel production is up from 2025 as a result of higher mixed sulphides production which is expected to be 30,000 to 32,000 tonnes (100% basis) of contained nickel and cobalt weighted to the second half of the year as the operational turnaround plan takes effect.
- **NDCC⁽¹⁾** is expected to be US\$5.75 to US\$6.25 per pound of nickel sold, consistent with 2025 levels benefitting from higher expected production and sales volumes, ongoing cost optimization initiatives, and higher cobalt by-product credits, partially offset by higher sulphur prices. NDCC⁽¹⁾ guidance for 2026 is based on a forecast cobalt reference price of US\$23.50 per pound and forecast sulphur price of US\$439.00 per tonne including freight and handling.
- **Sustaining spending on capital⁽¹⁾:**
 - Expected to be \$35.0 to \$40.0 million (Moa JV 50% basis, Fort Site 100% basis), including additional mining equipment and refurbishment of various equipment as part of the operational turnaround plan at Moa.
 - Tailings facility – expected to be \$25.0 to \$30.0 million (50% basis) related to the Moa JV's tailings management project which incorporates savings and deferred spending to 2027 through design optimization, improved material sourcing, and strategic procurement, while maintaining the expected date for commencing operations at year-end 2026.

Management's discussion and analysis

- **Growth spending on capital⁽¹⁾:**

- Improvement debottlenecking projects – expected to be \$2.5 to \$5.0 million (50% basis) which includes projects to enhance processing performance at Moa so the full benefit of the expansion program can be realized.

Efforts are underway to finance the Metals division's capital requirements.

Power

- **Electricity production** is expected to be 825 to 875 GWh (33½% basis), reflecting expectations that the Varadero facility will operate in frequency control for the majority of 2026.
- **Electricity unit operating cost⁽¹⁾** is expected to be \$27.25 to \$28.75 per MWh slightly above 2025 levels due to planned maintenance activities weighted toward the first half of the year.
- **Spending on capital⁽¹⁾** is expected to be \$3.0 million (33½% basis).

This guidance is based on current expectations, assumptions and projections about future events, including commodity and product prices and demand, the ability to successfully source required input commodities, operational performance, and other factors. Refer to the Forward-Looking Statements for further information.

Dividends and distributions

Based on 2026 guidance estimates for production volumes, unit operating costs⁽¹⁾ and spending on capital⁽¹⁾ as well as consensus 2026 prices for nickel and cobalt:

- Sherritt does not expect to receive any cash or cobalt distributions under the Cobalt Swap agreement. As defined by the agreement, any shortfall in the annual minimum payment amount will be added to the following year.
- Power dividends in Canada from Energas are expected to be \$20.0 million to \$25.0 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 distributions from the Moa JV and dividends in Canada from Energas.

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

Liquidity

As at December 31, 2025, total available liquidity in Canada was \$43.7 million, which is composed of cash and cash equivalents in Canada in major currencies of \$13.4 million and \$30.3 million of available credit facilities.

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. Liquidity risk arises from the Corporation's financial obligations and in the management of its assets, liabilities and capital structure. The Corporation manages this risk by regularly evaluating its liquidity and using cash provided by operating activities and liquid assets to ensure its ability to fund current and non-current financial obligations and capital commitments for the foreseeable future in a cost-effective manner.

The main factors that affect liquidity in Canada include realized sales prices, timing of collection of receivables, production volumes, 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 pursuant to the Cobalt Swap, 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 discloses further information regarding the application of significant judgment in reaching the conclusion to prepare the financial statements on a going concern basis in the critical accounting judgments section of this MD&A. Significant adverse changes to one, or a combination of these factors, without offsetting changes to others, would have a negative impact on the Corporation's liquidity position and may affect its ability to satisfy current and non-current obligations as they become due and/or comply with covenant requirements pursuant to its arrangements with its creditors and lenders.

The Corporation's liquidity requirements are met through a variety of sources, including cash and cash equivalents, cash generated from operations, the existing syndicated revolving-term credit facility ("Credit Facility"), leases and debt and equity capital markets. During the year ended December 31, 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 and differ from the Moa JV's Adjusted EBTIDA, which is based on revenue, cost of sales and other expenses recognized by the Moa JV based on the accrual method. 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 in advance of and subsequent to shipment. During the year ended December 31, 2025, the Corporation received nil cobalt and cash distributions under the Cobalt Swap agreement, consistent with the Corporation's guidance in the third quarter of 2025. As previously disclosed and as defined by the Cobalt Swap agreement, the expected shortfall in the annual minimum payment in 2025 will be added to the annual minimum payment in 2026. During the year ended December 31, 2025, the Moa JV received advance payments for deliveries of finished inventories in 2026 to support its liquidity. As at December 31, 2025, the Moa JV had drawn \$82.2 million (US\$60.0 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.

During the year ended December 31, 2025, the Corporation received \$26.0 million of dividends from Energas in Canada, within its previously disclosed range of \$25.0 million to \$30.0 million.

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 this MD&A for further information on the Debt and Equity Transactions.

Management's discussion and analysis

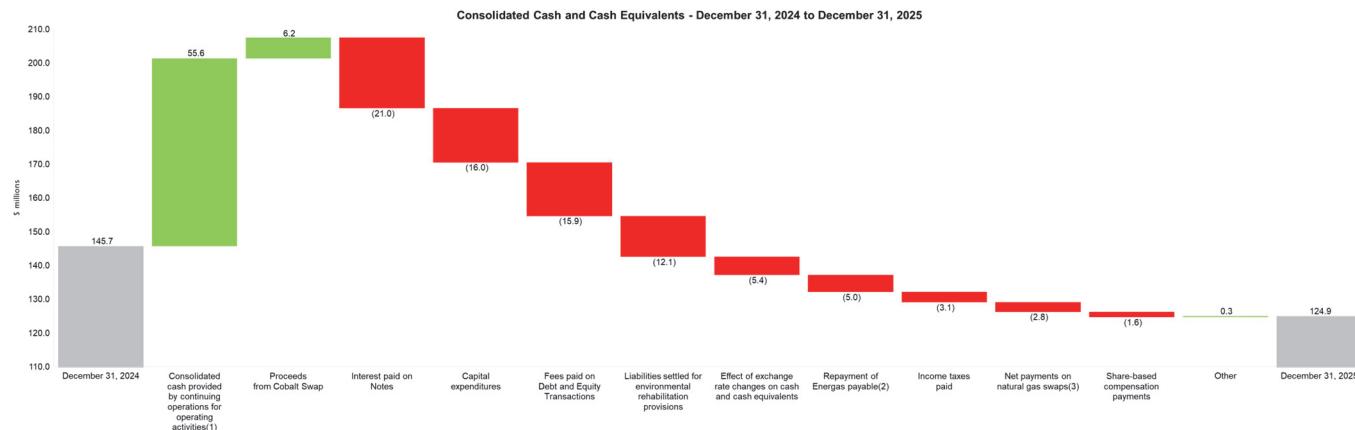
During the year ended December 31, 2025, the Corporation implemented cost reduction measures including a workforce reduction representing 10% of employees across the Canadian operations with a focus on non-operating roles. The cost reduction initiatives are anticipated to improve the Corporation's liquidity by delivering 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 cost reduction measures. Subsequent to period end, consistent with the Corporation's strategic focus on core operations and cost reduction, Sherritt eliminated the position of Chief Commercial Officer. In addition, the Corporation expects to terminate its Toronto office lease in the first quarter of 2026 and is seeking a more economical office lease as part of its ongoing cost reduction measures.

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. The Moa Swap facilitates the payment of the equivalent of approximately US\$50.0 million in Canadian currency 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. Energas, in turn, pays an equivalent amount to the Moa JV in CUP. 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.

Subsequent to period end, the Corporation purchased put options on 3,750 tonnes of nickel, or 625 tonnes per month, at an exercise price of US\$7.48/lb (US\$16,500/tonne) and at a cost of \$2.4 million for a six-month period from February 1, 2026 to July 31, 2026. Any settlements are received in cash monthly based on the average monthly nickel price on the London Metal Exchange. The economic hedging strategy provides Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes in nickel prices during periods of high price volatility by providing a minimum price of US\$7.48/lb on a portion of the nickel production from the Moa JV during the six-month period.

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

Cash and cash equivalents as at December 31, 2025 decreased by \$20.8 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, net payments on natural gas swaps, interest paid on Notes and share-based compensation payments, presented separately above.

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

(3) The Corporation entered into natural gas swaps at no cost from January to December 2025 to fix the variable cost of natural gas incurred by the Metals segment at \$1.91/gigajoule on a notional amount of 7.6 million gigajoules.

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

\$ millions, as at December 31, 2025	Cash	Cash equivalents	Total
Canada	\$ 13.2	\$ 0.2	\$ 13.4
Cuba ⁽¹⁾	109.4	-	109.4
Other	2.1	-	2.1
	\$ 124.7	\$ 0.2	\$ 124.9
The Corporation's 50% share of cash and cash equivalents in the Moa JV, not included in the above balances:			\$ 12.8

(1) As at December 31, 2025, \$103.3 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 consolidated statements of cash flow.

\$ millions	For the three months ended			For the year ended		
	2025		2024	2025		2024
	December 31	December 31	Change	December 31	December 31	Change
Cash provided (used) by operating activities						
Cash provided (used) by operating activities ⁽¹⁾						
Metals - Fort Site ⁽²⁾	\$ 12.2	\$ (12.0)	202%	\$ 42.5	\$ 36.2	17%
Metals - Metals Marketing ⁽³⁾	0.1	(1.9)	105%	1.3	0.4	225%
Power	13.1	(1.1)	nm ⁽⁶⁾	34.2	(9.8)	449%
Oil and Gas ⁽⁴⁾	5.6	0.4	nm ⁽⁶⁾	3.6	3.4	6%
Corporate and Other ⁽⁵⁾	(5.5)	(10.1)	46%	(29.1)	(25.9)	(12%)
Distributions from Moa JV:						
Cash distributions - Cobalt Swap	-	11.9	(100%)	-	11.9	(100%)
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 Notes	(12.3)	(9.4)	(31%)	(21.0)	(18.9)	11%
Share-based compensation payments	(0.2)	(0.3)	(33%)	(1.6)	(3.0)	(47%)
Liabilities settled for environmental rehabilitation provisions	-	(3.6)	(100%)	(12.1)	(27.2)	(56%)
Net payments on natural gas swaps	(0.8)	-	-	(2.8)	-	-
Net proceeds from nickel put options	-	4.7	100%	-	5.9	100%
Other cash provided by operating activities	(0.1)	(0.1)	-	-	(0.1)	100%
Cash provided (used) by continuing operations	12.1	(21.5)	156%	21.2	(25.9)	182%
Cash used by discontinued operations	-	-	-	(0.2)	(0.2)	-
Cash provided (used) by operating activities	\$ 12.1	\$ (21.5)	156%	\$ 21.0	\$ (26.1)	180%
Cash (used) provided by investing activities						
Cash (used) provided by financing activities	\$ (5.2)	\$ 11.9	(144%)	\$ (13.5)	\$ 36.1	(137%)
Cash (used) provided by financing activities	(0.5)	(0.6)	17%	(22.9)	7.1	(423%)
Effect of exchange rate changes on cash and cash equivalents						
	(1.7)	7.3	(123%)	(5.4)	9.5	(157%)
Increase (decrease) in cash and cash equivalents	\$ 4.7	\$ (2.9)	262%	\$ (20.8)	\$ 26.6	(178%)
Cash and cash equivalents:						
Beginning of the period	\$ 120.2	\$ 148.6	(19%)	\$ 145.7	\$ 119.1	22%
End of the period	\$ 124.9	\$ 145.7	(14%)	\$ 124.9	\$ 145.7	(14%)

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

(2) Excluding share-based compensation payments and net payments on natural gas swaps, 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 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 months ended December 31, 2025 and cash provided by operating activities was higher for the year ended December 31, 2025 compared to the same periods in the prior year, primarily as a result of the following:

Management's discussion and analysis

- Higher cash provided by operating activities for the three months ended December 31, 2025 at Fort Site primarily due to timing of the fall season fertilizer cash receipts and timing of working capital payments, partially offset by lower operating earnings. Higher cash provided by operating activities for the year ended December 31, 2025 was primarily due to timing of working capital payments, partially offset by lower operating earnings;
- Higher cash provided by operating activities for the three months and year ended December 31, 2025 at Metals Marketing primarily due to timing of customer receipts;
- Higher cash provided by operating activities for the three months and year ended December 31, 2025 at Power primarily due to lower maintenance costs and timing of working capital payments. Sherritt received dividends of \$7.8 million and \$26.0 million in Canada from Energas during the three months and year ended December 31, 2025, respectively, which exceeded the \$7.0 million and \$13.0 million of dividends received for the same periods in the prior year, respectively, 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. Energas 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 months and year ended December 31, 2025 at Oil and Gas primarily due to timing of customer receipts on oil and gas drilling service revenue and timing of working capital payments;
- Lower cash used by operating activities for the three months ended December 31, 2025 at Corporate and Other primarily due to lower employee costs, consulting services and audit fees, partially offset by higher severance costs. During the year ended December 31, 2025, higher cash used by operating activities primarily due to higher consulting services fees and severance costs, partially offset by lower employee costs following the Corporation's workforce reduction;
- Lower cash distributions from the Cobalt Swap for the three months and year ended December 31, 2025;
- Higher proceeds from the Cobalt Swap from the sale of cobalt to customers for the year ended December 31, 2025, as 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.

Investing activities for the three months ended December 31, 2025 primarily consist of expenditures on property, plant and equipment. Investing and financing activities for the year ended December 31, 2025 primarily consist of expenditures on property, plant and equipment, a decrease in restricted cash, repayment of the Energas payable pursuant to the Cobalt Swap and fees paid on the Debt and Equity Transactions. Refer to the Capital Resources section of this MD&A for further information on the Debt and Equity Transactions.

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 year ended December 31, 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.

Canadian \$ millions, as at December 31, 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	\$ 181.8	\$ 181.8	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes payable	1.0	1.0	-	-	-	-	-
Amended Senior Secured Notes (includes principal, interest and Scheduled Repurchases)	371.5	35.3	39.1	35.0	18.9	18.9	224.3
Credit Facility	74.6	4.5	70.1	-	-	-	-
Other non-current financial liabilities	1.4	0.1	-	0.3	-	0.4	0.6
Provisions	194.2	5.3	14.2	9.6	11.1	33.2	120.8
Energas payable ⁽²⁾	92.3	-	92.3	-	-	-	-
Lease liabilities	8.8	1.4	1.4	1.3	1.2	1.2	2.3
Property, plant and equipment commitments	3.6	3.6	-	-	-	-	-
Total	\$ 929.2	\$ 233.0	\$ 217.1	\$ 46.2	\$ 31.2	\$ 53.7	\$ 348.0

(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 or liquidity 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.

In April 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 year ended December 31, 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.

Management's discussion and analysis

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 year ended December 31, 2025, transaction costs of \$15.9 million were incurred and are netted within the \$32.4 million Gain on Debt and Equity Transactions, net of transaction costs 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. \$15.9 million were paid in the year ended December 31, 2025, and are presented within fees paid on Debt and Equity Transactions in the consolidated statements of cash flows. As at December 31, 2025, nil transaction costs were payable.

AMENDED SENIOR SECURED NOTES

During the year ended December 31, 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 December 31, 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 exceeded \$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"). On December 15, 2025, the 2025 Payment of \$5.0 million was not made as the Corporation's liquidity did not exceed the Minimum Liquidity amount. As a result, and in accordance with the terms of the Put Agreements, \$2.5 million in aggregate principal amount will be added to each of the 2026 and 2027 Scheduled Repurchases;
- (b) On December 15, 2026, \$12.5 million in aggregate principal amount of the Amended Senior Secured Notes, given that the 2025 Payment was not made as a result of the Corporation not having liquidity in excess of Minimum Liquidity;
- (c) On December 15, 2027, \$17.5 million in aggregate principal amount of the Amended Senior Secured Notes, given that the 2025 Payment was not made as a result of the Corporation not having liquidity in excess of Minimum Liquidity; 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.

Liquidity is defined in the Put Agreements as cash and cash equivalents in Canada plus available credit facilities. During the year ended December 31, 2025, the Corporation did not exercise its call right prior to the 2025 Scheduled Repurchase date and the Corporation did not make any Additional Repurchases.

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 December 31, 2025, the Corporation was in compliance with all Amended Senior Secured Notes covenants.

SECOND LIEN NOTES

During the year ended December 31, 2025, the Corporation completed the Debt and Equity Transactions. 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 7% premium at maturity were extinguished and Amended Senior Secured Notes were recognized.

No mandatory redemptions were required to be made during the year ended December 31, 2025 as the Second Lien Notes were extinguished prior to the mandatory redemption date on April 30, 2025.

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

During the year ended December 31, 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 year ended December 31, 2024 - \$6.9 million).

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

CREDIT FACILITY

As at December 31, 2025, \$69.0 million (December 31, 2024 - \$69.0 million) was drawn on the Credit Facility, which matures on April 30, 2027, and the Corporation was in compliance with all Credit Facility covenants. As at December 31, 2025, the Corporation has \$0.7 million of letters of credit outstanding pursuant to this facility (December 31, 2024 - \$0.6 million).

The maximum available credit is \$100.0 million and the interest rate is Adjusted Term Canadian Overnight Repo Rate Average ("CORRA") plus 4.0%. Borrowings on the Credit Facility are available to fund working capital and capital expenditures. Borrowings under the Credit Facility for spending on capital expenditures cannot exceed \$75.0 million in a fiscal year. This restriction does not apply to capital expenditures of Moa Nickel S.A. The total available draw is based on eligible receivables and inventories, which are pledged as collateral. Certain cash held in banks in Canada is also pledged as collateral.

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

- Net Available Cash covenant, as defined in the agreement, of \$25.0 million. The amount compared against this covenant is composed of cash and cash equivalents and short-term investments of the Corporation and its wholly-owned subsidiaries held in Canada, plus undrawn amounts on the Credit Facility;
- Senior Secured Net Debt-to-EBITDA covenant, as defined in the agreement, of less than 2:1. Senior Secured Net Debt is calculated as first-lien debt, or amounts drawn on the Credit Facility, any derivative liability and any additional security ranked equal to first-lien debt, less cash and cash equivalents and short-term investments of the Corporation and its wholly-owned subsidiaries held in Canada up to \$25.0 million. EBITDA is calculated on a trailing 12-month basis with Energas included on a cash basis;
- EBITDA-to-Interest Expense covenant, as defined in the agreement, of not less than 1:1 and 1.5:1 for the quarters ended June 30, 2024 and September 30, 2024, respectively and not less than 2:1 thereafter. EBITDA is calculated on a trailing 12-month basis with Energas included on a cash basis. Interest expense excluded the payment-in-kind (PIK) interest on the Corporation's PIK Notes prior to extinguishment during the year ended December 31, 2025; and

Management's discussion and analysis

- Minimum Tangible Net Worth covenant, as defined in the agreement, of \$600.0 million plus 50% of positive net earnings. Tangible Net Worth is calculated as total assets, less intangible assets, less amounts drawn on the Credit Facility, less the principal amount of the Amended Senior Secured Notes (less the principal amount of the Second Lien Notes, and PIK Notes prior to extinguishment during the year ended December 31, 2025), less any derivative liability and less any additional secured financing ranked equal to first-lien debt.

During the year ended December 31, 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 Adjusted Term CORRA plus 4.0% 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. In addition, the Corporation received a waiver from the Credit Facility syndicate on potential events of default as a result of the Debt and Equity Transactions.

During the year ended December 31, 2024, the Credit Facility was amended to (i) extend its maturity for one year from April 30, 2025 to April 30, 2026 and (ii) change the EBITDA-to-Interest Expense covenant, as defined in the agreement, to not less than 1:1 and 1.5:1 for the quarters ended June 30, 2024 and September 30, 2024, respectively, and not less than 2:1 thereafter. The amendment included terms to transition the interest rate of bankers' acceptance plus 4.0% to Adjusted Term CORRA plus 4.0%. There were no other significant changes to the terms, financial covenants or restrictions.

GUARANTEES

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

During the year ended December 31, 2025, the Corporation issued a parent company guarantee of €8.7 million in favour of a Moa Joint Venture customer that provided the Moa Joint Venture with an advance payment for deliveries of finished inventories in 2026. The guarantee amount will decrease during 2026 upon deliveries of finished inventories and has no impact on the Corporation's available liquidity.

CAPITAL STRUCTURE

\$ millions, except as otherwise noted	2025 December 31	2024 December 31	Change
Loans and borrowings	\$ 316.0	\$ 372.5	(15%)
Other financial liabilities ⁽¹⁾	88.6	107.2	(17%)
Total debt	\$ 404.6	\$ 479.7	(16%)
Shareholders' equity	511.8	597.4	(14%)
Total debt-to-capital ⁽²⁾	44%	45%	(2%)
Common shares outstanding	496,288,680	397,288,680	25%
Stock options outstanding	7,764,256	9,855,313	(21%)

(1) Other financial liabilities include the Energas payable recognized as a result of the Cobalt Swap, as described in note 16 of the Corporation's consolidated financial statements for the year ended December 31, 2025.

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

COMMON SHARES

As at February 10, 2026, the Corporation had 496,288,680 common shares outstanding following the issuance of 99 million additional common shares from treasury during the year ended December 31, 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

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

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

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

LIQUIDITY AND ACCESS TO CAPITAL

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

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

There can be no assurance that Sherritt will have sufficient funds to repay its outstanding Amended Senior Notes at maturity, nor can there be any assurance that Sherritt will be able to refinance its Notes or raise funds in the equity capital markets on terms and conditions that would be acceptable. Failure to provide adequate funds to its operations, execute growth strategies, replace depleted reserves or meet or refinance its financial obligations could have a material adverse effect on Sherritt's business, results of operations and financial performance.

Management's discussion and analysis

Agencies of the Government of Cuba have significant payment obligations to the Corporation in connection with the Corporation's operations in Cuba. Although the risk associated with payment of these obligations may be mitigated by the Cobalt Swap, this exposure to the Government of Cuba and its potential inability to timely or fully pay such amounts could have a material adverse effect on the Corporation's financial condition and results of operations. Please see the risk factor entitled "Risks Related to Sherritt's Operations in Cuba" for additional information. Please see the risk factor entitled "Restrictions in Debt Instruments and Debt Covenants and Mandatory Repayments" for more information on Sherritt's loans and borrowings and on the effect of non-compliance with certain debt covenants. In addition, cash and cobalt distributions to the Corporation from the Cobalt Swap are determined based on available cash in excess of the Moa Joint Venture's liquidity requirements. Determinants of the Moa Joint Venture'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.

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 and skilled worker retention and shortages. The first term of the current U.S. administration increased its sanctions against Cuba and its trading partners and these measures had an adverse impact on Cuba and its economy, as well as its ability to conduct international trade. 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 current U.S. administration a few days later, on January 20, 2025, the first day of the current administration's second term. On June 30, 2025, the U.S. 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. The NSPM signaled a continuation of the U.S. government's hardline economic and geopolitical policy related to Cuba and may increase the risks related to Sherritt's operations in Cuba. In addition, in early 2026, Venezuela ceased oil exports to Cuba as a result of recent geopolitical turmoil in the country. Venezuela has historically been a major supplier of oil to Cuba, and this supply disruption may exacerbate Cuba's existing economic challenges. While the Moa JV mine typically has the ability to source fuel oil from international suppliers to continue its operations, there can be no assurance that it will be successful in maintaining the continuity of operations. Changes in regulations and political attitudes related to Cuba are beyond the control of Sherritt and may adversely affect its business. In addition, operations may be affected by the Cuban government's domestic 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. During December 2025, Cuba announced a series of regulations that modify the access to foreign currency within Cuba. Sherritt has not experienced any material changes or additional risks to its operations as a result of this change and will continue to monitor developments and assess potential impacts of the transition as it evolves. Cuba may also be adversely impacted by risks associated with the imposition by other countries globally of additional economic restrictions or sanctions, or the indirect impact on Cuba of sanctions imposed on other countries (such as Russia and Belarus, for example) that could have a material adverse effect on Cuba or on Sherritt's ability to operate in Cuba.

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

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

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

All sales of electricity made by Energas in Cuba are made to an agency of the Government of Cuba. The access of the Government of Cuba to foreign exchange is severely limited. As a consequence, from time to time, the Cuban agencies have had difficulty in discharging their foreign currency obligations. During such times, Sherritt has worked with these agencies in order to ensure that Sherritt's operations continue to generate positive cash flow to the extent possible. However, there is a risk, beyond the control of Sherritt, that receivables and contractual performance due from Cuban entities will not be paid or performed in a timely manner, or at all. In 2022, Sherritt finalized the Cobalt Swap with its Cuban Partners to recover \$368 million of total outstanding receivables. In 2023, the Moa Joint Venture distributed 100% of the annual maximum cobalt volume pursuant to the Cobalt Swap and paid cash distributions in order for the total value of cobalt and cash distributions to meet the annual dollar minimum of US\$114.0 million (100% basis) pursuant to the Cobalt Swap.

In 2025, the Moa Joint Venture distributed nil cash and in-kind cobalt to the Corporation pursuant to the Cobalt Swap, which was significantly lower than in 2024 primarily due to lower production and nickel prices. While the Cobalt Swap agreement contains default and retroactive interest provisions in the event that the total outstanding principal amount is not repaid by December 31, 2027, there can be no assurance that it will be repaid by maturity, as cobalt and cash distributions are at the discretion of the Board of Directors of the Moa Joint Venture and subject to its available liquidity and finished cobalt production to make such distributions to the Corporation.

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

RISKS RELATED TO U.S. GOVERNMENT POLICY TOWARDS CUBA

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

The U.S. Embargo

In its current form, apart from the Helms-Burton Act, the embargo applies to most transactions or dealings directly or indirectly involving Cuba, its government, Cuban entities, Cuban-origin goods, foreign goods derived from Cuban-origin, and Cuban nationals, and it bars all persons subject to the jurisdiction of the United States from participating in or facilitating such transactions or dealings unless authorized under general or specific licenses issued by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"). 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 OFAC as specially designated nationals ("SDNs") pursuant to the U.S. embargo against Cuba, as well as entities owned 50% or more, directly or indirectly, by one or more SDNs. The three entities constituting the Moa Joint Venture in which Sherritt holds an indirect 50% interest have been designated as SDNs by OFAC. 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. jurisdiction, 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, and foreign goods made or derived, in whole or in part, from Cuban-origin goods, including Cuban nickel and cobalt. In 1992, Canada issued an order pursuant to the Foreign Extraterritorial Measures Act (Canada) to block the application of the U.S. embargo under Canadian law to Canadian subsidiaries of U.S. 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.

The Helms Burton Act

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

Title III of the Helms-Burton Act creates a private cause of action and authorizes U.S. nationals with claims to confiscated property in Cuba to file suit in U.S. courts against persons that may be "trafficking" in that property. Since the enactment of the Helms-Burton Act, Title III was suspended for successive six-month periods until the U.S. ceased that practice and allowed Title III to come into effect on May 2, 2019. Since that time, a number of lawsuits have been filed pursuant to Title III in the United States against companies in the U.S., Canada and elsewhere. On January 14, 2025, former President Biden issued a six-month suspension of Title III prior to leaving office, however, the current U.S. administration then revoked the suspension before it took effect, allowing Title III to remain in force. The Corporation has received letters in the past from U.S. nationals claiming ownership of certain Cuban properties or rights in which the Corporation has an indirect interest, including in relation to claims certified by the U.S. Foreign Claims Settlement Commission. However, Sherritt has not been subjected to any lawsuits in this regard. In the event that any such lawsuits were to be filed, Sherritt does not believe that its operations would be materially affected because Sherritt's current minimal contacts with the United States would likely deprive any U.S. court of personal jurisdiction over Sherritt. Furthermore, even if personal jurisdiction were exercised, any successful U.S. claimant would currently have to seek enforcement of the U.S. court judgment outside the U.S. in order to reach material Sherritt assets. Management believes it unlikely that a court in Canada or in any country in which Sherritt has material assets would enforce a Helms-Burton Act judgment against it.

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

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

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

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

The U.S. Department of State has issued guidelines for the implementation of the immigration provision, which state that it is “not sufficient in itself for a determination” of exclusion that a person “has merely had business dealings with a person” deemed to be “trafficking”.

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

COMMODITY RISK

Sherritt's principal businesses involve the sale of several commodities. Revenues, earnings and cash flows from the sale of nickel, cobalt, and fertilizers are sensitive to changes in market prices, over which the Corporation has no control. The Corporation's earnings and financial condition depend largely upon the market prices for nickel, cobalt, fertilizers and other commodities, which are volatile. Significant reductions in commodity prices or sustained low commodity prices could have a material adverse effect on the Corporation's business, results of operations and financial performance. The prices for commodities produced by the Corporation can be affected by numerous factors beyond the Corporation's control, including expectations for inflation, speculative activities, relative exchange rates to the U.S. dollar, production activities of other mining companies, global and regional supply and demand, supply and market prices for substitute commodities, international trade dynamics and disputes, tariffs, political and economic conditions, global conflicts and hostilities, and production costs in major producing regions. Commodity prices may also be significantly influenced by government policy decisions in key producing jurisdictions globally, including Indonesia and the Democratic Republic of the Congo, such as changes to mining and environmental laws, export restrictions, taxation and royalty regimes, state participation requirements, permitting processes and other regulatory or policy interventions that may affect production levels, costs, global supply dynamics or market access. The prices for these commodities have fluctuated widely in recent years. Forecasts of commodity prices can prove to be inaccurate, as factors such as supply and demand fundamentals (including the potential growth in the electric vehicle market), speculative market participation by financial entities, and structural and economic changes may not behave as predicted.

Management's discussion and analysis

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

SECURITIES MARKET FLUCTUATIONS AND PRICE VOLATILITY

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

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

RESTRICTIONS IN DEBT INSTRUMENTS, DEBT COVENANTS AND MANDATORY REPAYMENTS

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

POLITICAL, ECONOMIC AND OTHER RISKS OF FOREIGN OPERATIONS

In addition to Cuba, Sherritt has operations and corporate entities located in other jurisdictions. There can be no assurance that assets of companies in the countries in which the Corporation operates or has assets will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by a governmental authority or body, which would have a material adverse effect on the Corporation's business, results of operations and financial performance. In addition, changes in policy that alter laws regulating the mining or energy sectors in or impacting the jurisdictions in which the Corporation operates could have a material adverse effect on the Corporation.

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

ENVIRONMENTAL RISKS AND LIABILITIES

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

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

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

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

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

RISKS IN RELATION TO INFORMATION TECHNOLOGIES SYSTEMS AND CYBERSECURITY

The global mining industry has experienced an increase in cybersecurity threats, and the Corporation is not immune to the potential negative impacts of such incidents or other disruptions to its information technology (IT) systems. The Corporation's operations, including all mining activities, are highly dependent on its IT systems. These systems encompass networks, equipment, hardware, software, telecommunications, and other IT components, along with those managed by vendors and third-party service providers. The reliance on these systems makes the Corporation vulnerable to any disruptions or breaches that may occur.

To date, the Corporation has not suffered any material losses attributable to cybersecurity incidents or disruptions to IT systems. However, there is no guarantee that such losses will not occur in the future. The Corporation has implemented an IT systems security risk management framework as part of its mitigation efforts. Nevertheless, the evolving nature of cybersecurity threats means that these risks cannot be completely eliminated. The ongoing development and enhancement of controls, processes, and practices aimed at safeguarding IT systems against cybersecurity threats remain a priority for the Corporation.

Management's discussion and analysis

As cybersecurity threats continue to advance and change, the Corporation may need to allocate additional resources to modify or improve its protective measures. This could also involve investigating and addressing any vulnerabilities that are discovered. The occurrence of a cybersecurity incident or IT system disruption could result in significant consequences, including production downtimes, operational delays, destruction or corruption of data, security breaches, financial losses due to remedial actions, theft or compromise of confidential or protected information, fines, lawsuits, and damage to the Corporation's reputation. Any of these outcomes could adversely affect the Corporation's financial condition and overall operations.

In addition to cybersecurity threats, the Corporation faces significant risks associated with disruptive technologies such as Artificial Intelligence (AI), robotics, automation, and data analytics. Failure to invest in and adapt to advancements in AI and data analytics may leave the Corporation at a strategic disadvantage compared to industry peers who are leveraging these technologies to optimize operations, reduce costs, and enhance decision-making.

Neglecting to invest in AI could mean missing out on improvements in predictive maintenance, operational efficiency, and resource allocation, potentially resulting in increased downtime, higher operational costs, and less competitive performance. Similarly, failing to embrace data analytics may prevent the Corporation from effectively analyzing vast amounts of operational data, leading to less informed business decisions, slower responses to market changes, and an inability to identify emerging risks or opportunities. Such shortcomings could erode the Corporation's competitiveness and ultimately have an adverse impact on its operations.

OPERATING RISKS

Variability in production at Sherritt's operations in Cuba is most likely to arise from the following categories of potential risk: (i) Parts and Equipment – the inherent risk that parts and equipment may fail or fail to perform in accordance with design due to mechanical or engineering issues (given the location and associated logistics, replacement components may not be immediately available); (ii) Operational Risk – production is directly affected by the performance of core operators and maintenance teams; (iii) Weather and Natural Disasters – risks related to increased frequency of severe weather events, including hurricanes in Cuba, and other natural disasters, including pandemics, that can impede operations before, during and after such events; and (iv) Supply of Critical Commodities – production may be impacted by the availability of critical commodities to operate the facility. If any of these risks were to materialize, they could have a material adverse effect on the Corporation's business, results of operations and financial performance.

Please see the Risk Factors entitled "Risks Related to Sherritt's Operations in Cuba" and "Climate Change/Greenhouse Gas Emissions" in Sherritt's 2024 AIF for additional information.

PROJECT OPERATIONS

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

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

Capital and operating cost estimates

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

As part of the Life of Mine ("LOM") optimization planning, Moa Nickel has set out a proposed sequence for the development, operation, and closure of its Tailings Management Facilities ("TMFs"), including with respect to the Acid Leach Tailings Facility, the North Extension, Area 22 and the new tailings facility currently under construction, which will provide a tailings solution for the Moa mine over the entirety of its current mine life of approximately 25 years. There can be no assurance that the construction of tailings facilities can be completed within original budget or on a timely basis. Delays to construction can occur as a result of many factors, many of which are outside management's control. Any material delay could require the consideration of alternative or interim solutions and could increase cost, or in the worst case, result in a disruption to operations, all of which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

EQUIPMENT FAILURE AND OTHER UNEXPECTED FAILURES

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

SOURCING AND SUPPLY

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

The global demand for some of the equipment and related goods used in Sherritt's operations vary and may exceed supply. Ongoing global geopolitical conflicts, such as the Ukraine-Russia war, conflict in the Middle East, and significant changes to U.S. trade policies, treaties and tariffs have contributed to continued disruption and volatility in the global supply chains, trade routes and transportation services due to resulting sanctions, tariffs, restrictions and related impacts. Furthermore, due to increased U.S. sanctions on Cuba, the Corporation's ability to obtain certain equipment and supplies, including fuel, in that country may be limited. If equipment or other supplies cannot be procured on a timely or competitive basis, Sherritt's growth activities, production, development or operations could be negatively affected.

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

IDENTIFICATION AND MANAGEMENT OF GROWTH OPPORTUNITIES

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

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

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

DEPLETION OF RESERVES

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

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

MINING, PROCESSING AND REFINING RISKS

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

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

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

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

OTHER RISKS

Below is a list of the other significant business risks as presented in the Corporation's 2024 AIF. Further detail of these and other risks and the strategies designed to manage them can be found in the Corporation's 2024 AIF to the extent not included herein.

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

Critical accounting estimates and judgments

For the purposes of this section, all capitalized terms that are not specifically defined herein, have the meaning ascribed to them in the December 31, 2025 consolidated financial statements.

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

CRITICAL ACCOUNTING ESTIMATES

Measurement of the recoverable amount of the Metals CGU

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

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

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

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

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

Measurement of environmental rehabilitation provisions

The Corporation's environmental rehabilitation provisions are subject to environmental regulations in Canada, Cuba and Spain. Many factors such as future changes to environmental laws and regulations, life of mine estimates, the scope of work and costs it will take to rehabilitate the property and discount rates, all affect the carrying amount of environmental rehabilitation provisions. In the Oil and Gas segment, environmental rehabilitation costs for legacy assets in Spain are based on costs approved by the partners of the legacy assets, of which the Corporation is a minority partner. As a result of the above factors, the actual cost of environmental rehabilitation could be higher than the amounts the Corporation has estimated. For certain operations, actual costs will ultimately be determined after site closure in agreement with predecessor companies.

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

Measurement of property, plant and equipment

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

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

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

CRITICAL ACCOUNTING JUDGMENTS

Going concern

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

Production challenges at the Moa Joint Venture ("Moa JV"), ongoing volatility in commodity prices for the Corporation's finished products and input commodities, environmental rehabilitation expenditures for legacy Spanish Oil and Gas operations and increased geopolitical uncertainties affecting Cuba have adversely impacted the Corporation's financial position. While these factors have created liquidity challenges, the Corporation believes it has adequate liquidity to support its operations and meet its financial obligations for at least twelve months. In making this determination, the Corporation applies significant judgment around the following factors which impact the Corporation's financial position: continued compliance with covenants under the Credit Facility allowing access to available credit and timing and amount of environmental rehabilitation expenditures for legacy Spanish Oil and Gas operations. The Corporation has and will undertake numerous initiatives available to it to continue to strengthen its financial position and enhance liquidity. Among the initiatives undertaken, the Corporation has completed significant cost reduction measures in 2024, 2025 and subsequent to period end, including workforce reductions, operational and capital spending cost reductions and deferrals, reductions in key management personnel and receipt of advance payments from customers at the Moa JV, which are expected to increase the Corporation's liquidity in the next twelve months as the Corporation realizes the full benefit of these measures. In addition, the Corporation may pursue debt financing, equity financing and other financing arrangements, and continues to evaluate and pursue additional measures to increase the Corporation's liquidity.

After considering the factors that have caused the liquidity challenges faced by the Corporation, the judgments made surrounding these factors, and the initiatives the Corporation has taken and will undertake, the Corporation believes it will have sufficient liquidity to support its operations and meet its financial obligations for at least twelve months. Management has therefore concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern.

Interests in other entities

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

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

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

Management's discussion and analysis

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

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

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

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

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

The Corporation measures the GNC receivable and Energas payable at fair value using an income valuation approach. For purposes of determining fair value, management uses discounted cash flows in a Monte Carlo simulation model, which includes the use of in-kind forecast cobalt prices and discount rates, which are significant unobservable inputs in the case of the GNC receivable and requires assumptions and judgments to be made. Management also applies judgment in considering whether the GNC receivable and Energas payable will be repaid by maturity and if an event of default is forecast to occur, which would result in retroactive interest being incurred. Management engages a third-party valuation specialist to assist in the valuation. Changes in the valuation approach, assumptions or judgments may result in a significant change in fair value.

Service concession arrangements

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

Accounting pronouncements

ADOPTION OF NEW AND AMENDED ACCOUNTING PRONOUNCEMENTS

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 consolidated financial statements.

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

In June 2024, the Government of Canada enacted the Global Minimum Tax Act (“GMTA”) that was developed within the framework of the Organization for Economic Co-operation and Development (“OECD”)’s Pillar Two Model rules. The GMTA includes the introduction of a 15% global minimum tax that applies to large multinational enterprise groups with global consolidated revenues over €750 million. However, this legislation does not currently apply to the Corporation as its consolidated revenue is lower than €750 million.

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 two years of the four years prior to January 1, 2024 and therefore is not in scope of the DMTT for the year ended December 31, 2025.

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

Summary of quarterly results

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

\$ millions, except per share amounts, for the three months ended	2025 Dec 31	2025 Sep 30	2025 Jun 30	2025 Mar 31	2024 Dec 31	2024 Sept 30	2024 Jun 30	2024 Mar 31
Revenue	\$ 55.5	\$ 39.7	\$ 43.7	\$ 38.4	\$ 45.7	\$ 32.9	\$ 51.4	\$ 28.8
Share of loss of Moa Joint Venture, net of tax	(3.5)	(15.7)	(18.7)	(11.4)	(3.4)	(1.8)	(1.2)	(12.3)
Net (loss) earnings from continuing operations	(15.7)	(19.5)	10.4	(40.6)	(22.5)	1.8	(11.5)	(40.9)
Net (loss) earnings for the period	(15.8)	(19.5)	10.2	(40.6)	(22.9)	2.1	(11.5)	(40.5)
Net (loss) earnings per share, basic (\$ per share)								
Net (loss) earnings from continuing operations	\$ (0.03)	\$ (0.04)	\$ 0.02	\$ (0.10)	\$ (0.06)	\$ 0.00	\$ (0.03)	\$ (0.10)
Net (loss) earnings	(0.03)	(0.04)	0.02	(0.10)	(0.06)	0.01	(0.03)	(0.10)

In general, net earnings/losses of the Corporation are primarily affected by production and sales volumes, commodity prices, maintenance and operating costs, net finance income/expense and exchange rates. The average Canadian dollar cost to purchase one U.S. dollar for the above quarters ranged from \$1.3483 (Q2 2024) to \$1.4352 (Q1 2025) and period-end rates ranged between \$1.3499 (Q3 2024) to \$1.4389 (Q4 2024).

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

- Q4 2025: \$4.4 million non-cash loss on environmental rehabilitation provisions on legacy Oil and Gas assets in Spain and \$2.2 million of severance expense, partially offset by a \$1.3 million non-cash gain on revaluation of the GNC receivable and Energas payable pursuant to the Cobalt Swap;
- Q3 2025: \$3.6 million of severance expense related to the Corporation's 10% workforce reduction (Sherritt's share) and \$2.4 million loss on natural gas swaps. The Corporation's net loss includes a net non-cash gain on revaluation of the GNC receivable and Energas payable of \$5.0 million pursuant to the Cobalt Swap;
- 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; and
- 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.

Three-year trend analysis

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

\$ millions, except per share amounts for the years ended December 31	2025	2024	2023
Revenue	\$ 177.3	\$ 158.8	\$ 223.3
Loss from operations and joint venture	(74.5)	(43.5)	(43.4)
Net loss from continuing operations	(65.4)	(73.1)	(64.3)
Net loss for the year	(65.7)	(72.8)	(64.6)
Adjusted EBITDA ⁽¹⁾	7.1	32.4	46.2
Loss per common share (basic and diluted) (\$ per share):			
Net loss from continuing operations	(0.14)	(0.18)	(0.16)
Net loss for the year	(0.14)	(0.18)	(0.16)
Total assets	1,227.3	1,382.8	1,390.6
Non-current liabilities	430.9	492.4	489.7
PRODUCTION VOLUMES			
Moa Joint Venture (50% basis)			
Finished nickel (tonnes)	12,620	15,166	14,336
Finished cobalt (tonnes)	1,364	1,603	1,438
Electricity (gigawatt hours) (33½% basis)	799	816	745

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

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

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

In 2025, net loss from continuing operations was negatively impacted by the share of loss of Moa Joint Venture, net of tax of \$49.3 million, a loss on legacy Oil and Gas environmental rehabilitation provisions in Spain of \$17.7 million and \$3.6 million (Sherritt's share) of severance expense related to the workforce reduction. The aforementioned losses and expense were partially offset by a non-cash \$32.4 million gain on Debt and Equity Transactions, net of transaction costs, net gain of \$11.4 million on the revaluation of the GNC receivable and Energas payable and employee cost savings due to the workforce reduction.

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

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

Off-balance sheet arrangements

As at December 31, 2025, the Corporation had no off-balance sheet arrangements.

Transactions with related parties

The Corporation and its subsidiaries provide goods, labour, advisory and other administrative services to jointly controlled entities at fair value. The Corporation and its subsidiaries also market, pursuant to sales agreements, a portion of the nickel, cobalt and certain by-products produced by and purchased from certain jointly controlled entities. For further detail, refer to notes 8 and 23 of the Corporation's consolidated financial statements for the year ended December 31, 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.

Canadian \$ millions, for the years ended December 31	2025	2024
Total value of goods and services:		
Provided to Energas	\$ 30.5	\$ 48.7
Provided to Moa JV	235.4	262.8
Purchased from Moa JV	622.9	781.7
Net financing income from Moa JV	0.4	1.7

Canadian \$ millions, as at December 31	2025	2024
Accounts receivable from Moa JV	\$ 16.9	\$ 37.6
Accounts payable to Moa JV	61.2	82.7

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

KEY MANAGEMENT PERSONNEL

Key management personnel are composed of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Human Resources Officer, former Chief Commercial Officer, who departed subsequent to period end, and former General Counsel and Corporate Secretary of the Corporation, who departed during the year ended December 31, 2025. The following is a summary of key management personnel compensation:

Canadian \$ millions, for the years ended December 31	2025	2024
Short-term benefits	\$ 4.9	\$ 5.6
Post-employment benefits ⁽¹⁾	0.3	0.3
Termination benefits	2.4	0.8
Share-based compensation	4.9	4.3
	\$ 12.5	\$ 11.0

(1) Post-employment benefits include a non-registered defined contribution executive supplemental pension plan. The total cash pension contribution for key management personnel was nil for the year ended December 31, 2025 (nil for the year ended December 31, 2024). The total pension expense that is attributable to key management personnel was nil for the year ended December 31, 2025 (nil for the year ended December 31, 2024).

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining adequate internal control over disclosure controls and procedures, as defined in National Instrument 52-109 of the Ontario Securities Commission (“NI 52-109”). Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management, with the participation of the certifying officers, has evaluated the effectiveness of the design and operation, as of December 31, 2025, of the Corporation’s disclosure controls and procedures. Based on that evaluation, the certifying officers have concluded that such disclosure controls and procedures are effective and designed to ensure that material information known by others relating to the Corporation and its subsidiaries is provided to them.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

The internal controls are not expected to prevent and detect all misstatements due to error or fraud. Management advises that there have been no changes in the Corporation’s internal controls over financial reporting during 2025 that have materially affected or are reasonably likely to materially affect the Corporation’s internal control over financial reporting.

Management, with the participation of the certifying officers, conducted an evaluation of the effectiveness of the Corporation’s internal controls over financial reporting, as of December 31, 2025, using the Internal Control-Integrated Framework published in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013 Framework). Based on this evaluation, the CEO and CFO have concluded that the internal controls over financial reporting were effective as of December 31, 2025.

Supplementary information

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation's net earnings and earnings per share from continuing operations for the year ended December 31, 2025 from a change in selected key variables. The impact is measured changing one variable at a time and may not necessarily be indicative of sensitivities on future results.

Factor	Approximate change in annual net earnings (CAD\$ millions)		Approximate change in annual basic earnings per share (EPS)	
	Increase	Increase/ (decrease)	Increase	Increase/ (decrease)
Prices				
Nickel - LME price per pound ⁽¹⁾	US\$ 1.00	\$ 29	\$ 0.06	
Cobalt - Argus price per pound ⁽¹⁾	US\$ 5.00	17	0.03	
Fertilizers - price per tonne ⁽¹⁾	\$ 50.00	8	0.02	
Operating costs⁽¹⁾				
Natural gas - cost per gigajoule (Moa JV and Fort Site)	\$ 1.00	(3)	(0.01)	
Fuel oil - cost per tonne (Moa JV and Fort Site)	US\$ 50.00	(4)	(0.01)	
Sulphur - cost per tonne (Moa JV and Fort Site)	US\$ 25.00	(4)	(0.01)	

(1) Changes are applied at the operating level with the approximate change in net earnings/loss 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. The statements of financial position and comprehensive loss are presented on a 100% basis and included in the Corporation's investment in Moa Joint Venture and share of loss of Moa Joint Venture, net of tax on a 50% basis due to the equity method of accounting.

Statements of financial position

Canadian \$ millions, 100% basis, as at	2025 December 31	2024 December 31	Variance
Assets			
Cash and cash equivalents			
	\$ 25.5	\$ 11.3	14.2 Increase is primarily due to advance payments received for finished inventories deliveries in 2026 and timing of working capital payments.
Income taxes receivable	3.3	7.0	(3.7)
Other current assets	22.2	40.9	(18.7) 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 year, partially offset by an increase in prepaid expenses.
Trade accounts receivable, net	70.2	90.3	(20.1) Decrease is primarily due to lower nickel and cobalt sales volumes.
Inventories	349.9	382.3	(32.4) Decrease is primarily due to lower volumes of finished nickel and cobalt inventories.
Other non-current assets	10.2	17.9	(7.7)
Property, plant and equipment	1,087.7	1,136.6	(48.9) Decrease is primarily due to depletion, depreciation and amortization, partially offset by additions.
Deferred income taxes	40.3	10.3	30.0 Increase is primarily due to an increase in the deferred tax asset due to losses incurred.
Total assets	1,609.3	1,696.6	(87.3)
Liabilities			
Trade accounts payable and accrued liabilities			
Trade accounts payable and accrued liabilities	112.7	111.9	0.8
Income taxes payable	1.3	1.0	0.3
Other current financial liabilities	0.4	0.2	0.2
Deferred revenue	28.0	21.0	7.0
Loans and borrowings	129.5	40.5	89.0 Increase is primarily due to \$82.2 million (US\$60.0 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	94.1	86.9	7.2
Other non-current financial liabilities	1.7	2.9	(1.2)
Deferred income taxes	8.7	11.2	(2.5)
Total liabilities	376.4	275.6	100.8
Net assets of Moa Joint Venture	\$ 1,232.9	\$ 1,421.0	(188.1)
Proportion of Sherritt's ownership interest	50%	50%	
Total	616.5	710.5	
Intercompany capitalized interest elimination	(42.2)	(45.1)	
Investment in Moa Joint Venture	\$ 574.3	\$ 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 December 31, 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.

Management's discussion and analysis

Statements of comprehensive loss

Canadian \$ millions, 100% basis	For the year ended			Variance
	2025		2024	
	December 31	December 31		
Revenue	\$ 741.5	\$ 868.9	(127.4)	Decrease is primarily due to a decrease in nickel revenue as a result of lower nickel sales volume and lower average-realized nickel price. Cobalt revenue increased in the current year primarily due to higher cobalt average-realized price, partially offset by lower cobalt sales volume.
Cost of sales	(835.6)	(902.8)	67.2	Decrease is primarily due to lower nickel and cobalt sales volumes, partially offset by higher mining, processing and refining costs.
Cobalt loss	-	(0.7)	0.7	
Impairment of property, plant and equipment	-	(1.0)	1.0	
Administrative expenses	(11.1)	(10.8)	(0.3)	
Loss from operations	(105.2)	(46.4)	(58.8)	
Financing income	0.7	0.7	-	
Financing expense	(28.5)	(16.3)	(12.2)	Increase is primarily due to a foreign exchange loss recognized due to the strengthening of the average U.S. dollar compared to the average Canadian dollar.
Net finance expense	(27.8)	(15.6)	(12.2)	
Loss before income tax	(133.0)	(62.0)	(71.0)	
Income tax recovery	25.0	10.5	14.5	Increase is primarily due to higher losses in 2025 compared to 2024.
Net loss and comprehensive loss of Moa Joint Venture	\$ (108.0)	\$ (51.5)	(56.5)	
Proportion of Sherritt's ownership interest	50%	50%	-	
Total	(54.0)	(25.8)	(28.2)	
Intercompany elimination	4.7	7.1	(2.4)	
Share of loss of Moa Joint Venture, net of tax	\$ (49.3)	\$ (18.7)	(30.6)	

For the year ended December 31, 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 average Canadian dollar compared to the same period 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 \$143.7 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of \$56.4 million;
- Loans and borrowings of \$64.8 million; and
- Property, plant and equipment commitments of \$27.8 million, which includes \$15.6 million of property, plant and equipment commitments in 2026 for tailings management and \$12.2 million of commitments for sustaining 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:

\$ millions	For the three months ended			For the year ended		
	2025		2024	2025		2024
	December 31	December 31	Change	December 31	December 31	Change
Revenue by reportable segment						
Metals ⁽¹⁾	\$ 149.1	\$ 148.3	1%	\$ 481.6	\$ 526.6	(9%)
Power	13.3	11.1	20%	49.2	47.8	3%
Corporate and Other	0.8	0.9	(11%)	2.1	3.2	(34%)
Combined revenue	\$ 163.2	\$ 160.3	2%	\$ 532.9	\$ 577.6	(8%)
Adjustment for Moa Joint Venture	(113.8)	(115.6)		(370.8)	(434.5)	
Adjustment for Oil and Gas	6.1	1.0	510%	15.2	15.7	(3%)
Financial statement revenue	\$ 55.5	\$ 45.7	21%	\$ 177.3	\$ 158.8	12%

(1) Revenue of Metals for the three months ended December 31, 2025 is composed of revenue recognized by the Moa JV of \$113.8 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 \$34.4 million and Metals Marketing of \$0.9 million, both of which are included in consolidated revenue (for the three months ended December 31, 2024 - \$115.6 million, \$30.1 million and \$2.6 million, respectively). Revenue of Metals for the year ended December 31, 2025 is composed of revenue recognized by the Moa JV of \$370.8 million (50% basis), coupled with revenue recognized by Fort Site of \$102.4 million and Metals Marketing of \$8.4 million (for the year ended December 31, 2024 - \$434.5 million, \$85.6 million and \$6.5 million, respectively).

Management's discussion and analysis

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 December 31							2025
	Metals ⁽¹⁾	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total	
(Loss) earnings from operations and joint venture per financial statements	\$ (18.0)	\$ 6.6	\$ (3.5)	\$ (8.5)	\$ 12.7	\$ (10.7)	
Add (deduct):							
Depletion, depreciation and amortization	3.2	0.7	-	0.2	-	4.1	
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	-	-	3.5	-	-	3.5	
Adjustments for share of loss of Moa Joint Venture:							
Depletion, depreciation and amortization	14.3	-	-	-	-	14.3	
Net finance expense	-	-	-	-	2.1	2.1	
Income tax recovery	-	-	-	-	(14.8)	(14.8)	
Adjusted EBITDA	\$ (0.5)	\$ 7.3	\$ -	\$ (8.3)	\$ -	\$ (1.5)	

\$ millions, for the three months ended December 31							2024
	Metals ⁽¹⁾	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total	
(Loss) earnings from operations and joint venture per financial statements	\$ (1.0)	\$ 4.8	\$ (18.8)	\$ (5.8)	\$ 2.9	\$ (17.9)	
Add (deduct):							
Depletion, depreciation and amortization	2.8	0.7	0.1	0.1	-	3.7	
Impairment of intangible assets	-	-	8.4	-	-	8.4	
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	-	-	10.3	-	-	10.3	
Adjustments for share of loss of Moa Joint Venture:							
Depletion, depreciation and amortization	12.8	-	-	-	-	12.8	
Net finance expense	-	-	-	-	0.7	0.7	
Income tax recovery	-	-	-	-	(3.6)	(3.6)	
Adjusted EBITDA	\$ 14.6	\$ 5.5	\$ -	\$ (5.7)	\$ -	\$ 14.4	

\$ millions, for the year ended December 31							2025
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	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	\$ (48.4)	\$ 22.2	\$ (22.0)	\$ (29.8)	\$ 3.5	\$ (74.5)
Add (deduct):						
Depletion, depreciation and amortization	10.6	2.6	0.1	0.8	-	14.1
Oil and Gas loss from operations, net of depletion, depreciation and amortization	-	-	21.9	-	-	21.9
Adjustments for share of loss of Moa Joint Venture:						
Depletion, depreciation and amortization	49.1	-	-	-	-	49.1
Net finance expense	-	-	-	-	9.0	9.0
Income tax recovery	-	-	-	-	(12.5)	(12.5)
Adjusted EBITDA	\$ 11.3	\$ 24.8	\$ -	\$ (29.0)	\$ -	\$ 7.1

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

(1) Adjusted EBITDA of Metals for the three months ended December 31, 2025 is composed of Adjusted EBITDA at Moa JV of \$1.9 million (50% basis), Adjusted EBITDA at Fort Site of \$2.2 million and Adjusted EBITDA at Metals Marketing of \$(0.8) million (for the three months ended December 31, 2024 - \$6.7 million, \$8.9 million and \$(1.0) million, respectively).

(2) Adjusted EBITDA of Metals for the year ended December 31, 2025 is composed of Adjusted EBITDA at Moa JV of \$(3.7) million (50% basis), Adjusted EBITDA at Fort Site of \$18.9 million and Adjusted EBITDA at Metals Marketing of \$(3.9) million (for the year ended December 31, 2024 - \$25.2 million, \$17.8 million and \$(3.0) million, respectively).

Average-realized price

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

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.

Management's discussion and analysis

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

\$ millions, except average-realized price and sales volume, for the three months ended December 31							2025
	Metals				Adjustment for Moa Joint Venture		
	Nickel	Cobalt	Fertilizer	Power	Other ⁽¹⁾		Total
Revenue per financial statements	\$ 77.8	\$ 24.3	\$ 33.9	\$ 13.3	\$ 20.0	\$ (113.8)	\$ 55.5
Adjustments to revenue:							
Frequency control, by-product and other revenue	-	-	-		(2.2)		
Revenue for purposes of average-realized price calculation	77.8	24.3	33.9	11.1			
Sales volume for the period	8.2	1.0	61.1	210			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price ⁽²⁾⁽³⁾⁽⁴⁾	\$ 9.51	\$ 25.26	\$ 553.68	\$ 52.99			

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

\$ millions, except average-realized price and sales volume, for the year ended December 31							2025
	Metals				Adjustment for Moa Joint Venture		
	Nickel	Cobalt	Fertilizer	Power	Other ⁽¹⁾		Total
Revenue per financial statements	\$ 279.0	\$ 63.6	\$ 94.3	\$ 49.2	\$ 62.0	\$ (370.8)	\$ 177.3
Adjustments to revenue:							
Frequency control, by-product and other revenue	-	-	-		(6.9)		
Revenue for purposes of average-realized price calculation	279.0	63.6	94.3	42.3			
Sales volume for the period	29.0	3.4	166.8	799			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price ⁽²⁾⁽³⁾⁽⁴⁾	\$ 9.63	\$ 18.80	\$ 565.02	\$ 53.03			

\$ millions, except average-realized price and sales volume, for the year ended December 31

2024

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

(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 cost performance. NDCC of nickel is a widely-used performance measure for nickel producers which represents the direct cash cost associated with the mining, processing, refining and sale of finished nickel, net of by-product credits. 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.

Management's discussion and analysis

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

\$ millions, except unit cost and sales volume, for the three months ended December 31						2025
	Metals	Power	Other ⁽¹⁾	Adjustment for Moa	Joint Venture	Total
Cost of sales per financial statements	\$ 165.5	\$ 5.5	\$ 10.0	\$ (128.8)	\$ 52.2	
Less:						
Depletion, depreciation and amortization in cost of sales	(17.5)	(0.6)				
	148.0	4.9				
Adjustments to cost of sales:						
Cobalt by-product revenue - Moa JV and Cobalt Swap	(24.3)			-		
Fertilizer by-product revenue	(33.9)			-		
Other revenue	(13.1)			-		
Realized loss on natural gas swaps	0.8			-		
Royalties/territorial contributions and other non-cash costs ⁽²⁾	(5.1)			-		
Changes in inventories and other adjustments ⁽³⁾	(3.4)			-		
Cost of sales for purposes of unit cost calculation	69.0	4.9				
Sales volume for the period	8.2	210				
Volume units			Millions of pounds	Gigawatt hours		
Unit operating cost ⁽⁴⁾⁽⁵⁾	\$ 8.44	\$ 23.48				
Unit operating cost (US\$ per pound) (NDCC) ⁽⁶⁾	\$ 6.01					

\$ millions, except unit cost and sales volume, for the three months ended December 31						2024
	Metals	Power	Other ⁽¹⁾	Adjustment for Moa	Joint Venture	Total
Cost of sales per financial statements	\$ 146.6	\$ 5.9	\$ 11.8	\$ (120.5)	\$ 43.8	
Less:						
Depletion, depreciation and amortization in cost of sales	(15.6)	(0.6)				
	131.0	5.3				
Adjustments to cost of sales:						
Cobalt by-product revenue - Moa JV and Cobalt Swap	(12.6)			-		
Fertilizer by-product revenue	(31.8)			-		
Other revenue	(8.6)			-		
Cobalt loss	0.1			-		
Royalties/territorial contributions and other non-cash costs ⁽²⁾	(4.7)			-		
Changes in inventories and other adjustments ⁽³⁾	0.4			-		
Cost of sales for purposes of unit cost calculation	73.8	5.3				
Sales volume for the period	9.6	171				
Volume units			Millions of pounds	Gigawatt hours		
Unit operating cost ⁽⁴⁾⁽⁵⁾	\$ 7.66	\$ 30.64				
Unit operating cost (US\$ per pound) (NDCC) ⁽⁶⁾	\$ 5.44					

\$ millions, except unit cost and sales volume, for the year ended December 31

2025

	Metals	Power	Other ⁽¹⁾	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	\$ 521.5	\$ 20.8	\$ 38.9	\$ (417.8)	\$ 163.4
Less:					
Depletion, depreciation and amortization in cost of sales	(59.7)	(2.1)			
	461.8	18.7			
Adjustments to cost of sales:					
Cobalt by-product revenue - Moa JV and Cobalt Swap	(63.6)	-			
Fertilizer by-product revenue	(94.3)	-			
Other revenue	(44.7)	-			
Cobalt loss	0.3	-			
Realized loss on natural gas swaps	2.8	-			
Royalties/territorial contributions and other non-cash costs ⁽²⁾	(21.3)	-			
Changes in inventories and other adjustments ⁽³⁾	0.9	-			
Cost of sales for purposes of unit cost calculation	241.9	18.7			
Sales volume for the period	29.0	799			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost ⁽⁴⁾⁽⁵⁾	\$ 8.35	\$ 23.33			
Unit operating cost (US\$ per pound) (NDCC) ⁽⁶⁾	\$ 5.96				

\$ millions, except unit cost and sales volume, for the year ended December 31

2024

	Metals	Power	Other ⁽¹⁾	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	\$ 532.3	\$ 30.1	\$ 27.5	\$ (451.4)	\$ 138.5
Less:					
Depletion, depreciation and amortization in cost of sales	(58.0)	(2.1)			
	474.3	28.0			
Adjustments to cost of sales:					
Cobalt by-product revenue - Moa JV and Cobalt Swap	(48.0)	-			
Fertilizer by-product revenue	(90.1)	-			
Other revenue	(32.6)	-			
Cobalt loss	0.1	-			
Royalties/territorial contributions and other non-cash costs ⁽²⁾	(23.4)	-			
Changes in inventories and other adjustments ⁽³⁾	1.3	-			
Cost of sales for purposes of unit cost calculation	281.6	28.0			
Sales volume for the period	34.6	816			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost ⁽⁴⁾⁽⁵⁾	\$ 8.15	\$ 34.29			
Unit operating cost (US\$ per pound) (NDCC) ⁽⁶⁾	\$ 5.94				

- (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 and territorial contributions are included in cost of sales but are excluded from NDCC as these costs are not direct mine cash costs. Other non-cash costs consist of inventory write-downs and other costs that are included in cost of sales but are excluded from NDCC as the costs are non-cash.
- (3) Changes in inventories and other adjustments is primarily composed of changes in inventories, the effect of average exchange rate changes and other 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.

Management's discussion and analysis

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:

For the three months ended December 31	2025		2024	
	\$ millions	\$/share	\$ millions	\$/share
Net loss from continuing operations	\$ (15.7)	\$ (0.03)	\$ (22.5)	\$ (0.06)
Adjusting items:				
Sherritt - Unrealized foreign exchange (gain) loss - continuing operations	(1.3)	-	1.4	-
Corporate and Other - Realized gain on nickel put options	-	-	(2.5)	(0.01)
Corporate and Other - Unrealized loss on nickel put options	-	-	0.8	-
Metals - Moa JV - Inventory write-down/obsolescence	0.1	-	0.4	-
Metals - Fort Site - Unrealized gain on natural gas swaps	(1.0)	-	(0.8)	-
Metals - Fort Site - Realized loss on natural gas swaps	0.8	-	-	-
Metals - Fort Site - Inventory write-down/obsolescence	0.1	-	-	-
Metals - Metals Marketing - Cobalt loss	-	-	(0.1)	-
Power - Gain on revaluation of GNC receivable	(1.8)	-	(3.3)	(0.01)
Power - Loss (gain) on revaluation of Energas payable	0.5	-	(0.2)	-
Oil and Gas - Impairment of intangible assets	-	-	8.4	0.02
Oil and Gas - Net loss from continuing operations, net of unrealized foreign exchange gain/loss and impairment of intangible assets	3.7	-	10.4	0.03
Total adjustments, before tax	\$ 1.1	\$ -	\$ 14.5	\$ 0.03
Tax adjustments	0.7	-	(2.2)	-
Adjusted net loss from continuing operations	\$ (13.9)	\$ (0.03)	\$ (10.2)	\$ (0.03)

			2025		2024
		\$ millions	\$/share	\$ millions	\$/share
For the year ended December 31					
Net loss from continuing operations	\$	(65.4)	\$ (0.14)	\$ (73.1)	\$ (0.18)
Adjusting items:					
Sherritt - Unrealized foreign exchange loss - continuing operations		(1.3)	-	1.7	-
Sherritt's share - Severance related to restructuring and workforce reduction		3.6	0.01	3.5	0.01
Corporate and Other - Gain on Debt and Equity Transactions, net of transaction costs		(32.4)	(0.07)	-	-
Corporate and Other - Realized gain on nickel put options		-	-	(5.9)	(0.02)
Corporate and Other - Gain on repurchase of notes		-	-	(1.8)	-
Metals - Moa JV - Impairment of property, plant and equipment		-	-	0.5	-
Metals - Moa JV - Inventory write-down/obsolescence		2.8	-	2.9	0.01
Metals - Moa JV - Cobalt loss		0.3	-	-	-
Metals - Fort Site - Inventory write-down		0.3	-	0.9	-
Metals - Fort Site - Unrealized loss (gain) on natural gas swaps		0.2	-	(0.8)	-
Metals - Fort Site - Realized loss on natural gas swaps		2.8	-	-	-
Metals - Moa JV - Cobalt loss		-	-	(0.1)	-
Power - Gain on revaluation of GNC receivable		(15.1)	(0.03)	(0.4)	-
Power - Loss (gain) on revaluation of Energas payable		3.4	0.01	(0.2)	-
Oil and Gas - Impairment of intangible assets		-	-	8.4	0.02
Oil and Gas - Net loss from continuing operations, net of unrealized foreign exchange gain/loss and impairment of intangible assets		22.5	0.05	9.7	0.02
Total adjustments, before tax	\$	(12.9)	\$ (0.03)	\$ 18.4	\$ 0.04
Tax adjustments		1.1	-	(1.6)	-
Adjusted net loss from continuing operations	\$	(77.2)	\$ (0.17)	\$ (56.3)	\$ (0.14)

Combined spending on capital

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

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

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

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

	\$ millions, for the three months ended December 31			2025		
	Metals	Power	Other ⁽¹⁾	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures ⁽²⁾	\$ 13.7	\$ 0.5	\$ -	\$ 14.2	\$ (8.4)	\$ 5.8
Intangible asset expenditures ⁽²⁾	-	-	-	-	-	-
	13.7	0.5	-	14.2	\$ (8.4)	\$ 5.8
Adjustments:						
Accrual adjustment	0.6	-	-	0.6		
Spending on capital	\$ 14.3	\$ 0.5	\$ -	\$ 14.8		

Management's discussion and analysis

\$ millions, for the three months ended December 31

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

\$ millions, for the year ended December 31

	Metals	Power	Other ⁽¹⁾	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures ⁽²⁾	\$ 46.5	\$ 1.6	\$ 0.1	\$ 48.2	\$ (32.2)	\$ 16.0
Intangible asset expenditures ⁽²⁾	-	-	-	-	-	-
	46.5	1.6	0.1	48.2	\$ (32.2)	\$ 16.0
Adjustments:						
Accrual adjustment	12.4	-	-	12.4		
Spending on capital	\$ 58.9	\$ 1.6	\$ 0.1	\$ 60.6		

\$ millions, for the year ended December 31

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

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

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

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

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

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

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

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

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

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

\$ millions, for the three months ended December 31								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	\$ 20.9	\$ 13.1	\$ 5.6	\$ (17.9)	\$ 21.7	\$ (9.6)	\$ 12.1	
Less:								
Property, plant and equipment expenditures	(13.7)	(0.5)	-	-	(14.2)	8.4	(5.8)	
Free cash flow	\$ 7.2	\$ 12.6	\$ 5.6	\$ (17.9)	\$ 7.5	\$ (1.2)	\$ 6.3	

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

\$ millions, for the year ended December 31								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	\$ 53.6	\$ 34.2	\$ (8.6)	\$ (51.3)	\$ 27.9	\$ (6.7)	\$ 21.2	
Less:								
Property, plant and equipment expenditures	(46.5)	(1.6)	(0.1)	-	(48.2)	32.2	(16.0)	
Free cash flow	\$ 7.1	\$ 32.6	\$ (8.7)	\$ (51.3)	\$ (20.3)	\$ 25.5	\$ 5.2	

Management's discussion and analysis

\$ millions, for the year ended December 31

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

- (1) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was \$9.4 million, \$11.3 million and \$0.2 million, respectively, for the three months ended December 31, 2025 (December 31, 2024 - \$19.9 million, \$(12.1) million and \$(1.9) million, respectively).
- (2) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was \$8.4 million, \$5.3 million and nil, respectively, for the three months ended December 31, 2025 (December 31, 2024 - \$4.3 million, \$1.9 million and nil, respectively).
- (3) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was \$6.6 million, \$39.4 million and \$7.6 million, respectively, for the year ended December 31, 2025 (December 31, 2024 - \$55.7 million, \$35.8 million and \$1.6 million, respectively).
- (4) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was \$32.2 million, \$14.3 million and nil, respectively, for the year ended December 31, 2025 (December 31, 2024 - \$30.2 million, \$3.8 million and nil, respectively).

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as "believe", "expect", "anticipate", "intend", "plan", "forecast", "likely", "may", "will", "could", "should", "suspect", "outlook", "potential", "projected", "continue" or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture; growing and increasing nickel and cobalt production, the results of the operational transition plan in increasing MSP, nickel and cobalt production; 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 the tailings management facility, the availability of additional gas supplies; sales volumes; revenue, costs and earnings; the amount and timing of dividend distributions from the Moa JV, including in the form of finished cobalt or cash under 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; nickel, cobalt and fertilizer production results; realized prices for production; earnings and revenues; risks related to the U.S. government policy toward Cuba; current and future economic conditions in Cuba; the level of liquidity and access to funding; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; revenues and net operating results; environmental risks and liabilities; compliance with applicable environmental laws and regulations; advancements in environmental and greenhouse gas ("GHG") reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to Environmental, Social and Governance ("ESG") matters which are based on assumptions or developing standards; environmental rehabilitation provisions; environmental risks and liabilities; compliance with applicable environmental laws and regulations; Sherritt share price volatility; and certain corporate objectives, goals and plans for 2026. 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, 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; level of liquidity of Sherritt, including access to capital and financing; commodity risks related to the production and sale of nickel cobalt and fertilizers; the impact of global conflicts; changes in the global price for nickel, cobalt, fertilizers or certain other commodities; security market fluctuations and price volatility; the ability of the Moa Joint Venture to pay dividends; the risk to Sherritt's entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa Joint Venture; risk of future non-compliance with debt restrictions and covenants; 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; 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; 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 2026; and the ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents.

Management's discussion and analysis

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.

CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2025 and 2024

CONSOLIDATED FINANCIAL STATEMENTS

Management's report	68
Independent auditor's report	69
Consolidated statements of comprehensive loss	74
Consolidated statements of financial position	75
Consolidated statements of cash flow	76
Consolidated statements of changes in shareholders' equity	77

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Nature of operations and corporate information	78
Note 2 - Basis of presentation and material accounting policies	78
Note 3 - Critical accounting estimates and judgments	90
Note 4 - Accounting pronouncements	92
Note 5 - Debt and Equity Transactions	94
Note 6 - Segmented information	95
Note 7 - Expenses	97
Note 8 - Joint arrangements	98
Note 9 - Net finance income (expense)	100
Note 10 - Income taxes	100
Note 11 - Loss per share	101
Note 12 - Financial instruments	102
Note 13 - Advances, loans receivable and other financial assets	105
Note 14 - Inventories	106
Note 15 - Non-financial assets	107
Note 16 - Loans, borrowings and other financial liabilities	108
Note 17 - Provisions, guarantees and contingencies	111
Note 18 - Share-based compensation plans	113
Note 19 - Commitments for property, plant and equipment expenditures	116
Note 20 - Supplemental cash flow information	117
Note 21 - Shareholders' equity	118
Note 22 - Financial risk and capital risk management	118
Note 23 - Related party transactions	123
Note 24 - Subsequent events	124

Management's report

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

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

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

Deloitte LLP ("Deloitte") performs an audit of the consolidated financial statements, the results of which are reflected in their independent auditor's report for 2025 included on the next page. Deloitte has full and independent access to the Audit Committee to discuss their audit and related matters. In addition, Sherritt has an internal audit function that evaluates and formally reports to management and the Audit Committee on the adequacy and effectiveness of internal controls specified in the approved annual internal audit plan.

/s/ Peter Hancock

Dr. Peter Hancock
Interim Chief Executive Officer

/s/ Yasmin Gabriel

Yasmin Gabriel
Chief Financial Officer

February 10, 2026

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Sherritt International Corporation (the "Corporation"), which comprise the consolidated statements of financial position as at December 31, 2025, and December 31, 2024 and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flow for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2025, and December 31, 2024 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Measurement of the Recoverable Amount of the Metals Cash-Generating Unit ("CGU") – Refer to Notes 2, 3 and 15 of the Financial Statements

Key Audit Matter Description

The Corporation determined that an impairment loss indicator existed as at December 31, 2025 at the Metals CGU. As a result, the Corporation estimated the recoverable amount which is determined based on the higher of value in use and fair value less costs of disposal using a discounted cash flow model. The recoverable amount for the Metals CGU exceeded its carrying value as of the measurement date and, therefore, no impairment loss was recognized.

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

How the Key Audit Matter Was Addressed in the Audit

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

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

Measurement of the GNC Receivable and Energas Payable – Refer to Notes 2, 9, 12, 13 and 16 of the Financial Statements

Key Audit Matter Description

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

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

How the Key Audit Matter Was Addressed in the Audit

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

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

Other Information

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

/s/ Deloitte

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
February 10, 2026

Consolidated statements of comprehensive loss

Canadian \$ millions, except per share amounts, for the years ended December 31	Note	2025	2024
Revenue	6	\$ 177.3	\$ 158.8
Cost of sales	7	(163.4)	(138.5)
Administrative expenses	7	(39.1)	(36.7)
Impairment of intangible assets	15	-	(8.4)
Share of loss of Moa Joint Venture, net of tax	8	(49.3)	(18.7)
Loss from operations and joint venture		(74.5)	(43.5)
Gain on Debt and Equity Transactions, net of transaction costs	5, 9	32.4	-
Interest income on financial assets measured at amortized cost	9	0.6	1.7
Other financing items	9	11.2	11.8
Financing expense	9	(32.5)	(40.5)
Net finance income (expense)		11.7	(27.0)
Loss before income tax		(62.8)	(70.5)
Income tax expense	10	(2.6)	(2.6)
Net loss from continuing operations		(65.4)	(73.1)
(Loss) earnings from discontinued operations, net of tax		(0.3)	0.3
Net loss for the year		\$ (65.7)	\$ (72.8)

Other comprehensive (loss) income

Items that may be subsequently reclassified to profit or loss:

Foreign currency translation differences on foreign operations, net of tax (nil and nil, respectively)	21	(33.8)	56.0
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Items that will not be subsequently reclassified to profit or loss:

Actuarial losses on pension plans, net of tax (nil and nil, respectively)	21	(0.3)	(0.2)
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Other comprehensive (loss) income

Total comprehensive loss		\$ (99.8)	\$ (17.0)
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Net loss from continuing operations per common share:

Basic and diluted	11	\$ (0.14)	\$ (0.18)
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Net loss per common share:

Basic and diluted	11	\$ (0.14)	\$ (0.18)
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The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of financial position

Canadian \$ millions, as at	Note	2025 December 31	2024 December 31
ASSETS			
Current assets			
Cash and cash equivalents	12	\$ 124.9	\$ 145.7
Restricted cash		-	1.4
Advances, loans receivable and other financial assets	13	0.7	33.6
Trade accounts receivable, net	12	99.9	151.4
Inventories	14	37.8	43.3
Prepaid expenses		11.3	9.4
		274.6	384.8
Non-current assets			
Investment in Moa Joint Venture	8	574.3	665.4
Advances, loans receivable and other financial assets	13	218.4	171.6
Property, plant and equipment	15	151.7	152.1
Intangible assets		6.4	7.1
Other non-financial assets		0.8	0.7
Deferred income taxes		1.1	1.1
		952.7	998.0
Total assets		\$ 1,227.3	\$ 1,382.8
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Loans and borrowings	16	\$ 79.6	\$ 67.2
Trade accounts payable and accrued liabilities		181.8	172.5
Other financial liabilities	16	6.0	34.9
Deferred revenue		10.9	11.9
Provisions	17	5.3	4.8
Income taxes payable		1.0	1.7
		284.6	293.0
Non-current liabilities			
Loans and borrowings	16	236.4	305.3
Other financial liabilities	16	82.6	72.3
Other non-financial liabilities		5.2	9.2
Provisions	17	105.7	104.7
Deferred income taxes		1.0	0.9
		430.9	492.4
Total liabilities		715.5	785.4
Shareholders' equity			
Capital stock	21	2,908.8	2,894.9
Deficit		(3,038.1)	(2,972.4)
Reserves	21	235.2	234.9
Accumulated other comprehensive income	21	405.9	440.0
		511.8	597.4
Total liabilities and shareholders' equity		\$ 1,227.3	\$ 1,382.8
Commitments for expenditures (note 19)			

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

Approved by the Board of Directors on February 10, 2026,

/s/ Richard Moat

/s/ Brian Imrie

Richard Moat
Director

Brian Imrie
Director

Consolidated statements of cash flow

Canadian \$ millions, for the years ended December 31	Note	2025	2024
Operating activities			
Net loss from continuing operations		\$ (65.4)	\$ (73.1)
Add (deduct) non-cash items:			
Finished cobalt cost of sales	7, 20	4.7	2.2
Depletion, depreciation and amortization	6, 7	14.1	14.0
Share-based compensation expense	18, 7	4.9	0.3
Share of loss of Moa Joint Venture, net of tax	8	49.3	18.7
Impairment of intangible assets		-	8.4
Inventory write-down/obsolescence	7	0.4	1.0
Net finance (income) expense	9	(11.7)	27.0
Income tax expense	10	2.6	2.6
Loss on environmental rehabilitation provisions	7	17.7	8.2
Net change in non-cash working capital	20	44.9	1.4
Interest received		1.5	5.0
Interest paid	20	(27.1)	(25.9)
Income taxes paid		(3.1)	(3.8)
Proceeds from Cobalt Swap	6	6.2	1.1
Distributions received from Moa Joint Venture - Cobalt Swap	8, 20	-	11.9
Share-based compensation payments	18	(1.6)	(3.0)
Liabilities settled for environmental rehabilitation provisions	17	(12.1)	(27.2)
Net payments on natural gas swaps	12	(2.8)	-
Net proceeds from nickel put options	13	-	5.9
Other operating items		(1.3)	(0.6)
Cash provided (used) by continuing operations		21.2	(25.9)
Cash used by discontinued operations		(0.2)	(0.2)
Cash provided (used) by operating activities		21.0	(26.1)
Investing activities			
Property, plant and equipment expenditures	6	(16.0)	(6.6)
Intangible asset expenditures	6	-	(0.2)
Receipts of Moa JV revolving-term credit facility	13	-	30.0
Receipts of GNC receivable		-	11.9
Receipts of other advances, loans receivable and other financial assets		1.1	1.0
Decrease in restricted cash		1.4	-
Cash (used) provided by investing activities		(13.5)	36.1
Financing activities			
Fees paid on Debt and Equity Transactions	5	(15.9)	-
Repurchase of notes	16	-	(1.9)
Increase in loans and borrowings	16	-	11.0
Repayment of other financial liabilities		(7.0)	(2.0)
Cash (used) provided by financing activities		(22.9)	7.1
Effect of exchange rate changes on cash and cash equivalents		(5.4)	9.5
(Decrease) increase in cash and cash equivalents		(20.8)	26.6
Cash and cash equivalents at beginning of the year		145.7	119.1
Cash and cash equivalents at end of the year	12 \$	124.9 \$	145.7

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

Consolidated statements of changes in shareholders' equity

Canadian \$ millions

	Note	Capital stock	Deficit	Reserves	Accumulated other comprehensive income	Total
Balance as at December 31, 2023		\$ 2,894.9	\$ (2,899.6)	\$ 234.1	\$ 384.2	\$ 613.6
Total comprehensive loss:						
Net loss for the year		-	(72.8)	-	-	(72.8)
Foreign currency translation differences on foreign operations, net of tax	21	-	-	-	56.0	56.0
Actuarial losses on pension plans, net of tax	21	-	-	-	(0.2)	(0.2)
		-	(72.8)	-	55.8	(17.0)
Stock option plan expense	18, 21	-	-	0.8	-	0.8
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 year		-	(65.7)	-	-	(65.7)
Foreign currency translation differences on foreign operations, net of tax	21	-	-	-	(33.8)	(33.8)
Actuarial losses on pension plans, net of tax	21	-	-	-	(0.3)	(0.3)
		-	(65.7)	-	(34.1)	(99.8)
Stock option plan expense	18, 21	-	-	0.3	-	0.3
Issuance of common shares	5, 21	13.9	-	-	-	13.9
Balance as at December 31, 2025		\$ 2,908.8	\$ (3,038.1)	\$ 235.2	\$ 405.9	\$ 511.8

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

Notes to the consolidated financial statements

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Sherritt International Corporation (“Sherritt” or “the Corporation”) is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Leveraging its technical expertise and decades of experience in critical minerals processing, Sherritt is committed to expanding domestic refining capacity and reducing reliance on foreign sources. The Corporation operates a strategically important refinery in Alberta, Canada, recognized as the only significant cobalt refinery and one of just three nickel refineries in North America. Sherritt’s Moa Joint Venture produces cost competitive critical minerals while maintaining high sustainability standards and has an estimated mine life of approximately 25 years. 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. Energas processes domestically sourced raw natural gas to generate electricity for sale to the Cuban national electrical grid. 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 is a corporation governed by the *Canada Business Corporations Act*, domiciled in Ontario, Canada and its registered office is 22 Adelaide Street West, Suite 4220, Toronto, Ontario, M5H 4E3. These consolidated financial statements were approved and authorized for issuance by the Board of Directors of Sherritt on February 10, 2026. The Corporation is listed on the Toronto Stock Exchange under the symbol “S”.

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of presentation and going concern

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

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

Production challenges at the Moa Joint Venture (“Moa JV”), ongoing volatility in commodity prices for the Corporation’s finished products and input commodities, environmental rehabilitation expenditures for legacy Spanish Oil and Gas operations and increased geopolitical uncertainties affecting Cuba have adversely impacted the Corporation’s financial position. While these factors have created liquidity challenges, the Corporation believes it has adequate liquidity to support its operations and meet its financial obligations for at least twelve months. In making this determination, the Corporation applies significant judgment around the following factors which impact the Corporation’s financial position: continued compliance with covenants under the Credit Facility allowing access to available credit and timing and amount of environmental rehabilitation expenditures for legacy Spanish Oil and Gas operations. The Corporation has and will undertake numerous initiatives available to it to continue to strengthen its financial position and enhance liquidity. Among the initiatives undertaken, the Corporation has completed significant cost reduction measures in 2024, 2025 and subsequent to period end, including workforce reductions, operational and capital spending cost reductions and deferrals, reductions in key management personnel and receipt of advance payments from customers at the Moa JV, which are expected to increase the Corporation’s liquidity in the next twelve months as the Corporation realizes the full benefit of these measures. In addition, the Corporation may pursue debt financing, equity financing and other financing arrangements, and continues to evaluate and pursue additional measures to increase the Corporation’s liquidity.

After considering the factors that have caused the liquidity challenges faced by the Corporation, the judgments made surrounding these factors, and the initiatives the Corporation has taken and will undertake, the Corporation believes it will have sufficient liquidity to support its operations and meet its financial obligations for at least twelve months. Management has therefore concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern.

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

2.2 Principles of consolidation

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

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

	Relationship	Economic interest	Basis of accounting
Moa JV	Joint venture	50%	Equity method
Composed of the following operating companies:			
Moa Nickel S.A.			
The Cobalt Refinery Company Inc.			
International Cobalt Company Inc.			
Power	Joint operation	33%	Share of assets, liabilities, revenues and expenses
Energas			
Oil and Gas			
Composed of the following operating companies:			
SICOG Oil and Gas Ltd.	Subsidiary	100%	Consolidation
Sherritt International Oil and Gas Ltd.	Subsidiary	100%	Consolidation

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

Subsidiaries

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

Joint arrangements

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

2.3 Foreign currency translation

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

Notes to the consolidated financial statements

Translation of foreign entities

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

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

Translation of transactions and balances

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

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

Lack of exchangeability of Cuban peso ("CUP")

The Cuban peso is not exchangeable into other currencies due to foreign exchange controls that exist in Cuba as a result of its insufficient foreign currency reserves. The Corporation uses the 24 CUP:US\$1 observable exchange rate without adjustment published by the Central Bank of Cuba for the translation of transactions and balances as this is the exchange rate to which the Corporation is subject.

2.4 Consolidated statements of cash flow

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

2.5 Segmented information

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

Reportable segments

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

- The Metals segment is composed of:
 - Mining, processing and refining activities of nickel and cobalt within the Corporation's 50% interest in the Moa Joint Venture ("Moa JV") in Cuba and Canada, which is accounted for using the equity method of accounting;
 - Production and sale of agricultural fertilizers within the Corporation's 100% interest in the utility and fertilizer operations of the Fort Site in Fort Saskatchewan; and

- the Corporation's wholly-owned subsidiaries established to buy, market and sell certain of the Moa JV's nickel and cobalt production and the Corporation's cobalt inventories received under the Cobalt Swap agreement (the "Cobalt Swap").
- The Power segment represents the power generation facilities in Cuba, including the Corporation's one-third interest in Energas, which provide electricity in Cuba;
- The Oil and Gas segment, which is not currently producing or exploring for oil and gas in Cuba. Its financial results relate to ancillary drilling services, provided to a customer and agencies of the Government of Cuba, and environmental rehabilitation costs for legacy assets in Spain, which are non-core operating activities of the Corporation. The wells drilled for agencies of the Government of Cuba provide gas to Energas for power generation; and
- The Corporate and Other segment represents the Corporate head office, which provides overall management of the Corporation's joint operations and subsidiaries and general corporate activities related to public companies, including business development, management of cash, publicly-traded debt and government relations, external technical services to third parties and growth and market development activities including early-stage test work and engineering expenses.

2.6 Revenue recognition

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

Metals

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

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

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

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

Power

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

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

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

Oil and Gas

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

2.7 Joint arrangements

Investment in Moa JV

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

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

Joint operation

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

Assessment for impairment of the investment in Moa Joint Venture

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

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

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

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

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

2.8 Income taxes

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

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

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

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

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

- Temporary differences associated with investments in subsidiaries and interests in joint ventures where the Corporation is able to control the timing of the reversal of temporary differences and such reversals are not probable in the foreseeable future;
- Temporary differences that arise on the initial recognition of assets and liabilities in a transaction that is not a business combination and has no impact on either accounting profit or taxable profit; and
- Deferred tax assets are only recognized to the extent that it is probable that sufficient taxable profits exist in future periods against which the deductible temporary differences can be utilized. The probability that sufficient taxable profits exist in future periods against which the deferred tax assets can be utilized is reassessed at each reporting date. The amount of deferred tax assets recognized is adjusted accordingly.

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

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

2.9 Financial instruments

Classification and measurement of financial instruments

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

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

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

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

Financial assets measured at amortized cost:

Notes to the consolidated financial statements

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

Financial assets measured at FVOCI:

- Cash equivalents

Financial assets measured at FVTPL:

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

Financial liabilities measured at FVTPL:

- Natural gas swap payable

Financial liabilities designated at FVTPL:

- Energas payable

Financial liabilities measured at amortized cost:

- Trade accounts payable and accrued liabilities; loans and borrowings

Financial assets and liabilities, measured at amortized cost

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

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

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

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

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

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

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

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

Derecognition of financial assets and liabilities

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

Modifications of financial instruments

An exchange of a financial instrument with substantially different terms is accounted for as an extinguishment of the original financial instrument and the recognition of a new financial instrument. The terms are substantially different if, 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.

Assessment for impairment of financial assets

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

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

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

Notes to the consolidated financial statements

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

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

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

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

Financial instrument measurement hierarchy

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

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

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

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

2.10 Inventories

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

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

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

2.11 Non-financial assets

Property, plant and equipment

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

Plant and equipment

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

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

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

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

Right-of-use assets - Plant and equipment

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

Derecognition

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

Intangible assets

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

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

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

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

Exploration and evaluation

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

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

Notes to the consolidated financial statements

Assessment for impairment of non-financial assets

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

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

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

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

Impairment of exploration and evaluation expenditures at Oil and Gas

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

2.12 Provisions

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

Environmental rehabilitation

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

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

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

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

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

2.13 Share-based compensation plans

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

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

The fair value of the RSU liability at the date of grant and at each subsequent reporting date until settlement is based on the market value of the Corporation's shares, calculated as the 5-day volume-weighted average price ("5-day VWAP"). If the Corporation's share price changes between reporting dates, then the fair value of the RSU liability is adjusted and an offsetting expense or recovery is recognized in the consolidated statements of comprehensive income/loss. The adjusted fair value of the RSU liability is then amortized over the remaining vesting period.

The fair value of the PSU liability at the date of grant and at each subsequent reporting date until settlement is based on performance metrics which are defined at the time of issuance and on the market value of the Corporation's shares, calculated as the 5-day VWAP, with the liability expensed over the vesting period. If the Corporation's share price or the expected achievement of the performance conditions changes between reporting dates, then the fair value of the PSU liability is adjusted and an offsetting expense or recovery is recognized in the consolidated statements of comprehensive income/loss. Adjustments recorded are amortized over the remaining vesting period.

The fair value of DSUs at the date of grant and at each subsequent reporting date until settlement is based on the market value of the Corporation's shares, calculated as the 5-day VWAP, with the liability expensed over the vesting period. If the Corporation's share price changes between reporting dates, then the fair value of the DSU liability is adjusted and an offsetting expense or recovery is recognized in the consolidated statements of comprehensive income/loss. Adjustments recorded are amortized over the remaining vesting period.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Critical accounting estimates

Measurement of the recoverable amount of the Metals CGU

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

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

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

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

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

Measurement of environmental rehabilitation provisions

The Corporation's environmental rehabilitation provisions are subject to environmental regulations in Canada, Cuba and Spain. Many factors such as future changes to environmental laws and regulations, life of mine estimates, the scope of work and costs it will take to rehabilitate the property and discount rates, all affect the carrying amount of environmental rehabilitation provisions. In the Oil and Gas segment, environmental rehabilitation costs for legacy assets in Spain are based on costs approved by the partners of the legacy assets, of which the Corporation is a minority partner. As a result of the above factors, the actual cost of environmental rehabilitation could be higher than the amounts the Corporation has estimated. For certain operations, actual costs will ultimately be determined after site closure in agreement with predecessor companies.

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

Measurement of property, plant and equipment

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

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

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

Critical accounting judgments

Going concern

The consolidated financial statements are prepared on a going concern basis, under the historical cost convention, except for certain financial assets and liabilities and cash-settled share-based payments, which have been measured at fair value.

Production challenges at the Moa Joint Venture ("Moa JV"), ongoing volatility in commodity prices for the Corporation's finished products and input commodities, environmental rehabilitation expenditures for legacy Spanish Oil and Gas operations and increased geopolitical uncertainties affecting Cuba have adversely impacted the Corporation's financial position. While these factors have created liquidity challenges, the Corporation believes it has adequate liquidity to support its operations and meet its financial obligations for at least twelve months. In making this determination, the Corporation applies significant judgment around the following factors which impact the Corporation's financial position: continued compliance with covenants under the Credit Facility allowing access to available credit and timing and amount of environmental rehabilitation expenditures for legacy Spanish Oil and Gas operations. The Corporation has and will undertake numerous initiatives available to it to continue to strengthen its financial position and enhance liquidity. Among the initiatives undertaken, the Corporation has completed significant cost reduction measures in 2024, 2025 and subsequent to period end, including workforce reductions, operational and capital spending cost reductions and deferrals, reductions in key management personnel and receipt of advance payments from customers at the Moa JV, which are expected to increase the Corporation's liquidity in the next twelve months as the Corporation realizes the full benefit of these measures. In addition, the Corporation may pursue debt financing, equity financing and other financing arrangements, and continues to evaluate and pursue additional measures to increase the Corporation's liquidity.

After considering the factors that have caused the liquidity challenges faced by the Corporation, the judgments made surrounding these factors, and the initiatives the Corporation has taken and will undertake, the Corporation believes it will have sufficient liquidity to support its operations and meet its financial obligations for at least twelve months. Management has therefore concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern.

Interests in other entities

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

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

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

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

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

Notes to the consolidated financial statements

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

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

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

The Corporation measures the GNC receivable and Energas payable at fair value using an income valuation approach. For purposes of determining fair value, management uses discounted cash flows in a Monte Carlo simulation model, which includes the use of in-kind forecast cobalt prices and discount rates, which are significant unobservable inputs in the case of the GNC receivable and requires assumptions and judgments to be made. Management also applies judgment in considering whether the GNC receivable and Energas payable will be repaid by maturity and if an event of default is forecast to occur, which would result in retroactive interest being incurred. Management engages a third-party valuation specialist to assist in the valuation. Changes in the valuation approach, assumptions or judgments may result in a significant change in fair value.

Service concession arrangements

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

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

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 consolidated financial statements. Refer to notes 12 and 22 for further details on the lack of exchangeability of the CUP.

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

In June 2024, the Government of Canada enacted the Global Minimum Tax Act ("GMTA") that was developed within the framework of the Organization for Economic Co-operation and Development ("OECD")'s Pillar Two Model rules. The GMTA includes the introduction of a 15% global minimum tax that applies to large multinational enterprise groups with global consolidated revenues over €750 million. However, this legislation does not currently apply to the Corporation as its consolidated revenue is lower than €750 million.

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 two years of the four years prior to January 1, 2024 and therefore is not in scope of the DMTT for the year ended December 31, 2025.

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

In April 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 year ended December 31, 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 (note 21).

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 year ended December 31, 2025, transaction costs of \$15.9 million were incurred and are netted within the \$32.4 million Gain on Debt and Equity Transactions, net of transaction costs 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. \$15.9 million were paid during the year ended December 31, 2025, and are presented within fees paid on Debt and Equity Transactions in the consolidated statements of cash flows. As at December 31, 2025, nil transaction costs were payable. Refer to note 9 for a reconciliation of the Gain on Debt and Equity Transactions, net of transaction costs recognized during the year ended December 31, 2025.

6. SEGMENTED INFORMATION

Canadian \$ millions, for the year ended December 31

							2025
	Metals ⁽¹⁾	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV ⁽¹⁾	Total	
Revenue	\$ 481.6	\$ 49.2	\$ 15.2	\$ 2.1	\$ (370.8)	\$ 177.3	
Cost of sales	(521.5)	(20.8)	(37.1)	(1.8)	417.8	(163.4)	
Cobalt loss	(0.3)	-	-	-	0.3	-	
Administrative expenses	(8.2)	(6.2)	(0.1)	(30.1)	5.5	(39.1)	
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	(49.3)	(49.3)	
Loss from operations and joint venture	(48.4)	22.2	(22.0)	(29.8)	3.5	(74.5)	
Gain on Debt and Equity Transactions, net of transaction costs						32.4	
Interest income on financial assets measured at amortized cost						0.6	
Other financing items						11.2	
Financing expense						(32.5)	
Net finance income						11.7	
Loss before income tax						(62.8)	
Income tax expense						(2.6)	
Net loss from continuing operations						(65.4)	
Loss from discontinued operations, net of tax						(0.3)	
Net loss for the year						\$ (65.7)	

Supplementary information

Depletion, depreciation and amortization	\$ 59.7	\$ 2.6	\$ 0.1	\$ 0.8	\$ (49.1)	\$ 14.1
Property, plant and equipment expenditures	46.5	1.6	0.1	-	(32.2)	16.0
Canadian \$ millions, as at December 31						
Non-current assets ⁽²⁾	\$ 638.0	\$ 17.2	\$ 0.4	\$ 4.2	\$ (501.7)	\$ 158.1
Total assets	1,010.7	375.8	13.3	15.6	(188.1)	1,227.3

Canadian \$ millions, for the year ended December 31

							2024
	Metals ⁽¹⁾	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV ⁽¹⁾	Total	
Revenue	\$ 526.6	\$ 47.8	\$ 15.7	\$ 3.2	\$ (434.5)	\$ 158.8	
Cost of sales	(532.3)	(30.1)	(25.6)	(1.9)	451.4	(138.5)	
Cobalt loss	(0.1)	-	-	-	0.1	-	
Impairment of intangible assets	-	-	(8.4)	-	-	(8.4)	
Impairment of property, plant and equipment	(0.5)	-	-	-	0.5	-	
Administrative expenses	(12.2)	(4.2)	-	(25.7)	5.4	(36.7)	
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	(18.7)	(18.7)	
Loss from operations and joint venture	(18.5)	13.5	(18.3)	(24.4)	4.2	(43.5)	
Interest income on financial assets measured at amortized cost						1.7	
Other financing items						11.8	
Financing expense						(40.5)	
Net finance expense						(27.0)	
Loss before income tax						(70.5)	
Income tax expense						(2.6)	
Net loss from continuing operations						(73.1)	
Earnings from discontinued operations, net of tax						0.3	
Net loss for the year						\$ (72.8)	

Supplementary information

Depletion, depreciation and amortization	\$ 58.0	\$ 2.5	\$ 0.2	\$ 0.8	\$ (47.5)	\$ 14.0
Property, plant and equipment expenditures	34.0	2.9	-	-	(30.3)	6.6
Intangible asset expenditures	-	-	0.2	-	-	0.2

Canadian \$ millions, as at December 31

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

Notes to the consolidated financial statements

- (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 at Fort Site and its 100% interest in subsidiaries which buy, market and sell certain of the Moa JV's nickel and cobalt production and the Corporation's cobalt inventories received under the Cobalt Swap. The Adjustments for Moa JV reflect the adjustments required in order to reconcile to the Corporation's consolidated statements of comprehensive loss, consolidated statements of financial position and consolidated statements of cash flows, wherein the financial performance, financial position and cash flows of the Moa JV are included in one line item in the share of 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.

Geographic information

Canadian \$ millions, as at	2025		2024	
	December 31	Non-current assets ⁽¹⁾	December 31	Total assets ⁽²⁾
Canada	\$ 142.8	\$ 293.9	\$ 142.6	\$ 333.9
Cuba	15.3	873.7	16.6	962.0
Europe	-	35.4	-	42.2
Asia	-	24.3	-	44.7
	\$ 158.1	\$ 1,227.3	\$ 159.2	\$ 1,382.8

- (1) Non-current assets are composed of property, plant and equipment and intangible assets and exclude the non-current assets of the Moa JV, an equity-accounted investment, which are included in the Investment in Moa Joint Venture.
- (2) For its geographic information, the Corporation has allocated assets based on their physical location or location of the customer/payer.

Canadian \$ millions, for the years ended December 31	2025		2024	
	Total revenue ⁽¹⁾	Total revenue ⁽¹⁾	Total revenue ⁽¹⁾	Total revenue ⁽¹⁾
Canada	\$ 108.2	\$ 92.9		
Cuba	49.2	47.8		
Europe	0.9	1.2		
Asia	3.7	1.2		
Australia	15.3	15.7		
	\$ 177.3	\$ 158.8		

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

Disaggregation of revenue by product and service type

Revenue in the below table excludes revenue recognized by the Moa JV, which is excluded from consolidated revenue and included within the Corporation's share of loss of Moa Joint Venture, net of tax, at the Corporation's 50% interest due to the equity method of accounting. Refer to the Moa JV's statements of comprehensive loss in note 8 for revenue recognized by the Moa JV on a 100% basis.

Canadian \$ millions, for the years ended December 31	2025		2024	
	Total revenue	Total revenue	Total revenue	Total revenue
Cobalt	\$ 4.7	\$ 2.4		
Fertilizer	67.7	62.6		
Power generation ⁽¹⁾	42.4	42.5		
Power frequency control revenue	3.7	1.1		
Sulphuric acid	33.1	21.4		
Oil and gas service revenue	15.2	15.7		
Other	10.5	13.1		
	\$ 177.3	\$ 158.8		

- (1) Included in power generation revenue for the year ended December 31, 2025 is \$36.4 million of revenue from service concession arrangements (\$32.9 million for the year ended December 31, 2024).

Deferred revenue primarily relates to payments for fertilizer sales received before shipment by the Fort Site in the Metals reportable segment. All of the deferred revenue as at December 31, 2024 was recognized during the year ended December 31, 2025.

Cobalt revenue

Cobalt revenue relates to finished cobalt sold by the Corporation to customers received through distributions from the Moa JV under the Cobalt Swap (note 8). Refer to note 13 for further details on the Cobalt Swap. The Corporation received \$6.2 million of cash from cobalt sales during the year ended December 31, 2025 (December 31, 2024 - \$1.1 million).

Significant customers

Fort Site in the Metals reportable segment derived \$18.7 million of its revenue for the year ended December 31, 2025 (\$17.5 million for the year ended December 31, 2024) from a customer that purchases and sells agriculture products.

The Power reportable segment derived \$49.2 million of its revenue for the year ended December 31, 2025 (\$47.8 million for the year ended December 31, 2024) directly and indirectly from agencies of the Government of Cuba.

No other single customer contributed 10% or more to the Corporation's revenue in 2025 or 2024.

7. EXPENSES

Cost of sales includes the following:

Canadian \$ millions, for the years ended December 31	2025	2024
Employee costs	\$ 53.8	\$ 53.9
Severance	2.0	1.2
Depletion, depreciation and amortization of property, plant and equipment and intangible assets	13.0	12.8
Raw materials and consumables	56.1	35.5
Finished cobalt ⁽¹⁾	4.7	2.2
Repairs and maintenance	45.5	55.2
Shipping and treatment costs	4.1	3.9
Inventory write-down/obsolescence	0.4	1.0
Loss on environmental rehabilitation provisions	17.7	8.2
Share-based compensation expense (recovery)	0.6	(0.1)
Changes in inventories and other	(34.5)	(35.3)
	\$ 163.4	\$ 138.5

(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 13 for further details on the Cobalt Swap.

Loss on environmental rehabilitation provisions

During the year ended December 31, 2025, the Corporation recognized a \$17.7 million loss on environmental rehabilitation provisions primarily due to a change in estimate of the provision for the Corporation's legacy Spanish Oil and Gas operations. The change in estimate is primarily due to an increase in estimated rehabilitation costs for decommissioning work in 2025 and 2026, partially offset by the appreciation of euro against the U.S. dollar on the euro-denominated provision.

Administrative expenses include the following:

Canadian \$ millions, for the years ended December 31	2025	2024
Employee costs	\$ 18.5	\$ 26.3
Severance	3.2	2.2
Depreciation	1.1	1.2
Share-based compensation expense	4.3	0.4
Consulting services and audit fees	11.7	4.2
Other	0.3	2.4
	\$ 39.1	\$ 36.7

Notes to the consolidated financial statements**8. JOINT ARRANGEMENTS****Investment in Moa Joint Venture**

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

During the year ended December 31, 2025, the Moa JV paid cash distributions of nil (\$23.7 million or US\$16.5 million for the year ended December 31, 2024) (100% basis) to the Corporation of which nil (\$11.9 million for the year ended December 31, 2024) was paid to the Corporation representing its 50% ownership interest and of which nil (\$11.9 million for the year ended December 31, 2024) was redirected by GNC to the Corporation to settle the GNC receivable pursuant to the Cobalt Swap. Refer to note 13 for further details on the Cobalt Swap.

During the year ended December 31, 2025, the Moa JV distributed nil tonnes (223 tonnes for the year ended December 31, 2024) of finished cobalt (100% basis) to the Corporation with an in-kind value of nil (\$6.1 million (US\$4.2 million) for the year ended December 31, 2024) (100% basis) pursuant to the Cobalt Swap.

All finished cobalt and cash distributions received in 2024 were declared as dividends during the year ended December 31, 2025. In addition, \$88.1 million (US\$65.5 million) of cash distributions received in 2023 were declared as dividends during the year ended December 31, 2024.

The following provides additional information relating to the Corporation's investment in the Moa Joint Venture on a 100% basis. Foreign currency translation differences are included in the financial information of the Moa JV presented below as the Corporation's presentation currency is the Canadian dollar, while certain of the operating companies within the Moa JV's functional currency is the U.S. dollar.

Statements of financial position

	2025 December 31	2024 December 31
Canadian \$ millions, 100% basis, as at		
Assets		
Cash and cash equivalents	\$ 25.5	\$ 11.3
Income taxes receivable	3.3	7.0
Other current assets ⁽¹⁾	22.2	40.9
Trade accounts receivable, net	70.2	90.3
Inventories	349.9	382.3
Other non-current assets	10.2	17.9
Property, plant and equipment	1,087.7	1,136.6
Deferred income taxes	40.3	10.3
Total assets	1,609.3	1,696.6
Liabilities		
Trade accounts payable and accrued liabilities	112.7	111.9
Income taxes payable	1.3	1.0
Other current financial liabilities	0.4	0.2
Deferred revenue	28.0	21.0
Loans and borrowings ⁽²⁾	129.5	40.5
Environmental rehabilitation provisions	94.1	86.9
Other non-current financial liabilities	1.7	2.9
Deferred income taxes	8.7	11.2
Total liabilities	376.4	275.6
Net assets of Moa Joint Venture	\$ 1,232.9	\$ 1,421.0
Proportion of Sherritt's ownership interest	50%	50%
Total	616.5	710.5
Intercompany capitalized interest elimination	(42.2)	(45.1)
Investment in Moa Joint Venture	\$ 574.3	\$ 665.4

(1) Included in other current assets as at December 31, 2025 is nil from the Corporation for distributions from the Moa JV received by the Corporation that had not yet been declared as dividends (December 31, 2024 - \$29.9 million). The asset in the comparative period was extinguished in 2025 upon declaration as dividends.

(2) Included in loans and borrowings is \$36.4 million of current financial liabilities (December 31, 2024 - \$27.7 million) and \$93.1 million of non-current financial liabilities (December 31, 2024 - \$12.8 million). As at December 31, 2025, the Moa Joint Venture had drawn \$82.2 million (US\$60.0 million) (December 31, 2024 - nil) on a US\$60.0 million equivalent credit facility denominated in CUP 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 years ended December 31	2025	2024
Revenue	\$ 741.5	\$ 868.9
Cost of sales ⁽¹⁾	(835.6)	(902.8)
Cobalt loss	-	(0.7)
Impairment of property, plant and equipment	-	(1.0)
Administrative expenses	(11.1)	(10.8)
Loss from operations	(105.2)	(46.4)
Financing income	0.7	0.7
Financing expense	(28.5)	(16.3)
Net finance expense	(27.8)	(15.6)
Loss before income tax	(133.0)	(62.0)
Income tax recovery ⁽²⁾	25.0	10.5
Net loss and comprehensive loss of Moa JV	\$ (108.0)	\$ (51.5)
Proportion of Sherritt's ownership interest	50%	50%
Total	(54.0)	(25.8)
Intercompany elimination	4.7	7.1
Share of loss of Moa Joint Venture, net of tax	\$ (49.3)	\$ (18.7)

(1) Included in cost of sales for the year ended December 31, 2025 is depreciation and amortization of \$98.2 million (\$95.1 million for the year ended December 31, 2024).
(2) During the years ended December 31, 2025 and December 31, 2024, the Moa JV recognized income tax recoveries due to taxable losses recognized by the operating companies in the Moa JV.

Joint operation

Sherritt's primary power generating assets are located in Cuba at Varadero, Boca de Jaruco and Puerto Escondido. These assets are held by Sherritt through its one-third interest in Energas, which is a Cuban joint arrangement established to process raw natural gas and generate electricity for sale to the Cuban national electrical grid. Cuban government agencies Union Electrica ("UNE") and Union Cuba Petroleo ("CUPET") hold the remaining two-thirds interest in Energas.

During the year ended December 31, 2025, Energas declared and paid dividends of \$26.0 million to the Corporation in Canada (\$13.0 million for the year ended December 31, 2024).

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

Canadian \$ millions, 33⅓% basis, as at	2025	2024
	December 31	December 31
Current assets ⁽¹⁾	\$ 130.8	\$ 139.2
Non-current assets	14.4	15.6
Current liabilities	1.2	15.5
Non-current liabilities	75.8	61.5
Net assets	\$ 68.2	\$ 77.8

(1) Included in current assets is \$103.3 million of cash and cash equivalents denominated in CUP and held by Energas in Cuban bank deposit accounts (December 31, 2024 - \$111.4 million). Refer to note 22 for further information on the lack of exchangeability of the CUP.

Canadian \$ millions, 33⅓% basis, for the years ended December 31	2025	2024
Revenue	\$ 49.2	\$ 47.8
Expenses	(29.3)	(27.6)
Net earnings	\$ 19.9	\$ 20.2

Notes to the consolidated financial statements

9. NET FINANCE INCOME (EXPENSE)

Canadian \$ millions, for the years ended	Note	2025 December 31	2024 December 31
Extinguishment of Second Lien Notes and premium at amortized cost for Amended Senior Secured Notes	5, 16	240.0	-
Extinguishment of PIK Notes at amortized cost for Amended Senior Secured Notes	5, 16	69.4	-
Extinguishment of accrued interest on PIK Notes	5, 16	1.8	-
Issuance of Amended Senior Secured Notes at fair value	5, 16	(266.1)	-
Extinguishment of Amended Senior Secured Notes at exchange price for common shares from treasury	5, 16	17.1	-
Issuance of common shares from treasury at fair value	5, 21	(13.9)	-
Transaction costs:			
Early cash consent consideration	5	(6.5)	-
Legal, financial and other advisory costs	5	(9.4)	-
Gain on Debt and Equity Transactions, net of transaction costs		32.4	-
Interest income on financial assets measured at amortized cost		0.6	1.7
Gain on revaluation of GNC receivable	12	15.1	0.4
(Loss) gain on revaluation of Energas payable	12	(3.4)	0.2
Unrealized (loss) gain on natural gas swaps	12	(0.2)	0.8
Realized loss on natural gas swaps	12	(2.8)	-
Realized gain on nickel put options	13	-	5.9
Gain on repurchase of notes	16	-	1.8
Other interest income and gains on financial instruments		2.5	2.7
Other financing items		11.2	11.8
Interest expense and accretion on loans and borrowings		(31.7)	(37.3)
Unrealized foreign exchange gain (loss)		1.3	(1.7)
Realized foreign exchange loss		(0.8)	(0.7)
Other interest expense and finance charges		(1.0)	(0.6)
Accretion expense on environmental rehabilitation provisions	17	(0.3)	(0.2)
Financing expense		(32.5)	(40.5)
Net finance income (expense)		\$ 11.7	\$ (27.0)

10. INCOME TAXES

Canadian \$ millions, for the years ended December 31	2025	2024
Current income tax expense		
Current period	\$ 2.4	\$ 3.2
	2.4	3.2
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences	(13.6)	(13.2)
Non-recognition of deferred tax assets	13.8	12.6
	0.2	(0.6)
Income tax expense	\$ 2.6	\$ 2.6

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

Canadian \$ millions, for the years ended December 31	2025	2024
Loss before income tax from continuing operations	\$ (62.8)	\$ (70.5)
Less: share of loss of Moa Joint Venture, net of tax	49.3	18.7
Parent companies and subsidiaries loss before income tax	(13.5)	(51.8)
Income tax recoveries at the combined basic rate of 23.4% (2024 - 23.5%)	(3.2)	(12.2)
Increase (decrease) in taxes resulting from:		
Difference between Canadian and foreign tax rates	(3.0)	(0.2)
Non-recognition of deferred tax assets	13.8	12.6
(Non-taxable income)/Non-deductible losses and write-downs	(5.0)	3.2
Other items	-	(0.8)
	\$ 2.6	\$ 2.6

As at December 31, 2025, the Corporation had taxable temporary differences associated with investments in subsidiaries and the Moa JV for which no deferred tax liabilities have been recognized, as the Corporation is able to control the timing of the reversal of these temporary differences and it is not probable that these temporary differences will reverse in the foreseeable future.

As at December 31, 2025, the Corporation had non-capital losses of \$894.7 million (December 31, 2024 - \$958.6 million) and capital losses of \$1,131.9 million (December 31, 2024 - \$1,183.8 million) which may be used to reduce future taxable income. The Corporation has not recognized a deferred tax asset on \$894.7 million (December 31, 2024 - \$958.6 million) of non-capital losses, \$1,131.9 million (December 31, 2024 - \$1,183.8 million) of capital losses and \$151.6 million (December 31, 2024 - \$112.2 million) of other deductible temporary differences since the realization of any related tax benefit through future taxable profits is not probable. Included in the other deductible temporary differences of \$151.6 million is an amount of \$58.1 million pertaining to the Restricted Interest and Financing Expenses ("RIFE") under the Excessive Interest and Financing Limitation ("EIFEL") regime which was enacted on June 20, 2024. The capital losses have no expiry dates and the other deductible temporary differences do not expire under current tax legislation.

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

Canadian \$ millions, as at December 31, 2025	Expiry	Non-capital losses
Canada	2026-2043	\$ 766.5
Other jurisdictions	Various	128.2

11. LOSS PER SHARE

Canadian \$ millions, except share amounts in millions and per share amounts in dollars, for the years ended December 31	2025	2024
Net loss from continuing operations	\$ (65.4)	\$ (73.1)
(Loss) earnings from discontinued operations, net of tax	(0.3)	0.3
Net loss for the year - basic and diluted	\$ (65.7)	\$ (72.8)
Weighted-average number of common shares - basic and diluted⁽¹⁾	466.5	397.3
Net loss from continuing operations per common share:		
Basic and diluted	\$ (0.14)	\$ (0.18)
Earnings (loss) from discontinued operations, net of tax, per common share:		
Basic and diluted	\$ -	\$ -
Net loss per common share:		
Basic and diluted	\$ (0.14)	\$ (0.18)

(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 year ended December 31, 2025 (9.9 million shares that were anti-dilutive for the year ended December 31, 2024).

Notes to the consolidated financial statements**12. FINANCIAL INSTRUMENTS****Cash and cash equivalents**

Cash and cash equivalents consist of:

Canadian \$ millions, as at	2025 December 31	2024 December 31
Cash equivalents ⁽¹⁾	\$ 0.2	\$ 0.2
Cash held in banks	124.7	145.5
	\$ 124.9	\$ 145.7

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

Cash and cash equivalents of the Corporation held in Canada was \$13.4 million as at December 31, 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 \$124.9 million, total cash held in Cuban bank deposit accounts was \$109.4 million as at December 31, 2025 (December 31, 2024 - \$113.0 million).

Total cash denominated in CUP was \$109.4 million as at December 31, 2025 (December 31, 2024 - \$113.0 million), which is not exchangeable into other currencies due to foreign exchange controls that exist in Cuba as a result of its insufficient foreign currency reserves. Refer to note 22 for further details on the lack of exchangeability of the CUP.

As at December 31, 2025, \$103.3 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 16) in CUP pursuant to the Cobalt Swap and for payments to the Moa JV in CUP pursuant to the Energas Payment Agreement ("Moa Swap"). Refer to notes 13 and 22 for further details on the Cobalt Swap and Moa Swap, respectively.

Trade accounts receivable, net

Canadian \$ millions, as at	2025 December 31	2024 December 31
Trade accounts receivable	\$ 82.7	\$ 112.5
Allowance for expected credit losses	(19.5)	(20.3)
Accounts receivable from Moa Joint Venture	16.9	37.6
Other	19.8	21.6
	\$ 99.9	\$ 151.4

Aging of trade accounts receivable, net

Canadian \$ millions, as at	2025 December 31	2024 December 31
Not past due	\$ 85.8	\$ 132.6
Past due no more than 30 days	7.7	12.2
Past due for more than 30 days but no more than 60 days	1.4	1.3
Past due for more than 60 days	5.0	5.3
	\$ 99.9	\$ 151.4

Allowance for expected credit losses

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

For the year ended December 31, 2025					
Canadian \$ millions	As at 2024 December 31	Revaluation	Foreign exchange and other non-cash items	As at 2025 December 31	
Lifetime expected credit losses					
Trade accounts receivable, net	\$ (20.3)	\$ -	\$ 0.8	\$ (19.5)	

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

Fair value measurement

As at December 31, 2025, the carrying amounts of cash and cash equivalents; restricted cash; trade accounts receivable, net; current portion of advances, loans receivable and other financial assets; current portion of loans and borrowings; current portion of other financial liabilities; and trade accounts payable and accrued liabilities are at fair value or approximate fair value due to their immediate or short terms to maturity.

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

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

Canadian \$ millions, as at	Note	2025		2024	
		Hierarchy level	Carrying value	Fair value	Carrying value
Liabilities:					
Second Lien Notes ⁽¹⁾⁽²⁾	16	1	\$ -	\$ 238.8	\$ 111.8
PIK Notes ⁽¹⁾⁽²⁾	16	1	- -	66.5	25.0
Amended Senior Secured Notes ⁽¹⁾⁽²⁾	16	1	236.4	124.4	- -

(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 year ended December 31, 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		2024		
		December 31	December 31	December 31	December 31	December 31	December 31	
Fair value through profit or loss								
Assets:								
GNC receivable	13	3	\$ 218.4	\$ 203.3				
Natural gas swap receivable	13	2	0.6	0.8				
Liabilities:								
Energas payable	16	3	73.6	75.2				

Notes to the consolidated financial statements

Fair value hierarchy and measurement of the GNC receivable and Energas payable

The GNC receivable (note 13) is a financial instrument subsequently measured at FVTPL and the Energas payable (note 16) is a financial instrument designated at FVTPL at initial recognition, as it contains an embedded derivative. Their fair values are determined using discounted cash flows in a Monte Carlo simulation model, which uses inputs, some of which are not based on observable market data and require significant judgment. As a result, the GNC receivable and Energas payable are included in Level 3 of the fair value hierarchy. The Monte Carlo simulation model includes the following inputs: forecast in-kind nominal cobalt prices, forecast cobalt price volatility, forecast cobalt volumes, forecast foreign exchange rates, nominal discount rates and available amounts for cash payments. Forecast in-kind nominal cobalt prices and the discount rate are significant unobservable inputs for the GNC receivable.

The Corporation's valuation process, including its valuation policy and procedures for fair value measurements included in Level 3, is determined by the Corporation's management and fair value is calculated each reporting period with the assistance of a third-party valuation specialist. As at December 31, 2025, The Corporation used an income valuation approach with contractual cash flows to maturity on December 31, 2027 to measure the fair value of the GNC receivable and Energas payable. As corroborative information of the fair values of these instruments, the Corporation also calculated the fair values using a market valuation approach which values the instrument based on expected cash flow collection, including collections in the event of default, and discount rates commensurate with the credit risk of the counterparties using observable market data. The market valuation approach incorporates the assumption that upon an event of default, retroactive interest of 8.0% on the outstanding principal balance at maturity is due pursuant to the Cobalt Swap agreement ("Cobalt Swap"). The fair values determined using the market valuation approach were consistent with the fair values determined using the income valuation approach and corroborated the reasonability of the income valuation approach. Fair value measurement, and changes in fair value from period to period, are reviewed for reasonability by management each reporting period.

The following significant unobservable inputs were used to determine the fair value of the GNC receivable as at December 31, 2025 using the income valuation approach:

- Forecast in-kind nominal cobalt prices from US\$20/lb to US\$21/lb (December 31, 2024 - US\$9/lb to US\$12/lb). A US\$10/lb increase or decrease in forecast in-kind nominal cobalt prices would have no impact on the fair value of GNC receivable as at December 31, 2025, as all receipts of the GNC receivable are forecast to be received in cash (December 31, 2024 - \$9.1 million increase and \$9.2 million decrease, respectively). 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 13% (December 31, 2024 - 12%). A 5 percentage point increase in the discount rate would decrease the fair value by \$18.2 million (December 31, 2024 - \$23.4 million), while a 5 percentage point decrease in the discount rate would increase the fair value by \$20.8 million (December 31, 2024 - \$26.8 million).

The discount rates of the GNC receivable and Energas payable using the market valuation approach were 14% and 14%, respectively, as at December 31, 2025.

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

Canadian \$ millions, for the years ended	Note	2025 December 31	2024 December 31
Balance, beginning of the year		\$ 203.3	\$ 217.8
Gain on revaluation of GNC receivable in net finance income (expense)	9	15.1	0.4
Settlements		-	(14.9)
Balance, end of the year	13	\$ 218.4	\$ 203.3

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

Canadian \$ millions, for the years ended	Note	2025 December 31	2024 December 31
Balance, beginning of the year		\$ 75.2	\$ 75.4
Gain on revaluation of Energas payable in net finance income (expense)	9	3.4	(0.2)
Settlements		(5.0)	-
Balance, end of the year	16	\$ 73.6	\$ 75.2

13. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian \$ millions, as at	Note	2025 December 31	2024 December 31
Advances and loans receivable			
GNC receivable ⁽¹⁾	12	\$ 218.4	\$ 203.3
Other financial assets			
Natural gas swap receivable	12	0.6	0.8
Finance lease receivables		0.1	1.1
		219.1	205.2
Current portion of advances, loans receivable and other financial assets⁽²⁾		(0.7)	(33.6)
Non-current portion of advances, loans receivable and other financial assets		\$ 218.4	\$ 171.6

(1) As at December 31, 2025, the non-current portion of the GNC receivable is \$218.4 million (December 31, 2024 - \$170.8 million).

(2) Included in the current portion of advances, loans receivable and other financial assets as at December 31, 2025 is the current portion of the GNC receivable of nil (December 31, 2024 - \$32.5 million) and the current portion of the natural gas swap receivable of \$0.6 million (December 31, 2024 - nil).

GNC receivable

The principal balance of the GNC receivable as at December 31, 2025 was \$277.1 million (December 31, 2024 - \$277.1 million), reflecting nil finished cobalt and cash settlements during the year ended December 31, 2025.

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

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

- if the total annual finished cobalt dividend redirected by GNC has a value of less than US\$57.0 million, GNC's share of any cash distributions from the Moa JV in such year will be redirected to Sherritt until the value of finished cobalt and cash distributions in the aggregate totals US\$57.0 million;
- if the maximum cobalt volume distributed (1,041 tonnes) is not met in a given year, the volume deficit will be added to the threshold in the following year; and
- any shortfall in the annual minimum payment will also be added to the following year, such that the full repayment is made by maturity in December 31, 2027.

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

Notes to the consolidated financial statements

Natural gas swap receivable

During the year ended December 31, 2024, the Corporation entered into natural gas swaps at no cost from January to December 2025 to fix the variable cost of natural gas incurred by the Metals segment at \$1.91/gigajoule on a notional amount of 7.6 million gigajoules. During the year ended December 31, 2025, the Corporation made net payments and incurred a realized loss of \$2.8 million on the natural gas swaps.

Moa JV revolving-term credit facility

As at December 31, 2025, nil was drawn by the Moa JV (December 31, 2024 - nil).

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

During the year ended December 31, 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 Adjusted Term Canadian Overnight Repo Rate Average ("CORRA") plus 4.0% remain unchanged. There were no other significant changes to the terms or restrictions.

Nickel put options

Subsequent to period end, the Corporation purchased put options on 3,750 tonnes of nickel, or 625 tonnes per month, at an exercise price of US\$7.48/lb (US\$16,500/tonne) and at a cost of \$2.4 million for a six-month period from February 1, 2026 to July 31, 2026. Any settlements are received in cash monthly based on the average monthly nickel price on the London Metal Exchange.

The economic hedging strategy provides Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes in nickel prices during periods of high price volatility by providing a minimum price of US\$7.48/lb on a portion of the nickel production from the Moa JV during the six-month period.

14. INVENTORIES

Canadian \$ millions, as at	2025	2024
	December 31	December 31
Raw materials	\$ 0.3	\$ 0.1
Materials in process	0.4	0.2
Finished products	6.9	10.8
	7.6	11.1
Spare parts and operating materials	30.2	32.2
	\$ 37.8	\$ 43.3

Finished products inventories include nil finished cobalt pursuant to the Cobalt Swap (December 31, 2024 - \$5.0 million). For the year ended December 31, 2025, the cost of inventories included in cost of sales was \$95.9 million, including \$4.7 million of finished cobalt inventories received pursuant to the Cobalt Swap and sold to customers (\$79.3 million and \$2.2 million for the year ended December 31, 2024, respectively).

15. NON-FINANCIAL ASSETS

Property, plant and equipment

Canadian \$ millions, for the year ended December 31

				2025
	Plant, equipment and land	assets - Plant, equipment and land	Right-of-use assets - Plant, equipment and land	Total
Cost				
Balance, beginning of the year	\$ 651.3	\$ 14.5	\$ 665.8	
Additions	16.0	-	16.0	
Changes in estimates to environmental rehabilitation provisions	(2.1)	-	(2.1)	
Disposals and derecognition	(20.5)	-	(20.5)	
Effect of movements in exchange rates	(14.3)	(0.1)	(14.4)	
Balance, end of the year	\$ 630.4	\$ 14.4	\$ 644.8	

Depletion, depreciation and impairment losses

	\$ 506.9	\$ 6.8	\$ 513.7
Balance, beginning of the year	\$ 506.9	\$ 6.8	\$ 513.7
Depletion and depreciation	12.7	1.1	13.8
Disposals and derecognition	(20.5)	-	(20.5)
Effect of movements in exchange rates	(13.8)	(0.1)	(13.9)
Balance, end of the year	\$ 485.3	\$ 7.8	\$ 493.1
Net book value	\$ 145.1	\$ 6.6	\$ 151.7

Canadian \$ millions, for the year ended December 31

				2024
	Oil and Gas properties	Plant, equipment and land	Right-of-use assets - Plant, equipment and land	Total
Cost				
Balance, beginning of the year	\$ 60.5	\$ 622.8	\$ 14.4	\$ 697.7
Reclassified from plant, equipment and land to right-of-use assets - plant, equipment and land	-	0.8	(0.8)	-
Additions	-	6.7	0.7	7.4
Changes in estimates to environmental rehabilitation provisions	-	(1.2)	-	(1.2)
Disposals and derecognition	(61.7)	(3.4)	-	(65.1)
Effect of movements in exchange rates	1.2	25.6	0.2	27.0
Balance, end of the year	\$ -	\$ 651.3	\$ 14.5	\$ 665.8

Depletion, depreciation and impairment losses

	\$ 60.5	\$ 471.7	\$ 6.3	\$ 538.5
Balance, beginning of the year	\$ 60.5	\$ 471.7	\$ 6.3	\$ 538.5
Reclassified from plant, equipment and land to right-of-use assets - plant, equipment and land	-	0.7	(0.7)	-
Depletion and depreciation	-	12.4	1.1	13.5
Disposals and derecognition	(61.7)	(2.9)	-	(64.6)
Effect of movements in exchange rates	1.2	25.0	0.1	26.3
Balance, end of the year	\$ -	\$ 506.9	\$ 6.8	\$ 513.7
Net book value	\$ -	\$ 144.4	\$ 7.7	\$ 152.1

Canadian \$ millions

Plant,
equipment
and land

Assets under construction, included in above

As at December 31, 2025	\$ 42.3
As at December 31, 2024	33.9

Notes to the consolidated financial statements

Intangible assets

Exploration and evaluation

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

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

16. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

Canadian \$ millions	Note	For the year ended December 31, 2025			
		Non-cash changes			
		As at 2024	Other	Recognition/ (Extinguishment)	As at 2025
Second Lien Notes	5, 9, 12	\$ 238.8	\$ 1.2	\$ (240.0)	\$ -
PIK Notes	5, 9, 12	66.5	2.9	(69.4)	-
Amended Senior Secured Notes	5, 9, 12	-	(0.1)	249.0	248.9
Credit Facility		67.2	(0.1)	-	67.1
		\$ 372.5	\$ 3.9	\$ (60.4)	\$ 316.0
Current portion of loans and borrowings		(67.2)			(79.6)
Non-current portion of loans and borrowings		\$ 305.3			\$ 236.4

Canadian \$ millions	As at 2023	For the year ended December 31, 2024			
		Cash flows		Non-cash changes	
		Increase in other loans and borrowings	Repurchase of notes	Other	As at 2024
Second Lien Notes	\$ 235.6	\$ -	\$ -	\$ 3.2	\$ 238.8
PIK Notes	63.2	-	(1.9)	5.2	66.5
Credit Facility	56.8	11.0	-	(0.6)	67.2
	\$ 355.6	\$ 11.0	\$ (1.9)	\$ 7.8	\$ 372.5
Current portion of loans and borrowings	(56.8)				(67.2)
Non-current portion of loans and borrowings	\$ 298.8				\$ 305.3

Second Lien Notes

During the year ended December 31, 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 7% 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 year ended December 31, 2025 as the Second Lien Notes were extinguished prior to the mandatory redemption date on April 30, 2025.

As at December 31, 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. Refer to note 5 for further information on the Debt and Equity Transactions.

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

During the year ended December 31, 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 year ended December 31, 2024 - \$6.9 million).

During the year ended December 31, 2024, the Corporation repurchased \$3.7 million of principal of the PIK Notes at a cost of \$1.9 million, plus \$0.1 million of accrued interest, resulting in a gain on repurchase of notes of \$1.8 million (note 9).

Amended Senior Secured Notes

During the year ended December 31, 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 December 31, 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 exceeded \$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"). On December 15, 2025, the 2025 Payment of \$5.0 million was not made as the Corporation's liquidity did not exceed the Minimum Liquidity amount. As a result, and in accordance with the terms of the Put Agreements, \$2.5 million in aggregate principal amount will be added to each of the 2026 and 2027 Scheduled Repurchases;
- (b) On December 15, 2026, \$12.5 million in aggregate principal amount of the Amended Senior Secured Notes, given that the 2025 Payment was not made as a result of the Corporation not having liquidity in excess of Minimum Liquidity;
- (c) On December 15, 2027, \$17.5 million in aggregate principal amount of the Amended Senior Secured Notes, given that the 2025 Payment was not made as a result of the Corporation not having liquidity in excess of Minimum Liquidity; 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.

Notes to the consolidated financial statements

Liquidity is defined in the Put Agreements as cash and cash equivalents in Canada plus available credit facilities. During the year ended December 31, 2025, the Corporation did not exercise its call right prior to the 2025 Scheduled Repurchase date and the Corporation did not make any Additional Repurchases.

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.

Credit Facility

As at December 31, 2025, \$69.0 million (December 31, 2024 - \$69.0 million) was drawn on the Credit Facility, which matures on April 30, 2027. As at December 31, 2025, the Corporation has \$0.7 million of letters of credit outstanding pursuant to this facility (December 31, 2024 - \$0.6 million).

The maximum available credit is \$100.0 million and the interest rate is Adjusted Term CORRA plus 4.0%. Borrowings on the Credit Facility are available to fund working capital and capital expenditures. Borrowings under the Credit Facility for spending on capital expenditures cannot exceed \$75.0 million in a fiscal year. This restriction does not apply to capital expenditures of Moa Nickel S.A. The total available draw is based on eligible receivables and inventories, which are pledged as collateral. Certain cash held in banks in Canada is also pledged as collateral.

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

- Net Available Cash covenant, as defined in the agreement, of \$25.0 million. The amount compared against this covenant is composed of cash and cash equivalents and short-term investments of the Corporation and its wholly-owned subsidiaries held in Canada, plus undrawn amounts on the Credit Facility;
- Senior Secured Net Debt-to-EBITDA covenant, as defined in the agreement, of less than 2:1. Senior Secured Net Debt is calculated as first-lien debt, or amounts drawn on the Credit Facility, any derivative liability and any additional security ranked equal to first-lien debt, less cash and cash equivalents and short-term investments of the Corporation and its wholly-owned subsidiaries held in Canada up to \$25.0 million. EBITDA is calculated on a trailing 12-month basis with Energas included on a cash basis;
- EBITDA-to-Interest Expense covenant, as defined in the agreement, of not less than 1:1 and 1.5:1 for the quarters ended June 30, 2024 and September 30, 2024, respectively and not less than 2:1 thereafter. EBITDA is calculated on a trailing 12-month basis with Energas included on a cash basis. Interest expense excluded the payment-in-kind (PIK) interest on the Corporation's PIK Notes prior to extinguishment during the year ended December 31, 2025; and
- Minimum Tangible Net Worth covenant, as defined in the agreement, of \$600.0 million plus 50% of positive net earnings. Tangible Net Worth is calculated as total assets, less intangible assets, less amounts drawn on the Credit Facility, less the principal amount of the Amended Senior Secured Notes (less the principal amount of the Second Lien Notes, and PIK Notes prior to extinguishment during the year ended December 31, 2025), less any derivative liability and less any additional secured financing ranked equal to first-lien debt.

During the year ended December 31, 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 Adjusted Term CORRA plus 4.0% 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.

During the year ended December 31, 2024, the Credit Facility was amended to (i) extend its maturity for one year from April 30, 2025 to April 30, 2026 and (ii) change the EBITDA-to-Interest Expense covenant, as defined in the agreement, to not less than 1:1 and 1.5:1 for the quarters ended June 30, 2024 and September 30, 2024, respectively, and not less than 2:1 thereafter. The amendment included terms to transition the interest rate of bankers' acceptance plus 4.0% to Adjusted Term CORRA plus 4.0%. There were no other significant changes to the terms, financial covenants or restrictions.

Other financial liabilities

Canadian \$ millions, as at	Note	2025 December 31	2024 December 31
Energas payable ⁽¹⁾	12	\$ 73.6	\$ 75.2
Lease liabilities		7.6	9.8
Share-based compensation liability	7, 18	6.4	3.2
Other financial liabilities		1.0	19.0
		88.6	107.2
Current portion of other financial liabilities ⁽²⁾		(6.0)	(34.9)
Non-current portion of other financial liabilities		\$ 82.6	\$ 72.3

(1) As at December 31, 2025, the non-current portion of the Energas payable is \$73.6 million (December 31, 2024 - \$59.3 million).

(2) As at December 31, 2025, the current portion of other financial liabilities includes the current portions of the Energas payable of nil (December 31, 2024 - \$15.9 million), a share-based compensation liability of \$4.9 million (December 31, 2024 - \$2.0 million) 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 year ended December 31, 2025).

Energas payable

During the year ended December 31, 2025, \$5.0 million (33½% basis) of cash was paid by Energas to GNC in CUP (during the year ended December 31, 2024 - nil). The outstanding principal balance of the Energas payable as at December 31, 2025 is \$92.3 million (December 31, 2024 - \$97.3 million) (33½% 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, retroactive interest will be added to the principal balance and the unpaid principal and interest amounts will become due and payable by Energas to GNC.

17. PROVISIONS, GUARANTEES AND CONTINGENCIES

Canadian \$ millions, as at		2025 December 31	2024 December 31
Environmental rehabilitation provisions		\$ 109.1	\$ 107.3
Other provisions		1.9	2.2
		111.0	109.5
Current portion of provisions ⁽¹⁾		(5.3)	(4.8)
Non-current portion of provisions		\$ 105.7	\$ 104.7

(1) As at December 31, 2025, the current portion of provisions includes a current environmental rehabilitation provision of \$4.5 million related to the Corporation's legacy Spanish Oil and Gas operations (December 31, 2024 - \$3.9 million).

Environmental rehabilitation provisions

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

Notes to the consolidated financial statements

The following is a reconciliation of the environmental rehabilitation provisions:

Canadian \$ millions, for the years ended December 31	Note	2025	2024
Balance, beginning of the year		\$ 107.3	\$ 125.7
Change in estimates		15.6	7.0
Settlements		(12.1)	(27.2)
Reclassified to trade accounts payable and accrued liabilities		(7.2)	-
Accretion	9	0.3	0.2
Effect of movement in exchange rates		5.2	1.6
Balance, end of the year		\$ 109.1	\$ 107.3

Change in estimates includes the impact of discount rates, which were 3.74% for legacy Spanish Oil and Gas operations and 3.59% for Fort Site operations as at December 31, 2025 (as at December 31, 2024 - 3.43% and 3.27%, respectively), and were applied to expected future cash flows to determine the carrying value of the environmental rehabilitation provisions.

During the year ended December 31, 2025, change in estimates resulted in an increase to the Corporation's environmental rehabilitation provision for the Corporation's legacy Spanish Oil and Gas operations and corresponding loss on environmental rehabilitation provisions (note 7) primarily due to an increase in estimated rehabilitation costs for decommissioning work in 2025 and 2026, partially offset by the appreciation of euro against the U.S. dollar on the euro-denominated provision. During the year ended December 31, 2024, change in estimates resulted in an increase to the Corporation's environmental rehabilitation provision for the Corporation's legacy Spanish and Oil and Gas operations primarily due to the devaluation of euro against the U.S. dollar on the euro-denominated provision. Rehabilitation work on the Corporation's legacy Spanish Oil and Gas operations was in progress during the years ended December 31, 2025 and 2024 and is expected to continue until 2031.

As at December 31, 2025, the Corporation estimates that it will require approximately \$192.3 million in undiscounted cash flows to settle these obligations, of which \$73.6 million relates to the Corporation's legacy Spanish Oil and Gas operations and \$116.7 million relates to Fort Site operations (December 31, 2024 - \$192.4 million, of which \$72.7 million relates to the Corporation's legacy Spanish Oil and Gas operations and \$117.9 million relates to Fort Site operations). Fort Site's rehabilitation work is expected to occur in 2053.

The provision for environmental rehabilitation is subject to estimation uncertainty primarily related to future rehabilitation requirements and cost inputs. A 5% increase in estimated rehabilitation costs for the Corporation's legacy Spanish Oil and Gas operations would increase the provision by approximately \$4.4 million (€2.7 million). A 5% increase in estimated rehabilitation costs related to Fort Site operations would increase the provision by approximately \$2.0 million.

Guarantees

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

During the year ended December 31, 2025, the Corporation issued a parent company guarantee of €8.7 million in favour of a Moa Joint Venture customer that provided the Moa Joint Venture with an advance payment for deliveries of finished inventories in 2026. The guarantee amount will decrease during 2026 upon deliveries of finished inventories and has no impact on the Corporation's available liquidity.

Contingencies

A number of the Corporation's subsidiaries have operations located in Cuba. The United States of America has maintained a general embargo against Cuba since the early 1960s, and the enactment in 1996 of the Cuban Liberty and Democratic Solidarity (Libertad) Act (commonly known as the "Helms-Burton Act") extended the reach of the U.S. embargo. Title III of the Helms-Burton Act creates a private cause of action and authorizes U.S. nationals with claims to confiscated property in Cuba to file suit in U.S. courts against persons that may be "trafficking" in that property. All Presidents of the United States in office since the enactment of the Helms-Burton Act suspended Title III for successive six-month periods until the first administration of President Trump ceased that practice and allowed Title III to come into effect on May 2, 2019. Since that time, a number of lawsuits have been filed pursuant to Title III in the United States against companies in the U.S., Canada and elsewhere. On January 14, 2025, President Biden issued a six-month suspension of Title III prior to leaving office, however, President Trump then revoked the suspension before it took effect, allowing Title III to remain in force. The Corporation has received letters in the past from U.S. nationals claiming ownership of certain Cuban properties or rights in which the Corporation has an indirect interest, including in relation to claims certified by the U.S. Foreign Claims Settlement Commission. However, Sherritt has not been subjected to any lawsuits in this regard. In the event that any such lawsuits were to be filed, Sherritt does not believe that its operations would be materially affected because Sherritt's current minimal contacts with the United States would likely deprive any U.S. court of personal jurisdiction over Sherritt. Furthermore, even if personal jurisdiction were exercised, any successful U.S. claimant would currently have to seek enforcement of the U.S. court judgment outside the U.S. in order to reach material Sherritt assets. Management believes it unlikely that a court in Canada or in any country in which Sherritt has material assets would enforce a Helms-Burton Act judgment against it.

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

18. SHARE-BASED COMPENSATION PLANS

Equity-settled stock option plan

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

The maximum number of stock options issuable is 22,764,256. The remaining number of options which may be issued under the stock option plan is 15,000,000 as at December 31, 2025. Under the stock option plan, the exercise price of each option equals the 5-day VWAP of the Corporation's shares prior to the date the option is granted. An option's maximum term is 10 years. Options vest on such terms as the Committee determines, generally in three equal instalments on the annual anniversary date of the grant of the options. When options are exercised, the related options are cancelled and the shares underlying such options are issued and are no longer available for issuance under the stock option plan.

During the year ended December 31, 2025, the Corporation did not grant stock options. In February 2024, the Corporation's Board of Directors approved the grant of stock options to executive officers with an exercise price of \$0.28 and a maximum life of 7 years. The options vest and become exercisable in three equal amounts on the annual anniversary date of the grant of the options. The number of these options granted during the year ended December 31, 2024 was 3,758,382.

Notes to the consolidated financial statements

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

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

The following is a summary of stock option activity:

Canadian \$, except number of options, for the years ended December 31	2025	2024
	Weighted-average exercise price	Weighted-average exercise price
	Number of options	Number of options
Outstanding, beginning of the year	9,855,313 \$ 0.58	6,612,673 \$ 0.83
Granted	- -	3,758,382 0.28
Forfeited	(539,225) 0.36	(207,628) 0.53
Expired	(1,551,832) 1.12	(308,114) 2.24
Outstanding, end of the year	7,764,256 \$ 0.49	9,855,313 \$ 0.58
Options exercisable, end of the year	4,574,128 \$ 0.59	3,649,405 \$ 0.94

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

As at December 31	2025			
Range of exercise prices	Weighted-average remaining contractual life (years)	Weighted-average exercise price	Number exercisable	Exercisable weighted-average exercise price
	Number outstanding			
\$0.28 - \$0.53	6,354,645 4.7	\$ 0.40	3,164,517	\$ 0.44
\$0.54 - \$1.20	1,165,425 0.4	0.83	1,165,425	0.83
\$1.21 - \$1.25	244,186 2.1	1.25	244,186	1.25
Total	7,764,256 3.9	\$ 0.49	4,574,128	\$ 0.59

As at December 31, 2025, 7,764,256 stock options (December 31, 2024 - 9,855,313) remained outstanding for which the Corporation has recognized a share-based compensation expense of \$0.3 million for the year ended December 31, 2025 (expense of \$0.8 million for the year ended December 31, 2024).

Cash-settled share-based compensation plans

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

Cash payments for share-based units are primarily made in the first quarter of each year and are dependent upon the market value of the Corporation's shares on the settlement date, calculated as the 5-day VWAP, and in the case of PSUs, cash payments are also dependent upon the achievement of the performance conditions described below. The 5-day VWAP of the Corporation's shares as at December 31, 2025 and December 31, 2024 was \$0.19 and \$0.16, respectively.

RSUs

Under the terms of the Executive Share Unit Plan, the RSUs are available to be granted to executives and certain senior employees. The RSUs represent a right to receive a cash amount payable by the Corporation to a participant at the end of the vesting period for RSUs determined by reference to the market price of the shares multiplied by the number of RSUs held by the participant. RSUs are issued subject to vesting conditions, which are set by the Committee. For RSUs granted prior to 2025, units vest not later than the earlier of (a) the earlier of: (i) December 31 of the third calendar year following the calendar year in respect of which the RSUs were granted or (ii) the date set out in the RSU grant agreement; and (b) the date of death of a participant. For RSUs granted during the year ended December 31, 2025, one-third of the units granted vest each year over a 3-year period. The Corporation shall redeem all of a participant's vested RSUs on the vesting date and may, at the discretion of the Committee, redeem all or any part of a participant's unvested RSUs prior to the vesting date.

Under the plan, each RSU awarded is equivalent to a share. A liability is accrued related to the units awarded and a compensation expense is recognized in the consolidated statements of comprehensive loss over the service period required for employees to become fully entitled to the award. At the maturity date, the participant receives cash representing the value of the units. The number of RSUs subject to no performance conditions outstanding as at December 31, 2025 was 26,662,303 (December 31, 2024 - 16,240,215).

PSUs

PSUs represent a right to receive a cash amount payable by the Corporation to a participant at the end of the vesting period determined by reference to the market price of the shares multiplied by the number of PSUs held by the participant as adjusted for dividend equivalents credited, if any. Under the plan, each PSU awarded is equivalent to a share. A liability is accrued related to the units awarded and a compensation expense is recognized in the consolidated statements of comprehensive income (loss) over the 3-year service period required for employees to become fully entitled to the award. The PSUs are issued subject to vesting conditions, including performance conditions, which are set by the Committee. The vesting of PSUs granted prior to 2023 will be subject to the achievement of two equally-weighted performance conditions measured over the three-year vesting period: (i) the Corporation's total shareholder return relative to benchmark indices composed of mining companies for grants made in 2022 (a market condition); and (ii) certain specified internal measures related to achieving strategic objectives and unit cost of production compared to budget (non-market conditions) and a service condition. The value of PSUs that vest will vary from 0% to 200% based on the achievement of the market and non-market performance conditions. The number of PSUs subject to these performance conditions outstanding as at December 31, 2025 was nil (December 31, 2024 - 5,032,342).

During the years ended December 31, 2025 and December 31, 2024, the Corporation's Board of Directors approved the grant of PSUs to certain employees, the vesting of which will be subject to the achievement of the Corporation's total shareholder return relative to individual constituents of a benchmark mining index (a market condition) (the "disaggregated RTSR performance condition") and a service condition. Performance will be based on the percentile return of the Corporation as compared to the constituents within the index. The value of PSUs that vest will vary from 0% to 200% based on the achievement of the market performance condition. The number of PSUs subject to this performance condition outstanding as at December 31, 2025 was 32,317,877 (December 31, 2024 - 17,795,725).

DSUs

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

A total of 8,764,286 DSUs are outstanding and vested as at December 31, 2025, granted between 2012 and 2025.

Notes to the consolidated financial statements

A summary of the RSUs, PSUs and DSUs outstanding as at December 31, 2025 and 2024 and changes during the year ended is as follows:

For the year ended December 31	2025		
	RSUs	PSUs	DSUs
Outstanding, beginning of the year	16,240,215	22,828,067	6,005,497
Granted	18,445,095	18,445,095	5,514,943
Exercised	(4,956,400)	(1,883,400)	(2,756,154)
Forfeited	(3,066,607)	(7,071,885)	-
Outstanding, end of the year	26,662,303	32,317,877	8,764,286
Units exercisable, end of the year	n/a	n/a	8,764,286

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

During the year ended December 31, 2025, the Corporation recognized a share-based compensation expense of \$4.6 million for cash-settled share-based units, during which time the 5-day VWAP of the Corporation's shares increased by \$0.03 and additional units vested. During the year ended December 31, 2024, the Corporation recognized a share-based compensation recovery of \$0.5 million for cash-settled share-based units, during which time the 5-day VWAP of the Corporation's shares decreased by \$0.13 and additional units vested.

Measurement of fair values at grant date

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

Canadian \$, for the years ended December 31	2025	2024
RSUs	\$ 0.19	\$ 0.27
PSUs	0.19	0.27
DSUs	0.14	0.26

The intrinsic value of cash-settled share-based compensation awards vested and outstanding as at December 31, 2025 was \$6.4 million (December 31, 2024 - \$3.1 million).

19. COMMITMENTS FOR PROPERTY, PLANT AND EQUIPMENT EXPENDITURES

Canadian \$ millions, as at December 31	2025
Property, plant and equipment commitments	\$ 3.6

20. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital

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

Canadian \$ millions, for the years ended December 31	2025	2024
Trade accounts receivable, net ⁽¹⁾	\$ 44.9	\$ 9.7
Inventories ⁽²⁾	(0.8)	1.2
Prepaid expenses	(1.9)	(1.3)
Trade accounts payable and accrued liabilities	7.6	(4.9)
Deferred revenue	(4.9)	(3.3)
	\$ 44.9	\$ 1.4

(1) Trade accounts receivable, net includes adjustments of \$(6.2) million for the year ended December 31, 2025, respectively, for Proceeds from Cobalt Swap presented separately in the consolidated statements of cash flow (\$(1.1) million for the year ended December 31, 2024).

(2) Inventories include adjustments of \$(4.7) million for the year ended December 31, 2025, respectively, for non-cash finished cobalt cost of sales pursuant to the Cobalt Swap, which is presented separately in the consolidated statements of cash flow \$(2.2) million for the year ended December 31, 2024).

Interest paid

Interest paid includes the following:

Canadian \$ millions, for the years ended December 31	2025	2024
Interest paid on Amended Senior Secured Notes	\$ (12.3)	\$ -
Interest paid on Credit Facility	(5.2)	(6.1)
Interest paid on Second Lien Notes	(8.7)	(18.8)
Interest paid on PIK Notes	-	(0.1)
Other interest paid	(0.9)	(0.9)
	\$ (27.1)	\$ (25.9)

Non-cash transactions

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

During the year ended December 31, 2025, investing activities excluded nil non-cash settlements of the GNC receivable through receipts of finished cobalt inventories pursuant to the Cobalt Swap (December 31, 2024 - \$3.0 million). During the year ended December 31, 2025, there were nil cash settlements received from the GNC receivable, presented as Receipts of GNC receivable in the consolidated statements of cash flow (December 31, 2024 - \$11.9 million). Refer to note 13 for further details on the Cobalt Swap.

As a result of the Debt and Equity Transactions (note 5), during the year ended December 31, 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 21).

Notes to the consolidated financial statements

21. 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 year ended December 31, 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 a result of the Debt and Equity Transactions.

Canadian \$ millions, except share amounts, for the years ended December 31	Note	2025		2024	
		Number	Capital stock	Number	Capital stock
Balance, beginning of the year		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 year		496,288,680	\$ 2,908.8	397,288,680	\$ 2,894.9

Reserves

Canadian \$ millions, for the years ended December 31	Note	2025	2024
Stated capital reserve			
Balance, beginning of the year		\$ 222.2	\$ 222.2
Balance, end of the year		222.2	222.2

Share-based compensation reserve

Balance, beginning of the year		\$ 12.7	\$ 11.9
Stock option plan expense	18	0.3	0.8
Balance, end of the year		13.0	12.7
Total reserves, end of the year		\$ 235.2	\$ 234.9

Accumulated other comprehensive income

Canadian \$ millions, for the years ended December 31		2025	2024
Foreign currency translation reserve			
Balance, beginning of the year		\$ 445.0	\$ 389.0
Foreign currency translation differences on foreign operations, net of tax		(33.8)	56.0
Balance, end of the year		411.2	445.0

Actuarial losses on pension plans

Balance, beginning of the year		(5.0)	(4.8)
Actuarial losses on pension plans, net of tax		(0.3)	(0.2)
Balance, end of the year		(5.3)	(5.0)
Total accumulated other comprehensive income		\$ 405.9	\$ 440.0

22. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Lack of exchangeability of the CUP

Upon adoption of the Amendments to IAS 21, the Corporation determined that the CUP is not exchangeable into other currencies due to foreign exchange controls that exist in Cuba as a result of its insufficient foreign currency reserves. 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 lack of exchangeability of the CUP may impact the ability of Energas to dividend to the Corporation in Canadian dollars and may contribute to increased liquidity risk at the Corporation.

The carrying amounts of the Corporation's assets and liabilities denominated in CUP are in the Oil and Gas and Power segments as follows:

Canadian \$ millions, as at	2025 December 31	2024 December 31
Assets		
Cash and cash equivalents	\$ 109.4	\$ 113.0
Advances and loans receivable	2.6	-
Trade accounts receivable, net	6.0	11.1
Property, plant and equipment	3.0	2.3
Total assets	121.0	126.4
Liabilities		
Trade accounts payable and accrued liabilities	0.9	1.8
Income taxes payable	0.6	1.3
Total liabilities	1.5	3.1
Net exposure	119.5	123.3

To facilitate the conversion of CUP to Canadian dollars, the Corporation has in place the Moa Swap (note 12). The Moa Swap facilitates the payment of the equivalent of approximately US\$50.0 million in Canadian currency annually from the Moa JV to Energas, which Energas uses to facilitate foreign currency payments in support of its business and to pay dividends to the Corporation in Canada. Energas, in turn, pays an equivalent amount to the Moa JV in CUP. If the total amount of foreign currency payments required to support the Energas business and to pay dividends to the Corporation in Canada exceeded the US\$50.0 million available under the Moa Swap, Energas may not be able to exchange additional CUP into foreign currency.

Dividends from the Moa JV are not impacted by the lack of exchangeability of the CUP, as the Moa JV receives major foreign currencies from the sale of nickel and cobalt to customers outside of Cuba, which it uses to pay dividends to the Corporation in Canada.

Cuba risk

During the years ended December 31, 2025, and December 31, 2024, Cuba experienced continued U.S. sanctions, declining tourism, fuel supply disruptions, adverse weather events and power outages, all of which have significantly impacted the country's economy adversely and limited the country's foreign currency reserves. The lack of exchangeability of the CUP may impact the Corporation's receipts of Energas dividends in Canadian dollars. The foregoing may contribute to increased liquidity risk at the Corporation. Refer to note 24 for further developments regarding Cuba risk subsequent to period end.

As a result of the Cobalt Swap, the Corporation no longer has the responsibility for collection of receivable amounts solely from Energas and CUPET, which are dependent upon Cuba's economy, and instead collects from GNC, the Corporation's Moa JV partner. GNC receives distributions from the Moa JV, and notwithstanding the above risks related to Cuba in which the Moa JV's mine operates, the Moa JV is less dependent upon Cuba's economy as it earns foreign currency from nickel and cobalt sales to customers outside of Cuba.

Risk management policies and hedging activities

The Corporation is sensitive to changes in commodity prices, foreign exchange rates and interest rates. The Corporation's Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Corporation reduces the business-cycle risks inherent in its commodity operations through industry diversification and limited use of derivatives, discussed below in the commodity price risk section.

Credit risk

Sherritt's credit sales of fertilizers and electricity, and of nickel and cobalt within the Moa JV, expose the Corporation to the risk of non-payment by customers. Sherritt manages this risk by monitoring the creditworthiness of its customers, documentary credit and seeking prepayment or other forms of payment security from customers with an unacceptable level of credit risk. In addition, there is certain credit risk that arises due to the fact that all sales of electricity in Cuba are made to agencies of the Cuban government. Although Sherritt seeks to manage its credit risk exposure, there can be no assurance that the Corporation will be successful in eliminating the potential material adverse impacts of such risk.

Notes to the consolidated financial statements

Cuba

The Corporation has credit risk exposure related to its cash, trade accounts receivable, net and advances and loans receivable associated with its businesses located in Cuba as follows:

Canadian \$ millions, as at	2025 December 31	2024 December 31
Cash	\$ 109.4	\$ 113.1
Trade accounts receivable, net	6.0	9.3
Advances and loans receivable ⁽¹⁾	218.4	203.3
Total	\$ 333.8	\$ 325.7

(1) Advances and loans receivable represents the GNC receivable pursuant to the Cobalt Swap of \$218.4 million (December 31, 2024 - \$203.3 million) (note 13), which the Corporation recovers from GNC. Although GNC is located in Cuba, notwithstanding the above risk related to Cuba in which GNC operators, GNC is less dependent upon Cuba's economy as GNC earns foreign currency from the Moa JV, whose nickel and cobalt sales are to customers outside of Cuba.

The table above reflects the Corporation's maximum credit exposure to Cuban counterparties.

Allowance for expected credit losses

The Corporation uses a three-stage approach to measure an ACL, using an ECL approach as required under IFRS 9 for financial assets measured at amortized cost.

The following table presents the Corporation's financial assets measured at amortized cost, the stage that they are in for ACL measurement and the balance of the ACL as at December 31, 2025. The gross carrying value of the financial asset best represents the maximum exposure to credit risk at the reporting date:

Canadian \$ millions	Note	ECL stage ⁽¹⁾	Gross carrying value	ACL	Net carrying value
Trade accounts receivable, net ⁽¹⁾	12	2	\$ 119.4	\$ (19.5)	\$ 99.9

(1) For trade accounts receivable, net, the Corporation has applied the simplified approach in IFRS 9 to measure the ACL at lifetime ECL. The Corporation determines the ACL based on the past due status of the debtors, adjusted as appropriate to reflect current and estimated future economic conditions.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. Liquidity risk arises from the Corporation's financial obligations and in the management of its assets, liabilities and capital structure. The Corporation manages this risk by regularly evaluating its liquidity and using cash provided by operating activities and liquid assets to ensure its ability to fund current and non-current financial obligations and capital commitments for the foreseeable future in a cost-effective manner.

The main factors that affect liquidity in Canada include realized sales prices, timing of collection of receivables, production volumes, 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 pursuant to the Cobalt Swap, the timing of dividends from Energas in Canada, repayments of non-current loans and borrowings, credit capacity and debt and equity capital market conditions. Significant adverse changes to one, or a combination of these factors, without offsetting changes to others, would have a negative impact on the Corporation's liquidity position and may affect its ability to satisfy current and non-current obligations as they become due and/or comply with covenant requirements pursuant to its arrangements with its creditors and lenders.

The Corporation's liquidity requirements are met through a variety of sources, including cash and cash equivalents, cash provided by operating activities, the Credit Facility, leases and debt and equity capital markets. As at December 31, 2025, the Corporation had available credit facilities of \$30.3 million (December 31, 2024 - \$30.4 million). During the year ended December 31, 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 of the Credit Facility. Refer to note 16 for further details on the Amended Senior Secured Notes, Second Lien Notes, PIK Notes and the Credit Facility.

Working capital is defined as the Corporation's current assets less current liabilities and was \$(10.0) million as at December 31, 2025 (December 31, 2024 - \$91.8 million). While the Credit Facility is classified as a current liability given its historical use for working capital purposes, as at December 31, 2025, the Corporation has the unconditional right to defer settlement until it matures on April 30, 2027.

Based on management's assessment of its financial position and liquidity profile as at December 31, 2025, the Corporation will be able to satisfy its current and non-current obligations as they come due. The Corporation discloses further information regarding its liquidity risk and its application of significant judgment in reaching the conclusion to prepare the financial statements on a going concern basis in note 2.1.

The agreements establishing certain jointly controlled entities require the unanimous consent of shareholders to pay dividends. It is not expected that this restriction will have a material impact on the ability of the Corporation to meet its obligations.

Market risk

Market risk is the potential for financial loss from adverse changes in underlying market factors, including foreign exchange rates, commodity prices and interest rates.

Foreign exchange risk

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

Based on financial instrument balances as at December 31, 2025, a weakening or strengthening of \$0.05 of the Canadian dollar to the U.S. dollar with all other variables held constant would not have a material impact on the Corporation's net earnings/loss or other comprehensive income/loss.

Commodity price risk

The Corporation is exposed to fluctuations in certain market-based commodity prices. Realized prices for finished products, including nickel, cobalt and fertilizers within the Metals segment, and costs for input commodities, including sulphur, diesel and fuel oil in the Metals segment, are the most significant factors affecting the Corporation's revenue, earnings and cash flows and are sensitive to changes in market prices over which the Corporation has little or no control. The selling price of electricity in the Power segment is contractually fixed and not market-based.

The Corporation has the ability to address its commodity price exposures through the limited use of options, future, swap and forward contracts. During the year ended December 31, 2024, the Corporation entered into put options on nickel for 2024 (note 13), all of which were settled during the year, and natural gas swaps for 2025 (note 12), which fixes the price of natural gas from a floating rate. Subsequent to period end, the Corporation also entered into put options on nickel for 2026 (note 13).

Sherritt also reduces the business-cycle risks inherent in its commodity operations through industry diversification.

The Corporation has certain provisional pricing agreements on the sale of cobalt pursuant to the Cobalt Swap and within the Moa JV on the sale of nickel and cobalt. These provisionally-priced transactions are periodically adjusted to actual prices as prices are confirmed, as the settlement occurs within a short period of time. In periods of volatile price movements, adjustments may be material to the Corporation and/or Moa JV.

Interest rate risk

The Corporation is exposed to interest rate risk based on the drawn amount of its Credit Facility, and any short-term investments. Interest on the Corporation's Amended Senior Secured Notes is fixed. A change in interest rates could affect future cash flows or the fair value of financial instruments. The Corporation does not engage in hedging activities to mitigate its interest rate risk.

Based on the balances of variable-rate financial instruments as at December 31, 2025, a 1.0% decrease or increase in the market interest rate would not have a material impact on the Corporation's net earnings/loss.

Notes to the consolidated financial statements

Capital risk management

In the definition of capital, the Corporation includes, as disclosed in its consolidated financial statements and notes: capital stock, deficit, loans and borrowings, other financial liabilities and available credit facilities.

Canadian \$ millions, as at	2025 December 31	2024 December 31
Capital stock	\$ 2,908.8	\$ 2,894.9
Deficit	(3,038.1)	(2,972.4)
Loans and borrowings	316.0	372.5
Other financial liabilities	88.6	107.2
Available credit facilities	30.3	30.4

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

Certain of the Corporation's loans and borrowings have financial tests and other covenants with which the Corporation and its affiliates must comply. Non-compliance with such covenants could result in accelerated repayment of the related debt and reclassification of the amounts to current liabilities. The Corporation monitors its covenants on an ongoing basis and reports on its compliance with the covenants to its lenders on a periodic basis.

Financial obligation maturity analysis

The Corporation's significant contractual commitments, obligations, 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:

Canadian \$ millions, as at December 31, 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	\$ 181.8	\$ 181.8	-	-	-	-	-
Income taxes payable	1.0	1.0	-	-	-	-	-
Amended Senior Secured Notes (includes principal, interest and Scheduled Repurchases)	371.5	35.3	39.1	35.0	18.9	18.9	224.3
Credit Facility	74.6	4.5	70.1	-	-	-	-
Other non-current financial liabilities	1.4	0.1	-	0.3	-	0.4	0.6
Provisions	194.2	5.3	14.2	9.6	11.1	33.2	120.8
Energas payable ⁽¹⁾	92.3	-	92.3	-	-	-	-
Lease liabilities	8.8	1.4	1.4	1.3	1.2	1.2	2.3
Total	\$ 925.6	\$ 229.4	\$ 217.1	\$ 46.2	\$ 31.2	\$ 53.7	\$ 348.0

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

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 \$143.7 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of \$56.4 million;
- Loans and borrowings of \$64.8 million; and
- Property, plant and equipment commitments of \$27.8 million, which includes \$15.6 million of property, plant and equipment commitments in 2026 for tailings management and \$12.2 million of commitments for sustaining spending on capital.

23. RELATED PARTY TRANSACTIONS

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

Balances and transactions between the Corporation and its wholly-owned subsidiaries, which are related parties of the Corporation, have been eliminated and are not disclosed in this note. A listing of the Corporation's subsidiaries is included in note 2.2.

A description of the Corporation's interests in jointly controlled entities is included in notes 2.2 and 8.

Canadian \$ millions, for the years ended December 31		2025	2024
Total value of goods and services:			
Provided to Energas		\$ 30.5	\$ 48.7
Provided to Moa JV		235.4	262.8
Purchased from Moa JV		622.9	781.7
Net financing income from Moa JV		0.4	1.7
Canadian \$ millions, as at		2025	2024
	Note	December 31	December 31
Accounts receivable from Moa JV	12	\$ 16.9	\$ 37.6
Accounts payable to Moa JV		61.2	82.7

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

Key management personnel

Key management personnel is composed of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Human Resources Officer, former Chief Commercial Officer, who departed subsequent to period end, and former General Counsel and Corporate Secretary of the Corporation, who departed during the year ended December 31, 2025. The following is a summary of key management personnel compensation:

Canadian \$ millions, for the years ended December 31		2025	2024
Short-term benefits		\$ 4.9	\$ 5.6
Post-employment benefits ⁽¹⁾		0.3	0.3
Termination benefits		2.4	0.8
Share-based compensation		4.9	4.3
		\$ 12.5	\$ 11.0

(1) Post-employment benefits include a non-registered defined contribution executive supplemental pension plan. The total cash pension contribution for key management personnel was nil for the year ended December 31, 2025 (nil for the year ended December 31, 2024). The total pension expense that is attributable to key management personnel was nil for the year ended December 31, 2025 (nil for the year ended December 31, 2024).

24. SUBSEQUENT EVENTS

In early 2026, Venezuela ceased oil exports to Cuba as a result of recent geopolitical turmoil in the country. Venezuela has historically been a major supplier of oil to Cuba, and this supply disruption may exacerbate Cuba's existing economic challenges. In addition, on January 29, 2026, the U.S. government issued an Executive Order declaring a national emergency with respect to the government of Cuba and authorized the imposition of tariffs on countries that supply oil to Cuba, which may further heighten the risk of oil supply disruption to Cuba. The Corporation continues to monitor geopolitical and regulatory developments and to engage with its Cuban joint venture partner as appropriate. In the event that the Moa JV is not successful in sourcing fuel oil or diesel, the Moa JV's production of finished nickel and cobalt would be adversely impacted, which may result in impairment of non-financial assets in the Metals cash-generating unit, which includes the Moa JV and Fort Site, and/or the Corporation's investment in the Moa Joint Venture. Any such impact on Moa JV's production could have a material adverse impact on the Corporation's business, financial performance, results of operations and cash flows. Increased geopolitical uncertainties affecting Cuba also resulted in the application of significant judgment in reaching the conclusion to prepare the financial statements on a going concern basis, as disclosed in note 2.1.

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