

# 2024 Annual Information Form

For the year ended December 31, 2024

Sherritt International Corporation

March 24, 2025

**sherritt**



# 2024 ANNUAL INFORMATION FORM

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

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### In this document:

- *AIF* means this 2024 Annual Information Form
- *Corporation* and *Sherritt* mean Sherritt International Corporation together with its subsidiaries, and its proportionate interest in joint ventures
- *management* means Sherritt senior management unless indicated otherwise
- information is as of December 31, 2024, unless indicated otherwise

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

### Currency and exchange rates

All financial information is presented in Canadian dollars, except as otherwise noted. References to "US\$" are to United States (U.S.) dollars.

As reported by the Bank of Canada:

- US\$1.4389/Cdn.\$1.00 as of December 31, 2024
- US\$1.4318/Cdn.\$1.00 as of March 24, 2025

### Scientific and technical information

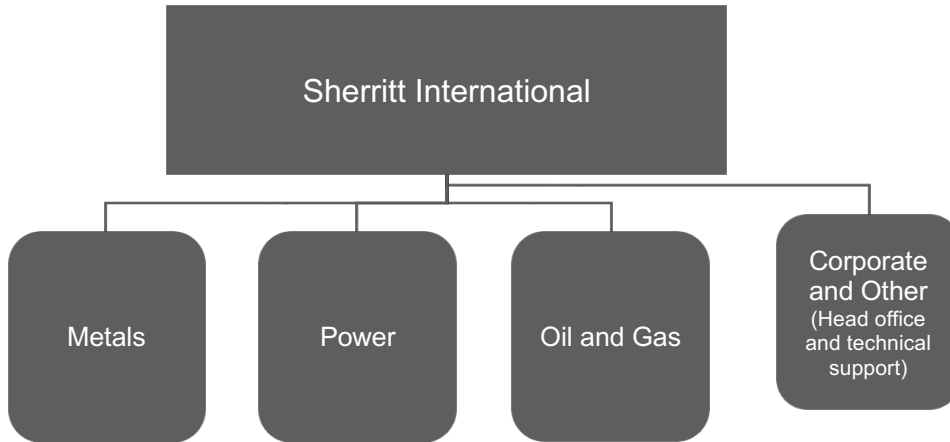
Proven and Probable Mineral Reserves and Measured, Indicated and Inferred Mineral Resources have been estimated in accordance with the *Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines* published in November 2019 by the Canadian Institute of Mining, Metallurgy and Petroleum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

### Forward-looking information

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

## OVERVIEW OF THE BUSINESS

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



### Metals

#### Moa Joint Venture

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

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

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

The Moa JV has a current estimated mine life of 25 years and has embarked on an expansion program focused on increasing annual MSP production by 20%<sup>(1)</sup> of contained nickel and cobalt. This program capitalizes on the growing demand for high purity nickel and cobalt being driven by the accelerated adoption of electric vehicles and builds on the 30-year successful track record of the Moa Joint Venture.

#### Fort Site

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

## Metals Marketing

The Corporation's Metals Marketing division includes its 100% interests in subsidiaries established to buy, market and sell certain of Moa Joint Venture's nickel and cobalt production and the Corporation's cobalt inventory received under the Cobalt Swap Agreement ("Cobalt Swap") (see below for details).

## Strategic development

The Corporation is advancing its near-term strategic focus to expand midstream processing capacity for the Electric Vehicle ("EV") supply chain in North America by advancing Sherritt's mixed hydroxide precipitate ("MHP") midstream processing refinery.

## Power

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

Raw natural gas is supplied free of charge to Energas by CUPET. The processing of raw natural gas produces clean natural gas, used to generate electricity, as well as by-products such as condensate and liquefied petroleum gas. All of Energas' electrical generation is purchased by UNE under long-term fixed-price contracts while the by-products are purchased by other agencies of the Cuban government. Sherritt provided the financing for the construction of the Energas facilities and was being repaid from the cash flows generated by the facilities. Sherritt and its Cuban partners entered into the Cobalt Swap (defined below) agreements in 2022 whereby GNC assumed the liabilities of Energas to repay the construction financing by way of cash and cobalt dividends generated by the Moa Joint Venture commencing in 2023. The Cobalt Swap effectively advanced the repayment of and transferred the construction financing into a new financial instrument to be repaid over a five-year term from 2023 through 2027.

The Energas facilities are comprised of two combined cycle plants at Varadero and Boca de Jaruco that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba using steam generated from the waste heat captured from the gas turbines. The plant at Puerto Escondido consists of gas processing facilities and one gas turbine which is mainly used to generate power for internal consumption but can deliver power to the National Grid if required. Energas' installed electrical generating capacity is 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba in 2024.

## Oil and Gas

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

## Corporate and Other

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

## Foreign operations and communication

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

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

(1) The 20% increase in annual MSP equates to approximately 6,500 tonnes (100% basis) and is relative to year-end 2021 MSP production before the expansion plan was initiated.

## THREE-YEAR HISTORY

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### Recent developments

On March 4, 2025 Sherritt announced a proposed transaction under the Canada Business Corporations Act (“CBCA Transaction”) to extend the maturities of its notes obligations up to November 2031 and reduce its total outstanding notes obligations by up to approximately \$32 million by exchanging Sherritt’s existing (i) 8.50% senior second lien secured notes due November 30, 2026 (“Senior Secured Notes” or “Second Lien Notes”); and (ii) 10.75% unsecured PIK option notes due August 31, 2029 (“Junior Notes” or “PIK Notes”), for amended 9.25% senior second lien secured notes due November 30, 2031 (“Amended Senior Secured Notes”) and certain early consent consideration. The CBCA Transaction will be implemented through a corporate plan of arrangement (“CBCA Plan”).

The Corporation and certain noteholders holding, in aggregate, approximately 42% of the outstanding Senior Secured Notes (“Initial Consenting Noteholders”), have entered into a consent and support agreement. Under this agreement and subject to its terms, the Initial Consenting Noteholders have agreed to, among other things, support the CBCA Transaction and vote in favour of the CBCA Plan.

The Corporation also announced a transaction to be implemented immediately following and conditional on, among other things, the completion of the CBCA Transaction, that would further reduce the Corporation’s outstanding indebtedness and annual interest expense pursuant to which and subject to the terms of an exchange agreement entered into, the Initial Consenting Noteholders would exchange a portion of the Amended Senior Secured Notes received under the CBCA plan, at par, for 99,000,000 newly-issued shares of the Corporation at an exchange price of \$0.173 with such shares issued not exceeding 19.9% of the total common shares of the Corporation outstanding.

Approval by noteholders requires an affirmative vote of at least 66⅔% of the votes cast at each of the Senior Secured Noteholders’ Meeting and the Junior Noteholders’ Meeting on April 4, 2025, provided that the Interim Order provides that Sherritt shall have the right to seek, as part of the Final Order application or otherwise, that the Court treat all Noteholders as a single class for the purpose of voting on the CBCA Plan.

If the CBCA Plan is approved by the requisite majority of noteholders, an Order of the Court approving the CBCA Plan will be sought at a hearing scheduled for April 9, 2025.

On March 21, 2025, Sherritt announced that it has made an amendment to its previously announced CBCA Transaction to increase the Junior Notes Exchange Ratio (as defined in the Corporation’s management information circular dated March 4, 2025 for each of the Senior Secured Noteholders’ Meeting and the Junior Noteholders’ Meeting) under the CBCA Plan from 0.50 to 0.60.

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### 2024 Moa Joint Venture expansion program

Phase one of the Moa JV expansion program, the Slurry Preparation Plant (“SPP”), began processing ore at design capacity at the end of January 2024. Phase two, the processing plant (“Processing Plant”) expansion, advanced with some pre-commissioning activities commencing during the fourth quarter of 2024. With lower nickel and cobalt prices, Sherritt continues to exercise capital preservation measures and has scheduled certain expenditures for Q1 2025 when construction is expected to be completed.

Following the completion of construction, ramp-up and debottlenecking of phase two of the expansion, annual MSP production is expected to increase toward the combined expansion target of approximately 20%<sup>(1)</sup> of contained nickel and cobalt. The expansion is expected to fill the refinery to nameplate capacity, maximizing profitability from the joint venture’s own mine feed and displacing lower margin third-party feeds. Any MSP produced in excess of the refinery’s nameplate capacity may be sold directly to third-party customers.

### Cobalt Swap distributions and Power dividends

In 2024, due to lower prices of nickel and cobalt, Sherritt focused efforts to maximize distributions under the Cobalt Swap and during the fourth quarter received \$29.8 million, including \$23.7 million in cash and 223 tonnes of finished cobalt valued at \$6.1 million (including both Sherritt’s share and the GNC redirected share). With these receipts, the GNC receivable was reduced by \$14.9 million. The principal balance of the GNC receivable as at December 31, 2024 was \$277.1 million.

In its Power division, Sherritt received dividends in Canada of \$13.0 million during the year.

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### **Energas Payment Agreement (“Moa Swap”)**

In 2024, Sherritt, in its capacity as international purchasing agent for Energas, received \$68.4 million (US\$49.9 million) under the Energas Payment Agreement. The total of \$68.4 million (US\$49.9 million) was primarily used to facilitate foreign currency payments for the Energas operations and capital procurement and \$13.0 million (US\$9.3 million) was used to pay dividends to Sherritt in Canada, as noted above.

### **Energas optimization**

In 2024, maintenance work was completed on three gas turbines in part to bring online an additional turbine to process gas being received from a third new gas well that was brought into production during the year. In 2024, electricity production at Sherritt’s Power division increased 10% year-over-year. Dividends in Canada from Energas have increased from \$1.4 million in 2023 to \$13.0 million in 2024. In 2025, dividends in Canada from Energas are expected to significantly increase to be between \$25.0 million to \$30.0 million<sup>(2)</sup>.

### **Cost-cutting initiatives**

Sherritt implemented an organization-wide restructuring and cost-cutting program to improve operational performance and respond to multi-year negative market conditions. The Corporation’s Canadian operations headcount was reduced by approximately 10% during the first quarter of 2024 and subsequently during the second quarter of 2024, a further 10% reduction was completed at Sherritt’s Corporate office. The Corporation has estimated approximately \$17.0 million in annual savings from employee and other cost reductions made.

### **Corporate structure and governance**

To align with Sherritt’s organization-wide restructuring, the Corporation implemented changes to its executive management team, consolidating and streamlining its operation leadership.

Sherritt has made several updates to its corporate structure and governance practices to enhance operational efficiency and transparency.

In accordance with Sherritt’s Board succession planning, the Corporation welcomed three new directors in 2024 including: Louise Blais, a former senior Canadian diplomat; Shelley Brown, a former senior audit partner with Deloitte; and Steven H. Goldman, a business and legal expert.

### **Production results, unit operating costs<sup>(3)</sup> and spending on capital<sup>(3)</sup>**

Metal’s finished nickel production for the full year 2024 was 30,331 tonnes (100% basis) and finished cobalt production was 3,206 tonnes (100% basis), both within their respective guidance ranges established for the year. Metals revenue<sup>(3)(4)</sup> in 2024 was \$526.6 million compared to \$603.7 million in 2023 due primarily to lower average realized prices<sup>(3)</sup> for nickel, cobalt and fertilizer, partly offset by higher sales volumes of nickel and fertilizer. Net direct cash cost (“NDCC”) <sup>(3)</sup> in 2024 of US\$5.94/lb, was within guidance and significantly improved compared to 2023 being 18% lower year-over-year as a result of lower mining processing and refining costs per pound, lower third-party feed costs, higher net fertilizer by-product credits and higher nickel sales volumes, partly offset by materially lower cobalt by-product credits.

Power production in 2024 of 816 GWh was within guidance and 10% higher than in 2023. The increase in production was driven by additional gas from new wells and improved equipment availability, despite the impact of nationwide power outages in Cuba.

Unit operating costs<sup>(3)</sup> of \$34.29/MWh were higher in full year 2024 compared to 2023 reflecting higher planned maintenance work at Puerto Escondido on three gas turbines in Q2 and Q3 completed in part to bring online an additional turbine to process gas being received from the new well that Power brought into production during the year. This maintenance work and related spend was successfully funded by Energas through the Energas Payment Agreement (also referred to as the “Moa Swap”) and was incorporated into Sherritt’s 2024 Power division guidance range. The impact of a weaker Canadian dollar on U.S. dollar-denominated costs and lower electricity volumes as a result of the nationwide power outages in Cuba and subsequent implementation of frequency control at Varadero in the fourth quarter of 2024 contributed to unit operating costs<sup>(3)</sup> for the full year 2024 being slightly above the upper end of the annual guidance range of \$34.00/MWh.

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

#### **Nickel put options**

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

#### **Syndicated Revolving Term Credit Facility (“Credit Facility”)**

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

#### **Purchase of PIK Notes**

During 2024, the Corporation repurchased \$3.7 million of principal of the PIK Notes at a cost of \$1.9 million, resulting in a gain on repurchase of notes of \$1.8 million.

#### **Other events**

In 2024, Sherritt released its 2023 Sustainability Report, Climate Report, Tailings Management Report and Sustainability Scorecard outlining the Corporation's performance on ESG matters. Sherritt continues to progress towards targets and key activities.

With Sherritt's focused efforts on health and safety, the Corporation began implementing a Fatality Prevention Action Plan at the Moa JV mine site, completed comprehensive safety strategy sessions with each of its operations, hired additional health and safety personnel, and refocused its attention on felt leadership, supervisor competencies, and contractor safety. In 2024, the Corporation had zero work-related fatalities across all Sherritt sites.

Sherritt completed baseline energy and greenhouse gas emission assessments at the Moa JV mine site and Fort Site, confirming the operations fall within the carbon intensity range of comparable high pressure acid leach (“HPAL”) operations globally. At both sites, Sherritt identified several potential decarbonization opportunities that would reduce the GHG emissions per quantity of product output, reduce operating costs, enhance compliance with customer requirements. Sherritt also completed a climate risk and opportunity assessment for Energas operations.

In 2024, Sherritt independently verified continued conformity with London Metal Exchange (“LME”) Track B Responsible Sourcing Requirements and completed a Responsible Business Alliance, Responsible Minerals Initiative and OECD-aligned risk assessment of Sherritt's mineral supply chain which did not identify any significant risks.

In 2024, Sherritt achieved self-assessed Level A in all Towards Sustainable Mining (“TSM”) protocols at the Fort Site.

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### **2023 Moa Joint Venture expansion program**

The Moa Joint Venture expansion program was specifically designed to minimize the risks of capital overruns and project delays which were anticipated following the COVID-19 pandemic. This low cost and low capital intensity two-phase expansion program remains on budget and on schedule. Phase one of the expansion, the SPP, is expected to reduce ore haulage distances, lower carbon intensity from mining and increase annual MSP production of contained nickel and cobalt through increased throughput over the mine's long life. With completion of phase two of the expansion, the Processing Plant, annual MSP production is targeted to increase by approximately 20%<sup>(1)</sup> of contained nickel and cobalt (100% basis) and is expected to fill the refinery to nameplate capacity to maximize profitability from the joint venture's own mine feed, displacing lower margin third party feeds and increasing overall finished nickel and cobalt production. The Moa Joint Venture continues to advance the expansion program at the Moa mine site.



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During the fourth quarter of 2023, construction of the SPP was completed under budget; commissioning and capacity testing was ongoing and in January 2024 the SPP began processing ore at design capacity.

The Moa Joint Venture received approval of the feasibility study from the Cuban authorities in the first quarter of 2023, for the Moa Processing Plant expansion. Engineering for the Fifth Sulphide Precipitation Train has been completed. Phase two of the Processing Plant expansion was progressing on schedule for an expected year-end 2024 completion.

In response to the current lower nickel price environment, the Moa Joint Venture optimized the timing of certain capital spending items, shifting some phase two spending to beyond 2024. That deferral was not expected to impact the timing of the ramp up of the MSP production from the expansion as the overall timing and budget to reach target production remained unchanged and was on schedule for an expected end of year 2024 completion with commission and ramp up commencing in 2025.

### **Cobalt Swap**

In 2023, Sherritt and its Cuban partners successfully completed the first year of the Cobalt Swap which included receipt of 2,082 tonnes of cobalt from the Moa Joint Venture, which was sold by Sherritt realizing cash receipts of \$80.3 million, as well as receipt of a cash dividend of \$64.0 million (100% basis), and corresponding reduction in the GNC receivable of \$76.0 million (US\$57.0 million). The principal balance of the GNC receivable as at December 31, 2023 was \$292.0 million.

### **Moa Swap**

In 2023, US\$54.2 million was received under the Moa Swap, with US\$43.6 million used to fund Energas operations and US\$1.0 million to pay dividends owed to Sherritt. The remainder was used primarily to cover payments Sherritt made on behalf of the gas wells drilled for CUPET in 2023.

### **Energas optimization**

In 2023, two new gas wells went into production with CUPET having provided gas free of charge to Energas for power production. As a result in 2023, electricity production at Sherritt's Power division increased 31% year-over-year.

### **Production results, unit operating costs<sup>(3)</sup> and spending on capital<sup>(3)</sup>**

Metals' finished nickel production in 2023 was 28,672 tonnes (100% basis) and finished cobalt production was 2,876 tonnes (100% basis), both slightly below their respective revised guidance, primarily as a result of lower mixed sulphides feed availability at the refinery. Metals revenue<sup>(2)(3)</sup> in 2023 was \$603.7 million compared to \$795.1 million in 2022 due primarily to lower sales volumes for nickel and lower average realized prices<sup>(2)</sup> for nickel, cobalt and fertilizer.

For the full year 2023, operating and financial results were impacted by a number of challenges in the Metals business. Production of mixed sulphides was impacted by unplanned maintenance on the ore thickener and hydrogen plant, lower ore grades and ore blending challenges in the first half of the year. At Sherritt's fertilizer business, unplanned maintenance at the ammonia plant impacted operating margins and sales volumes. NDCC<sup>(3)</sup> in 2023 was higher than in 2022 primarily attributable to lower net fertilizer by-product credits that reflected lower production and sales, lower realized prices, as well as higher maintenance costs in addition to the impact of lower nickel sales volumes.

Power production in 2023 was 745 GWh. Production increased sequentially throughout the year with electricity production during the fourth quarter having reached the highest level of quarterly production since 2016, which resulted in overall annual production exceeding revised guidance for the year due to additional gas from the two gas wells that went into production during the second quarter of 2023 and improved equipment availability.

Unit operating costs<sup>(3)</sup> and spending on capital<sup>(3)</sup> for each of Sherritt's business units in 2023 were materially in line with revised guidance for the year.

### **Purchase of PIK Notes**

Following note repurchases in 2022 described below in the 2022 summary, in 2023, Sherritt repurchased \$11.2 million of principal of PIK Notes at a 30% discount, that resulted in a gain on repurchase of \$3.5 million.

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### **Syndicated Facility**

In 2023, the Syndicated Facility was amended to (i) add an accordion feature, which allows additional lenders to join the Syndicated Facility and increase the maximum credit available by up to \$25.0 million, subject to certain conditions,

(ii) increase the permitted debt outside of the Syndicated Facility from \$25.0 million to \$35.0 million and (iii) extend its maturity for one year from April 30, 2024 to April 30, 2025, with no other significant changes to the terms, financial covenants or restrictions. As at December 31, 2023, Sherritt was in compliance with all covenants of the Syndicated Facility.

### **Other events**

In the first quarter of 2023, the Corporation filed a NI 43-101 Technical Report dated March 31, 2023 that indicated a significant increase in estimated tonnage for Proven and Probable Reserves for the Moa Joint Venture due to the adoption of an economic cut-off grade (“ECOG”) rather than a fixed cut-off, extending the life of mine 14 years to 2048, including a 110% increase in Proven and Probable reserves for nickel. Please see “Mineral Reserve and Mineral Resource Estimates – Moa Joint Venture: Mineral reserves and mineral resources” for additional information.

On February 15, 2023, Sherritt appointed Anna Ladd-Kruger, a seasoned mining executive to its Board of Directors.

In 2023, the Corporation released its 2022 Sustainability Report, Climate Report, Tailings Management Report and Sustainability Scorecard outlining the Corporation’s performance on ESG matters. Sherritt continues to progress towards targets and key activities.

In 2023, Sherritt received confirmation for the LME that Sherritt is in conformance with LME’s Track B Responsible Sourcing Requirements. Sherritt received independent verification that its minerals are not associated with conflict, or risks such as human rights abuses, forced labour, or corruption.

In the fourth quarter of 2023, Sherritt achieved ISO 45001 and ISO 14001 certification and continued to improve its Towards Sustainable Mining score at the Fort Site.

In 2023, Technologies completed a continuous pilot test and advanced the MHP test program, which is supported by a funding commitment from Natural Resources Canada (“NRCan”), as part of Sherritt’s strategic objective for expanding midstream processing capacity.

In 2023, the Corporation signed a new parent company guarantee in the amount of €35.8 million that is valid until December 31, 2027 as security for environmental rehabilitation obligations (“ERO”) held by the Corporation’s former Spanish Oil and Gas operations. The parent company guarantee has no impact on the Corporation’s available liquidity.

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### **2022 Cobalt Swap**

In October 2022, Sherritt finalized the Cobalt Swap with its Cuban partners to recover \$368 million total outstanding Cuban receivables over five years beginning January 1, 2023, supporting Sherritt’s strategic objective of strengthening its balance sheet by reducing reliance on its Cuban partners’ ability to access foreign currency to repay amounts owed to Sherritt. Under the agreement, the Moa Joint Venture prioritized payment of dividends in the form of finished cobalt to each partner, up to an annual maximum volume of cobalt, with any additional dividends in a given year to be distributed in cash. All of the Cuban partner’s share of the cobalt dividends, and potentially additional cash dividends, will be redirected to Sherritt as payment to settle the receivables until the annual minimum payment amount and cobalt dividend volume, including the collection of any prior year shortfalls, has been reached.

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

No interest will accrue on the Energas CSA to ensure repayment within five years; however, in the event that the total outstanding receivables are not fully repaid by December 31, 2027, interest will accrue retroactively at 8% per annum

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from January 1, 2023, on the unpaid principal amount, and the unpaid principal and interest amounts will become due and payable to Sherritt by GNC.

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

Upon receipt of the finished cobalt dividends, the title to both Sherritt and its partner's redirected cobalt share transfers immediately to a Sherritt warehouse in Fort Saskatchewan, from which Sherritt sells the finished cobalt in the market.

### **Moa Swap**

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

### **Energas' Joint Venture contract**

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

### **Repurchase of Second Lien Notes and PIK Notes**

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

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

### **Moa Joint Venture expansion program**

In 2022, Sherritt advanced its expansion program focused on increasing annual MSP production by 20%<sup>(1)</sup> or 6,500 tonnes of contained nickel and cobalt (100% basis). The program includes completion of the SPP at an expected capital cost of US\$27 million (100%) and the Leach Plant Sixth Train, Fifth Sulphide Precipitation Train as well as construction of additional acid storage capacity at Moa combined referred to as the Moa Processing Plant improvements at an expected capital cost of US\$50 million (100%). The total capital cost for the expansion program is expected to be US\$77.0 million (100% basis) or approximately US\$13,200 per additional annual tonne of contained nickel for the full expansion. Growth spending on capital for the expansion program is expected to be self-funded by the Moa Joint Venture primarily using operating cash flows.

The scope of the expansion program was narrowed in 2022 to better reflect the evolving intermediate market for nickel and cobalt and to focus on the most critical components of growth in light of supply chain challenges and inflationary price pressures on capital. Sherritt focused its strategy on increasing production of intermediary products

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that will enable it to fully utilize existing capacity at the refinery and also consider direct sales of intermediate product into the electric vehicle battery supply chain.

In phase one of the program, the completion of the SPP is expected to be in early 2024 and is anticipated to deliver several benefits including reduced ore haulage distances and lower carbon intensity from mining. Upon completion it will increase MSP production by approximately 1,700 tonnes of contained nickel and cobalt annually. Completion of the second phase of the program, the Moa Processing Plant improvements, which is planned for completion by the end of 2024, is expected to increase MSP production by approximately an additional 4,800 tonnes of contained metals annually and reduce NDCC<sup>(1)</sup> <sup>(2)</sup> by approximately US\$0.20/lb.

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

### **Production results**

Finished nickel production was 32,268 tonnes (100% basis), in line with guidance, representing a 3% increase year-over-year primarily due to increased refinery reliability, while finished cobalt production of 3,368 tonnes (100% basis) was materially within guidance and 4% lower than the prior year as a result of lower availability of cobalt rich third-party feeds. Moa Joint Venture and Fort Site revenue<sup>(2)</sup> in 2022 increased by 40% to \$786.8 million from \$560.6 million in 2021 due primarily to higher realized nickel and fertilizer prices.

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

### **Syndicated Facility**

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

### **Other events**

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

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

Sherritt’s share of production, unit costs<sup>(3)</sup>, and spending on capital for each of its business units in 2022 were in line or surpassed its guidance for the year, indicative of ongoing commitments to operational excellence.

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

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

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Notes:

(1) The 20% increase in annual MSP equates to approximately 6,500 tonnes (100% basis) and is relative to year-end 2021 MSP production before the expansion plan was initiated.

- (2) Based on Power's 2025 guidance estimates for production volumes (800-850 GWh, 33 $\frac{1}{4}$ % basis), unit operating costs (\$23.00-\$24.50/MWh) and spending on capital (\$2.0 million, 33 $\frac{1}{4}$ % basis). Unit operating costs and spending on capital are non-GAAP financial measures. For additional information, see the "Non-GAAP and other financial measures" section.
- (3) Non-GAAP and other financial measures. For additional information, see the "Non-GAAP and other financial measures" section.
- (4) Revenue of Metals for the year ended December 31, 2024 is composed of revenue recognized by the Moa JV of \$434.5 million (50% basis), coupled with revenue recognized by Fort Site of \$85.6 million and Metals Marketing of \$6.5 million (for the year ended December 31, 2023 - \$442.2 million, \$77.9 million and \$83.6 million, respectively).

# CORPORATE STRUCTURE

## NAME AND INCORPORATION

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

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

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

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

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

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

Sherritt International Corporation's registered head office is at Bay Adelaide Centre, East Tower, 22 Adelaide St. West, Suite 4220, Toronto, ON M5H 4E3.

## INTERCORPORATE RELATIONSHIPS

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

# DESCRIPTION OF THE BUSINESS

## 1. METALS OPERATIONS

For the year ended December 31, 2024, Metals incurred a loss from operations of \$18.5 million on revenue of \$526.6 million compared to a loss from operations of \$2.1 million on revenue of \$603.7 million for the year ended December 31, 2023.

For the year ended December 31, 2024, total spending on capital<sup>(1)</sup> was \$39.7 million. Sustaining spending on capital related to the replacement of equipment, tailings management and infrastructure at the Moa Joint Venture, while growth spending on capital primarily related to spending for the Sixth Leach Train as part of the Moa JV expansion program.

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

### MARKET OVERVIEW

#### Nickel

The properties of nickel make it a key component in the production of stainless steel, as well as a critical mineral in the energy transition to reduce carbon emissions. As an energy transition metal, nickel is important for clean energy technologies, including catalysts in fuel cells, alloys in geothermal and batteries for EV and energy storage, hydrogen, hydro, wind and concentrating solar power. Most significantly, nickel has emerged as a key metal in the cathode active material for lithium-ion batteries, since nickel ensures higher cell voltage and a continuous voltage profile, contributing to higher energy density and good storage capability. Nickel is also used in the production of industrial materials, including non-ferrous steels, alloy steels, plated goods, catalysts and chemicals.

Nickel demand is largely driven by demand for stainless steel, which accounted for 65% of primary nickel consumption in 2024 according to Wood Mackenzie (“WM”), which also reported primary nickel demand for batteries was approximately 15% of total demand in 2024. The lithium-ion rechargeable battery market, an important driver of future nickel demand, is expected to increase at a 13% compound annual growth rate (“CAGR”) over the next 10 years. Global nickel demand in 2024 is estimated to have grown by 6.4%, reaching 3.4 million tonnes. China accounted for 62% of global consumption at 2.1 million tonnes, driving the majority of this growth. Outside of Asia, demand in Europe increased by approximately 2%, while demand in the U.S. increased by approximately 6%. WM projects that global primary nickel demand in stainless steel will grow in 2025 by 9% from 2024 levels, with Asia driving 94% of this increase. China alone is expected to contribute 64% of the global growth in stainless steel.

In 2024, the Moa Joint Venture produced 30,331 tonnes (100% basis) or approximately 1.0% of annual world refined nickel production. World nickel supply is broadly classified into primary and secondary nickel. Primary nickel is further subdivided into refined nickel (Class I) having a minimum nickel content of 99.8%, and charge nickel (Class II) having a nickel content of less than 99.8%. The main physical forms of Class I nickel are electrolytic nickel (cathode and rounds), pellets, briquettes, granules and powder. Class II nickel includes ferronickel, nickel pig iron (“NPI”), nickel oxide sinter, mixed hydroxide precipitate, MSP, matte and utility nickel. Secondary nickel is the nickel contained in scrap metal, principally stainless steel scrap. World nickel supply has also most recently been strongly impacted by the expansive growth of NPI, in particular, the rapid capacity expansion in Indonesia. NPI is the lowest purity of what is considered refined nickel (as low as 1.5% nickel content) and is primarily used in China and Indonesia to make stainless steel. Total worldwide NPI production was estimated to have grown to approximately 1.84 million tonnes of nickel equivalent in 2024, representing approximately 50% of total nickel production.

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

The average LME nickel price in 2024 was US\$7.63/lb, 22% lower than the US\$9.74/lb for 2023, ranging between US\$9.65/lb and US\$6.79/lb during the year, and closed at US\$6.85/lb on December 31, 2024, down 7% from US\$7.39/lb at the end of 2023. Falling nickel prices, driven primarily by persistent oversupply condition from Indonesia and Russia, forced marginal producers in New Caledonia and Australia to shut down operations. The LME ban on new Russian metals in April, and BHP’s

suspension of Nickel West until 2027 and potential Russian export restrictions had minimal market impact on prices. Russia's Norilsk Nickel increased production during the year, adding downward pressure on prices. Delayed mining permits and elections in Indonesia led to supply uncertainties early in the year, however market surpluses remained, which led to the country's efforts to regulate nickel ore output later in the year. China's stimulus measures and U.S. and Chinese rate cuts offered limited price relief amidst weak fundamentals, while concerns over incoming U.S. President Trump's trade policies added to market uncertainty. Although the global energy transition spurred optimism, sluggish demand and economic challenges in China and global geopolitics weighed heavily on sentiment.

More specifically, the primary driver of the notable decline in nickel prices has been the persistent upswing in the production of nickel, especially in the forms of matte, NPI, MHP, and chemicals by Chinese producers operating in Indonesia. Matte production from NPI increased to approximately 375 thousand tonnes in 2024, up from 300 thousand tonnes in 2023, while MHP production in Indonesia rose from 195 thousand tonnes in 2023 to 330 thousand tonnes in 2024. These gains supplied intermediate products and chemicals to support China's downstream battery market. NPI material was in excess of demand in China and further conversion to class I nickel metal led to periodic increases of inventory in the LME and the Shanghai Futures Exchange ("SHFE"), with the LME inventory rising most significantly by 96 thousand tonnes in 2024 following the fast-track approval of Chinese and Indonesian nickel brands by the LME.

In 2024, the global Light Duty Vehicle ("LDV") market is estimated to have reached 90 million units, reflecting flat growth from 2023. EV penetration rose to 21%, up from 16% in 2023, and is projected to reach 24% (22 million units) by 2025 as global EV sales continue to expand. This growing EV adoption is expected to drive future demand for lithium-ion batteries. In China, EV (Battery Electric Vehicles ("BEV") and Plug-in Hybrid Electric Vehicles) production increased significantly by 43% year-over-year, reaching 12.8 million units in 2024. By 2025, EV adoption in China could reach 50%, with production estimated at approximately 15 million units.

In 2024, EVs accounted for 20% of Europe's 15 million LDV market, with adoption rates remaining flat due to the removal of subsidies, which stagnated BEV growth. In North America, EV penetration is estimated at 10%, representing 1.6 million vehicles, and is expected to rise to 13% of the 16 million LDV market in 2025. BEV sales growth in North America in 2024 slowed due to stricter Inflation Reduction Act 30D tax credit eligibility rules, leading some ineligible models to lower prices to remain competitive. Affordability concerns, range anxiety, and gaps in charging infrastructure further constrained growth in the region.

In the short term, the nickel market faces continued downward pressure on prices due to a supply surplus in both Class I nickel and Class II conversion to Class I. Indonesia's efforts to balance the market and support prices for domestic producers by limiting mining ore quotas and other measures may help reduce supply and stabilize prices. Demand growth from stainless steel and lithium-ion batteries, could provide upside potential. However, more flexible EPA emissions standards for vehicles and profitability challenges have led to production cutbacks and delays in EV projects across North America. In Europe policies like the Carbon Border Adjustment Mechanism and a push for regionalization may drive demand for nickel with a lower carbon footprint, potentially impacting material sourced from China or Chinese-owned projects. These developments could significantly influence future supply sources and regional pricing dynamics, which could benefit the Moa JV.

## **Cobalt**

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

The relative importance of the different uses of cobalt has changed over the years, with demand for older, more established uses, such as pigments and carbides showing only modest growth. Many of these traditional uses are strongly reliant on industrial growth for demand increases, and therefore demand is correlated with global economic growth. Although the demand from the superalloy sector continues to consume significant cobalt metal, growth in the chemical sector has been the driving force behind recent demand for cobalt, and this is forecasted to continue for the foreseeable future with its market share increasing from 70% in 2024 to 74% by 2029. The chemical sector's growth in cobalt demand will be driven via consumption in lithium-ion batteries in EVs to enable the electrification of transport, and in energy storage systems for renewable energy generation.



According to CRU International Limited (“CRU”), portable device demand grew by 5% in 2024, surpassing the elevated levels seen during the 2022 pandemic. This growth was primarily driven by robust performance in emerging markets like Southeast Asia and Latin America. Mature markets experienced a decline in laptop shipments alongside marginal growth in mobile phone sales. In 2025, this segment is expected to grow 6%. The stability, density, and availability of the Lithium Cobalt Oxide (“LCO”) battery chemistry positions it as the primary choice in these markets. An emerging trend to deploy high-nickel chemistries in specific applications such as power tools and power packs may also reduce cobalt demand.

CRU estimated that of the total world supply of refined cobalt in 2024, only 26% was produced as metal in the form of cathode, briquette or powder while rest were in chemical form.

In 2024, approximately 77% of the world’s mined cobalt production came from the “copper belt” located in the Democratic Republic of the Congo (“DRC”). Excluding Indonesia, where cobalt is mined alongside nickel, and the DRC, the rest-of-the-World combined accounted for only 13% of the world’s mined supply. In the longer term, significant increases in supply are possible from new large-scale international projects targeting copper and nickel production, which could produce cobalt as a byproduct. DRC mined supply is expected to grow at a CAGR of 1% for the next 5 years. In 2024, Indonesia accounted for 10% of world production and is projected to grow at a CAGR of 16%, reaching 19% of world production in 5 years from the build out of laterite HPAL nickel operations, with cobalt as a by-product. Weak prices have not deterred DRC Copper-Cobalt and Indonesian Nickel-Cobalt producers, leading to a significant supply glut in intermediates. Meanwhile, most mined and refined projects outside the DRC, Indonesia, and China are delayed, further concentrating over 80% of global supply in these three countries.

The Moa Joint Venture produces finished cobalt (briquettes and powder) at 99.9% purity, which exceeds the current LME cobalt specification. The Moa Joint Venture is among the leading suppliers of metallic cobalt to world markets, supplying 3,206 tonnes or approximately 1.3% of world primary refined supply of cobalt in 2024 and approximately 5% of the total global supply of metallic cobalt.

The Argus 99.8% Chemical Grade cobalt price in 2024 averaged US\$12.77/lb, 22% lower than the average price for 2023 at US\$16.30/lb, and ranged between US\$14.25/lb and US\$11.50/lb throughout 2024, and closed the year at US\$11.50/lb on December 31, 2024.

The widespread adoption of cobalt-free, Lithium Iron Phosphate (“LFP”) battery technology in China has substantially impacted cobalt demand over the past two years. While the market share for LFP battery technology in China is currently saturated, other regions have incorporated some LFP battery technology into lower- end EV models. Additionally, the higher-end market is continuing to shift towards high-nickel or manganese-rich varieties of battery cathode, which is expected to further reduce cobalt content in each EV battery. However, potential technical hurdles in the commercialization of certain cathodes could delay adoption and mute the impact on cobalt demand. The overall growth of the electric vehicle and energy storage markets will drive significant cobalt demand growth, even with the EV industry’s efforts to minimize cobalt content. Additionally, cobalt demand will be driven by a strong aerospace market. The strong supply growth of cobalt from Indonesia and the DRC has led to cobalt continuing to trade at lower prices, further compounding the negative impact on pricing driven by weakness in sectors requiring cobalt in chemical form and metal form due to conversion of chemicals to metals. The growth in supply has hampered investment ex-China due to low cobalt prices disincentivizing such projects.

Industry observers, such as CRU, expect the refined cobalt supply to be in surplus until 2029 due to continued significant anticipated growth in supply, potentially limiting significant price increases in the short to medium term. However, government efforts by Indonesia (as noted in Nickel section above) and efforts by the DRC to balance the market and support prices may help reduce future supply and stabilize prices. Demand fundamentals remain strong as the cobalt market is expected to grow to approximately 305 thousand tonnes by 2029. The cobalt market is largely levered to EV growth providing strong long-term demand for cobalt and supporting Sherritt’s growth strategy as a reliable cobalt producer.

## MOA JOINT VENTURE

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

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

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

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

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

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

In 2024, approximately 91% of the nickel input and 95% of the cobalt input for COREFCO’s refinery were derived from mixed sulphides from Moa Nickel. Under the terms of the Mixed Sulphides Supply Agreement, the price paid by ICCI to Moa Nickel is discounted from, in the case of nickel, the official LME cash price and, in the case of cobalt, the price received from ICCI customers. ICCI also purchases other nickel and cobalt feed materials from third parties for refining at COREFCO’s refinery and subsequently sells the finished products in international markets. ICCI is considering the option to sell mixed sulphides directly to third parties.

Sherritt provides essential technical support, process optimization and technology development services to the Moa Joint Venture to support near-term operational improvements, growth initiatives, and long-term sustainability of operations.

### Governance

The principal terms governing the relationship between Sherritt and GNC with respect to the Moa Joint Venture are set out in a shareholders’ agreement dated December 1, 1994 among GNC, Sherritt, Moa Nickel, COREFCO and ICCI (“the Moa JV Corporations”) (as such document has been amended and supplemented from time to time, the “Shareholders Agreement”). Pursuant to the Shareholders Agreement, Sherritt and GNC (collectively, the “Shareholders”) are entitled to 50% ownership of each of the Moa JV Corporations. The business of each of the Moa JV Corporations is to be carried on in accordance with international commercial practice to the mutual economic advantage of the Shareholders. The net profits of each Moa JV Corporation may be paid as dividends to the Shareholders based on the decisions of the boards of directors of the Moa JV Corporations, taking into account the current and future needs of the Corporation for capital expenditures, working capital and other funds on a basis consistent with the applicable business plans. The boards of directors of each Moa JV Corporation are comprised of six directors, three representatives nominated by GNC and three representatives nominated by Sherritt. Certain matters concerning the combined enterprise require the unanimous consent of the board of directors of the relevant Moa JV Corporation by resolution or who are present at the relevant meeting, including any amendment to the constating documents of the Moa JV Corporation; any issuance or redemption of capital stock; a declaration of a dividend or other distribution; any capital expenditure or borrowing beyond specified thresholds; and approval of the material elements of the annual business

plan. Accordingly, any such distributions are not in the Corporation's sole discretion. Cash and cobalt distributions from the Moa Joint Venture are determined by the Moa Joint Venture based on available cash in excess of the Moa Joint Venture's expected liquidity requirements, taking into account anticipated nickel and cobalt prices and sales volumes, planned spending on capital at the Moa Joint Venture including growth capital, expected financing, working capital needs 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.

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

### **Status under Cuban law**

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

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

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

## METALS MARKETING

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

The following table sets out the Corporation's 50% share of sales volumes from the Moa Joint Venture and Sherritt's 100% share of cobalt received under the Cobalt Swap, as well as its average-realized prices<sup>(1)</sup> for the periods indicated:

### Sales volumes and average realized prices

Sales (tonnes)	Year ended December 31, 2024	Year ended December 31, 2023
Nickel	15,678	12,888
Cobalt	1,638	2,720
<b>Average-realized prices<sup>(1)</sup></b> (Canadian dollars per pound)		
Nickel	\$10.30	\$13.36
Cobalt	\$13.30	\$17.47

Notes:

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

(2) Sales of cobalt under the Cobalt Swap agreement include 73 tonnes in 2024 and 2,059 tonnes in 2023.

## FORT SITE

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

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

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

The average-realized price for fertilizers products was \$503.19 per tonne in 2024, an 8% decline from \$548.16 in 2023.

Including ammonia, granular ammonium sulphate and 50% of the crystalline ammonium sulphate from COREFCO's refinery, Sherritt's Canadian operations sold 179,135 tonnes of fertilizer products in 2024, marginally higher than the 170,161 tonnes sold in 2023. Nitrogen fertilizer prices in Western Canada are strongly influenced by global ammonia prices which is directly related to natural gas prices and market conditions in Western Canada and the U.S. Pacific Northwest. These products are transported in bulk by surface means.

## STRATEGIC DEVELOPMENT

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

During 2024, Sherritt continued to advance and derisk the MHP Project. The refinery flow sheet was validated through the completion of process development batch testing and continuous solvent extraction ("SX") pilot work programs which yielded high-purity nickel and cobalt products, meeting battery grade specifications. Initial engineering and capital cost estimates were completed, and site assessment activities identified four potential refinery locations in Canada. Sherritt continued to engage with federal and provincial governments, potential customers and funding partners, including offtake partners for refinery products and by-products.

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

## MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

### Moa Joint Venture

Moa Nickel received its original mining concessions in the province of Holguin near the town of Moa pursuant to a decree of the Executive Committee of the Council of Ministers of the Republic of Cuba dated November 30, 1994 (“1994 Decree”). The mining concessions initially included a land area of 4,964 ha. As a result of the original concessions, as well as concessions granted subsequent to the 1994 Decree, the current area of the resource concessions at Moa as at December 31, 2024 are as follows:

	Concession type	Area (ha)	Expiry
Camarioca Norte	Exploitation	2,007	2030
Camarioca Sur	Exploitation	2,367	2030
Cantarrana	Exploitation	871	2043
La Delta <sup>(1)</sup>	Exploitation	1,300	2043
Moa Occidental <sup>(2)</sup>		962	
<i>Zona A and Zona Septentrional</i> <sup>(3)</sup>	Exploitation	943	—
<i>Scrap Yard</i> <sup>(3)</sup>	Exploitation	2	—
	Concession type	Area (ha)	Expiry
<i>Extension to Zona A, Sector II</i>	Exploitation	8	2032
<i>Extension to Block O-30</i>	Exploitation	9	2032
Moa Oriental <sup>(3)</sup>	Exploitation	1,464	—
Yagrumaje Oeste	Exploitation	569	2038
Playa la Vaca-Zona Septentrional III	Exploitation	754	
<i>Zona Septentrional III</i>	Exploitation	225	2045
<i>Playa la Vaca</i>	Exploitation	529	2045
Santa Teresita	Exploitation	314	2045
<b>Industrial raw materials</b>			
Calcium Carbonate <sup>(3)</sup>	Exploitation	805	—
Serpentine Quarry <sup>(4)</sup>	Exploitation	9	2024
<b>Total</b>		<b>11,422</b>	

Notes:

- (1) In the South Sector of La Delta, the agreement limits the exploration until 25 years after the initial approval for environmental reasons.
- (2) Moa Occidental subtotaled for clarity of expiry dates.
- (3) The rights expire when the resources inside the concession are depleted.
- (4) The resources of the serpentine quarry were depleted. An alternative sector will be evaluated and requested from the Oficina Nacional de Recursos Minerales (“ONRM”) (Cuban mining regulator).

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

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

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

### Mineral reserves and mineral resources

The Mineral Reserves and Resources data below are derived from the Technical Report for the Mineral Resource and Mineral Reserve Estimate on the Moa Project, Province of Holguin, Cuba dated March 31, 2023 (“NI 43-101” or “2023 Moa JV Technical Report”) and were updated using the 2024 year end topography. Resource models have been reviewed by Béatrice Foret, M.Sc., MAusIMM, a “qualified person” (as such term is defined in NI 43-101) who is independent of the Corporation.

The following table provides a summary of the proven and probable mineral reserves (“Proven and Probable Mineral Reserves”) for the consolidated Moa Joint Venture (100% basis) as of December 31, 2024.<sup>(1)</sup>

Mineral Reserve categories <sup>(2)</sup>	Tonnage (millions of tonnes)	Ni (%)	Co (%)	Contained metal	
				Ni (000 t)	Co (000 t)
Proven	79.1	1.02	0.13	807.2	99.4
Probable	32.9	0.98	0.12	321.9	38.0
<b>Total Proven and Probable Reserves</b>	<b>112.0<sup>(3)</sup></b>	<b>1.01</b>	<b>0.12</b>	<b>1129.1</b>	<b>137.5</b>

Notes:

(1) Proven and Probable Mineral Reserve estimate, as at December 31, 2023, was 114.1 million tonnes.

(2) Variable cut-off grades applied. All assumptions, parameters, and methods used to estimate the mineral resources and reserves are disclosed in the 2023 Moa JV Technical Report.

(3) Depletion date used for reporting these Mineral Reserves is 31 December 31, 2024.

Historically, Sherritt has reported Moa Nickel’s Mineral Reserves using fixed cut-offs that conforms to the approach used by Cuba’s ONRM, which defines the limonite zone as the layer of ore where nickel concentration exceeds 1% and iron concentration exceeds 35%. Following the issuance of the 2023 Moa JV Technical Report, Sherritt began reporting both reserves and resources using an economic cut-off grade (“ECOG”). The economic cut-off takes into account the revenue generated by both nickel and cobalt, as well as the operating costs. The methodology takes into account operating cost impacts incurred as a result of deleterious elements, principally magnesium and aluminum.

Reserves depletion calculations are presently conducted using the NI 43-101 ECOG-based Mineral Reserves. While the mine is transitioning from historical fixed cut-offs to ECOG, temporary discrepancies between yearly reported mine production and yearly topographical depletion may result. Alignment between actual production and topographical depletion of Mineral Reserves is anticipated once the ECOG methodology, alongside blending and stockpiling strategies, is fully integrated into the operation. Mineral Reserves are tied to a LOM schedule which relies on a blending strategy involving ore types of diverse multi-elemental qualities.

A team made up of members from both Sherritt and Moa Nickel worked closely with the ONRM in recent years to align mineral resource estimates using the new methodology. A program is underway to implement the economic cut-off grade methodology in mine planning. The program has included metallurgical test work, engineering study and updates to the mine planning process and is now focused on mining practices in the field. The 2023 Moa JV Technical Report defines the economic calculations and feed blending criteria which have been developed to guide ore selection to optimize ore processing. These calculations have been further optimized following a continuous test work program which was executed in Q1 2024. Detailed mine plans are being reviewed and updated to implement the new methodology in practice.

The following table provides a summary of the Mineral Resources that are inclusive of Mineral Reserves for the consolidated Moa Joint Venture (100% basis) as of December 31, 2024.

**Moa Joint Venture Mineral Resources inclusive of Mineral Reserves**

<b>Mineral Resources categories<sup>(1)</sup></b>	<b>Tonnage</b> (millions of tonnes)	<b>Ni</b> (%)	<b>Co</b> (%)	<b>Ni</b> (000 t)	<b>Co</b> (000 t)
Measured	92.9	1.05	0.13	971.8	118.8
Indicated	57.2	1.06	0.11	604.4	61.1
<b>Total Measured and Indicated Mineral Resources</b>	<b>150.1<sup>(2)</sup></b>	<b>1.05</b>	<b>0.12</b>	<b>1,576.3</b>	<b>179.9</b>
<b>Inferred</b>	41.8	0.99	0.12	414.9	48.6

Notes:

Totals may not sum exactly due to each component number being rounded to its nearest decimal.

(1) All assumptions, parameters, and methods used to estimate the mineral resources and reserves are disclosed in the 2023 Moa JV Technical Report.

(2) Depletion date used for reporting these Mineral Resources is December 31, 2024.

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

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

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

## 2. POWER

During 2024, the Corporation's Power division had earnings from operations of \$13.5 million on revenue of \$47.8 million compared to earnings from operations of \$20.7 million in 2023 on revenue of \$47.1 million. Total spending on capital<sup>(1)</sup> during 2024 in respect of power operations was \$2.9 million and was primarily related to maintenance activities.

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

The Corporation has financed, constructed and commissioned each of the four integrated gas treatment and three power generation facilities as well as all expansions to the facilities which are located near the Varadero, Boca de Jaruco, and Puerto Escondido oil fields located in Cuba. As at December 31, 2024, these facilities had a total capacity of 506 MW.

In 2023, two new gas wells went into production with gas provided to Energas free of charge by CUPET for use in power generation. In 2023, electricity production at Sherritt's Power division increased 31% year-over-year. In 2024, maintenance work was completed on three gas turbines in part to bring online an additional turbine to process gas being received from a third new gas well that was brought into production during the year. In 2024, electricity production at Sherritt's Power division increased a further 10% year-over-year. Dividends in Canada from Energas have increased from \$1.4 million in 2023 to \$13.0 million in 2024. In 2025, dividends in Canada from Energas are expected to significantly increase to be between \$25 million to \$30 million<sup>(1)</sup>.

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

### Association agreement

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

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

(1) Based on Power's 2025 guidance estimates for production volumes (800-850 GWh, 33⅓% basis), unit operating costs (\$23.00-\$24.50/MWh) and spending on capital (\$2.0 million, 33⅓% basis). Unit operating costs and spending on capital are non-GAAP financial measures. For additional information, see the "Non-GAAP and other financial measures" section.



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

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

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

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

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

During 2005, Energas completed the repayment of financing in respect of the construction of the Base facilities. Subsequently, payment was made to the government of Cuba for the land rights to these facilities. As a result, the profits from the Base facilities are distributed to the joint venture partners of Energas in the form of dividends. Regular dividend payments commenced during 2006 and profits from the Base facilities are subject to a Cuban profit tax. The Corporation believes that, to the extent its share of dividends from Energas are reinvested in construction of the Expansion facilities, the Corporation is entitled to receive reinvestment credits. Such credits are payable in cash directly to the Corporation funded by income taxes paid by Energas to the extent of the Corporation's one-third interest. The Cuban tax authority has indicated they will make payments to Sherritt in accordance with the Cuban tax authority's interpretation of the amount entitled, however during 2024, no payments were received.

Energas and UNE have entered into an agreement providing for the purchase by UNE of all of the electric power generated by Energas from the Base facilities up to a maximum of 1,680 gigawatt hours per year. The purchase obligation commenced in October 1998, when the first phase of the Varadero facility commenced commercial production, and will continue as long as the Association Agreement is in effect. The electricity tariff was US\$0.045/kWh prior to completion of the repayment of financing and payment of land rights in 2005. The tariff is now US\$0.038/kWh. A second agreement provides for the purchase by UNE of all of the electricity generated from the Expansion facilities up to a maximum of 1,180 gigawatt hours per year. Under this second agreement, the electricity tariff was set at US\$0.045/kWh during the period prior to repayment of financing for the Expansion facilities and payment of land rights. Beginning in January 2024, the tariff was reduced to US\$0.038/kWh.

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

## Locations

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

### Varadero

The Varadero facility is located approximately 140 kilometres east of Havana, Cuba. The facility consists of two integrated raw gas processing plants, three gas turbines and associated electric generators, a heat exchange system for generating high-pressure steam, and a steam turbine and associated electric generator. In addition, the Varadero site includes an electrical substation and transformers to facilitate connection of the facility to the Cuban national grid system and an integrated maintenance facility. The aggregate net power capacity of this facility is approximately 173 MW. Sherritt's share of 2024 electricity sales was 184,490 MWh. In 2023, Sherritt's share of electricity sales was 219,705 MWh.

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

During Q4 2024, Sherritt's Power division played a meaningful role in restoring the Cuban national grid following nationwide power outages. As a result of the nationwide power outages and challenges facing the national power grid, UNE required Energas to operate the Varadero facility in frequency control to help support the stability of the power grid, which reduced the power generation volumes by approximately 25 GWh (Sherritt's share). Energas was fully compensated for this reduction under the same terms and conditions outlined in the contract. Energas' other facilities were not impacted.

Energas expects that the Varadero facility will operate in frequency control throughout 2025 with an estimated reduction in electricity volume of approximately 150 GWh. Energas expects to continue to be fully compensated for this reduction and therefore Sherritt expects there will be no impact to Power's Adjusted EBITDA<sup>(1)</sup>, earnings from operations or dividends from Energas to Sherritt in Canada. Energas' other facilities are expected to continue operating as usual.

### Boca de Jaruco and Puerto Escondido

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

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

In 2024, Sherritt's share of electricity sales at the Boca de Jaruco and Puerto Escondido sites was 631,936 MWh. In 2023, Sherritt's share of electricity sales was 524,874 MWh. The increase in sales was due to better equipment availability and the additional gas provided from wells that went into production in the second quarter of 2023 and the fourth quarter of 2024 .

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

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

## **Cuban payment arrangements**

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

In the fourth quarter of 2022, Sherritt and its Cuban partners finalized a five-year extension of the Moa Swap, whereby Sherritt expects to continue to receive approximately US\$4.2 million per month to facilitate foreign currency payments for the Energas operations and dividend repatriations to Sherritt in Canada.

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

## **Gas Supply from CUPET**

Under the terms of the Association Agreement, CUPET is obligated to supply, at no cost to Energas, gas that is owned by CUPET and is produced in association with crude oil from oil fields in the regional vicinity of the Varadero, Boca de Jaruco, Yumuri and Puerto Escondido plant sites ("Oilfields") up to maximum plant capacity. CUPET's obligation to supply such gas is subject to its pre-existing obligation to supply clean, processed gas from the Puerto Escondido, Yumuri and Canasi fields for domestic fuel to Havana. Energas does not own the gas reserves in the Oilfields, nor does it control the rate or manner in which such gas reserves are produced. Sherritt continues to work with its Cuban partners to access additional gas for the Boca facility. Two gas wells were drilled in Puerto Escondido during the first half of 2023. One gas well in Canasi was drilled during the second half of 2024. Continuing shortages in gas supply occurred throughout 2024 at the Varadero plant site (see "Risk factors—Uncertainty of gas supply to Energas").

### 3. OIL AND GAS

Cuban oil production ceased on March 20, 2021 with the expiry of the Puerto Escondido/Yumuri Production Sharing Contract. In addition, the Casablanca field in Spain and associated fields reached end of life and ceased production on June 15, 2021. As of this date, Sherritt does not have any oil nor gas production. As at December 31, 2024, the Corporation had no wells (producing or non-producing) in Cuba. In Spain, as at that same date, the Corporation had no producing wells, while it had 18 non-producing gross wells and 3.1 non-producing net-wells of light and medium oil. There were no exploratory or development wells drilled in the financial year ending December 31, 2024.

On March 17, 2021, the Corporation entered into an agreement with a third party to provide equipment and services to drill two exploration wells in Cuba. In March 2023, that contract was amended to include the drilling of a third well, plus the abandonment of one of the wells drilled under the original agreement. In November 2023, an additional amendment was executed to provide services to drill a fourth well.

In 2024, the Corporation's Oil and Gas operations generated revenue of \$15.7 million compared with \$12.6 million during 2023. In 2024, Oil and Gas had a loss from operations of \$18.3 million, which included an impairment of intangible assets of \$8.4 million, compared to a loss from operations of \$30.2 million in 2023. Excluding the impact of the impairment recognized in 2024, the losses primarily related to losses on an environmental rehabilitation provision related to the Corporation's legacy Spanish Oil and Gas operations. The impairment loss of \$8.4 million recognized in 2024 related to Blocks 6A and 10 in Cuba 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 Corporation is continuing to explore opportunities for future exploration and development of new and existing projects or to otherwise extract value from our interests and expertise in oil and gas in Cuba.

#### OPERATIONS IN CUBA

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

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

#### Properties with No Attributed Reserves

In 2014, the Corporation was awarded two new PSCs, with effective dates of January 9, 2015, covering Blocks 8A and 10 in Cuba. Sherritt has fulfilled all of the exploration sub-period commitments for Block 10 and retains its contractual rights to explore Block 10, but does not intend to make further investment at this time without first securing an earn-in partner. As of 2023, Sherritt relinquished its rights to Block 8A.

On November 1, 2017, the Corporation was awarded the Block 6A PSC on the north coast of Cuba, west of Havana. The PSC for Block 6A expires in November 2045 and Sherritt retains its contractual rights to explore Block 6A. Sherritt has fulfilled its commitment in the first exploration sub period, but similar to Block 10, does not intend to make further investment at this time without first securing an earn-in partner.

#### Cuban payment arrangements

During 2023, SICOG received the overdue balance as at December 31, 2022 of US\$23.2 million for Cuban oil sales by way of the Cobalt Swap. There are no amounts owing to the Corporation for oil receivables at December 31, 2024. Please see "Three Year History - 2022 Cobalt Swap Agreement" for additional information.

## OTHER INTERNATIONAL OPERATIONS

### Spain

The Corporation holds a 14.5% working-interest in the Casablanca oil field and a 15.6% working-interest in the Rodaballo oil field, a 29% working-interest in the Boquerón oil field, and an 18.4% working-interest in the Barracuda oil field, all located in the Gulf of Valencia, offshore Spain. These fields ceased production on June 15, 2021. Work commenced in 2023 on the plug and abandonment of the wells and will continue for several years until the Casablanca platform, associated wells and production facilities are fully rehabilitated in Spain.

There was an increase in the environmental rehabilitation provision related to the Corporation's legacy Spanish Oil and Gas operations of \$8.3 million during the year ended December 31, 2024 due to changes in assumptions relating to foreign exchange, inflation and discount rates. The total environmental rehabilitation provision related to the Corporation's legacy Spanish Oil and Gas operations as at December 31, 2024 was \$64.3 million.

On October 29, 2021, the EROs held by the Corporation's Spanish Oil and Gas operations were secured by a parent company guarantee of €31.5 million until December 31, 2023. In 2023, a new parent company guarantee was signed with a four-year term valid until December 31, 2027 and a guaranteed amount of €35.8 million. The parent company guarantee has no impact on the Corporation's available liquidity.

## 4. ENVIRONMENT, HEALTH AND SAFETY AND SUSTAINABILITY

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS

Sherritt is committed to incorporating industry best practices into its ESG policies, procedures, and systems. Our Sustainability Framework and management systems provide a focused and practical approach to addressing material sustainability issues, risks, and opportunities to enhance performance. A crucial element of Sherritt's sustainability strategy is strong governance. Sherritt has an independent chairperson, and all board members, other than the President and Chief Executive Officer ("CEO") are independent.

Sherritt's Board of Directors ("Board") has overall responsibility for oversight of the company's ESG initiatives. The Reserves, Operations and Capital ("ROC") Committee is the primary Board committee charged with setting and monitoring the implementation of ESG strategies and performance. Three other sub-committees support the Board of Directors with respect to ESG matters: the Audit Committee, the Human Resources Committee, and the Nominating and Corporate Governance Committee. The ROC Committee mandate includes the oversight, monitoring and review of Sherritt's sustainability policies, management systems, programs and performance. The ROC Committee oversees the management of the Corporation in approving the Corporation's general strategy and plans with respect to ESG matters, including the identification, assessment and prioritization of material and strategically significant ESG matters. The Audit Committee mandate includes ensuring the integrity and accuracy of the Corporation's financial and ESG reporting and disclosure controls and procedures. It reviews, monitors, and reports to the Board on the findings of any significant examination or audit by external auditors concerning ESG matters. These committees meet at least four times per year and receive information from management on a quarterly basis, and more often when required. The ROC Committee visits the operating sites at least annually, the committee chairs report to the Board on significant issues. A copy of the mandates for all Board Committees can be found on the Corporation's website.

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

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

Throughout 2024, management continued to execute its sustainability strategy, which includes initiatives to improve ESG performance and increasingly align with industry best practices. Bloomberg is one of the rating agencies consistently assessing Sherritt's sustainability disclosures and providing annual ESG scores. Sherritt's Bloomberg disclosure-based ESG score has improved steadily since 2014 and is comparable with mining peers.

Management believes that Sherritt has suitable and effective ESG management systems in place. Management seeks to continually improve the Corporation's ESG initiatives and performance through strategic and operating plans and embed ESG related aspects in strategic and operational decision making. Information on Sherritt's ESG performance is available in Sherritt's 2023 Sustainability Reporting Disclosures. More recent updates will be made available in Sherritt's 2024 Sustainability Report, which is expected to be published in the second quarter of 2025.

### SUSTAINABILITY FRAMEWORK

Sherritt's sustainability framework (the "Framework") provides a focused and practical approach to addressing material sustainability issues, risks and opportunities, and to managing performance. The Framework consists of four focus areas that define what sustainability means to Sherritt, including: prioritizing health and safety, operating ethically, respecting the environment, and caring for the wellbeing of our employees and nearby communities. These core commitments form the basis for a series of issue-specific underpinning targets, which are supported by management systems with standards and

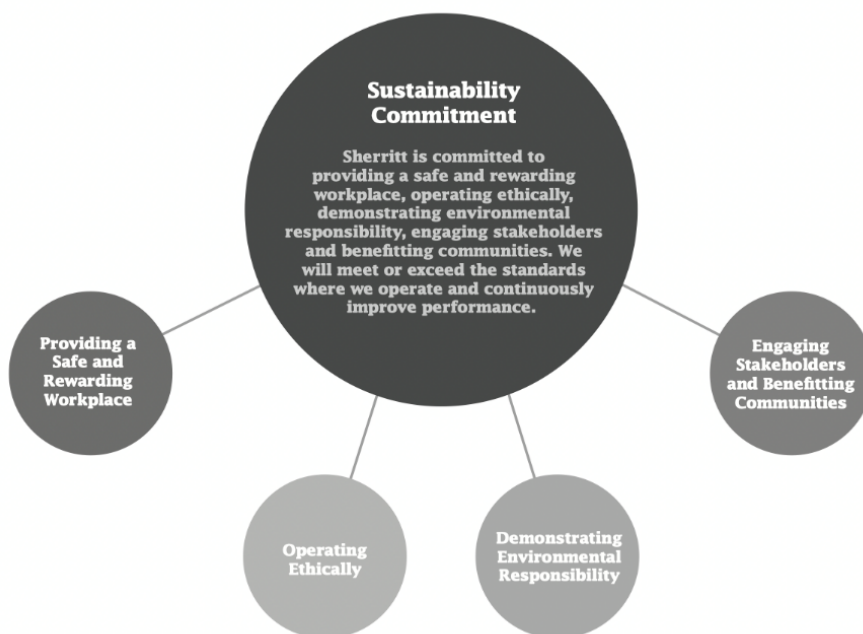
guidelines to inform planning, implementation, measurement, reporting and assurance of sustainability efforts across Sherritt. All of the Corporation's divisions are required to meet these standards for sustainability management.

The Framework is focused on issues that are considered to have a 'double material' impact – meaning it focuses on issues that can have the largest impact on the Corporation's ability to achieve its goals and future business needs, and those where the Corporation can have the biggest impact from an ESG perspective (i.e., on the environment or people). To develop the Framework, sustainability considerations important to the Corporation's business were identified based on potential risks, corporate policies, stakeholder priorities, and a review of current and emerging sustainability issues within the natural resources sector.

Generally, the most material sustainability issues are addressed in individual commitments in the Framework shown below. Material topics are reviewed annually to ensure key considerations remain properly identified and captured in the Framework.

In 2024, Sherritt continued to develop and update Sustainability Framework policies and standards with the intention of maintaining best practices and alignment with the industry at large. This process will continue into 2025 as new standards emerge and external expectations evolve.

The Framework is designed to align with international best practice, including the requirements of the Mining Association of Canada's ("MAC"), TSM program, the International Organization for Standardization ("ISO"), the Voluntary Principles on Security and Human Rights, the International Sustainability Standards Board ("ISSB") and the Responsible Minerals Initiative ("RMI"). Sherritt's approach to sustainability is also informed by the United Nations Sustainable Development Goals ("UNSDGs"), and the Organization of Economic Co-operation and Development ("OECD").



### Sustainability goals and targets

As an integral part of Sherritt's overall framework, the Corporation has launched a suite of goals to drive environmental, health, safety and sustainability performance. Progress against the previously disclosed goals and goal targets was disclosed in the 2023 Sustainability Report. In 2024, Sherritt completed an exercise in which the goals were reviewed, and the goal targets were refreshed considering material internal and external sustainability drivers. Progress against the refreshed goals will be disclosed in the forthcoming 2024 Sustainability Report. The updated goals are as follows:

**Goal 1** Strengthen safety culture, behaviour and performance

**Goal 2** Achieve and maintain conformance with internationally-recognized managements systems

**Goal 3** Improve environmental management

**Goal 4** Deliver meaningful community benefits

**Goal 5** Improve diversity, equity and inclusion at all levels throughout the company

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

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

## Memberships

Sherritt is an active member of MAC and is implementing the requirements of MAC's TSM protocols. The TSM protocols are a globally recognized sustainability program that supports mining companies in identifying and mitigating key environmental and social risks. These protocols, along with the ISO 45001 (Occupational Health and Safety) and ISO 14001 (Environmental Management System) standards, inform several of our policies, operating procedures and sustainability priorities. In addition, Sherritt is a member of the Voluntary Principles on Security and Human Rights. These best practice principles underpin our Human Rights Policy and our approach to security at each of the sites. Sherritt is also a member of the Nickel Institute and Cobalt Institute, which among other benefits, assist in ensuring the Corporation is aligned with best practice standards and frameworks used by peers.

Sherritt also reports on the implementation of best practice recommendations issued by several organizations and institutions that provide guidance for managing environmental and social performance including the OECD Due Diligence Guidance for Responsible Supply Chain of Minerals and the RMI. In future years, reporting disclosure will be aligned with ISSB S1 and S2 requirements.

## Sustainability reporting

The Corporation prepares several ESG-related public disclosures on an annual basis. In recent years this has included a Climate Report, a Tailings Management Report, and Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB") aligned Sustainability Report and Sustainability Scorecard, which detail discrete data disclosures against a broad set of sustainability reporting standards. Sherritt prepares an annual OECD Step 5 Report describing the due diligence efforts related to responsible supply chains. Additionally, throughout the year the Corporation discloses performance against MAC's TSM protocols and implementation of the Voluntary Principles on Security and Human Rights to these respective organizations. These disclosures are available on their respective websites. In 2024, Sherritt prepared and published its inaugural report to the Canadian Minister of Public Safety on measures taken to eliminate any forms of Forced or Child Labour in the Corporation's supply chain in 2023 per the requirements of the Canadian governments newly enacted Bill S-211, *The Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend The Customs Tariff*. In February of 2025, Sherritt successfully submitted its second annual report to the Canadian Minister of Public Safety on measures taken in 2024. Sherritt's 2023 sustainability disclosures were published in June 2024 and are available on the Corporation's website. 2024 sustainability reporting is expected to be published in the first half of 2025.

## ENVIRONMENT, HEALTH AND SAFETY

### Environmental

In addition to meeting the commitments articulated in Sherritt's Sustainability Framework, the Corporation's operations are also subject to various jurisdiction-specific Environment, Health and Safety ("EH&S") laws and regulations. These laws and regulations set forth operating requirements and conditions in areas including but not limited to, occupational health and safety, operation and closure criteria, air emissions, water use and treatment and tailings management and monitoring. The Corporation recognizes that the consequences of a breach of EH&S laws can be serious and could result in the temporary suspension of operations, the imposition of fines, other penalties (including administrative penalties and regulatory prosecution), and government orders that could potentially have a material adverse effect on operations. The Corporation is in material compliance with all applicable environmental laws and obligations relating to its current and past operations.

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



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

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

The Corporation includes provisions in its financial statements for environmental rehabilitation obligations based on estimates of future site restoration costs, estimated remaining lives of properties, environmental laws and regulations, and estimated lives of reserves. The current estimate of the Corporation's share of the total anticipated undiscounted future cost of abandonment and reclamation costs to be incurred over the life of the Corporation's various assets and investments is estimated at approximately \$192.4 million (excluding operating expenses). See Note 16 to the Corporation's audited consolidated financial statements as at December 31, 2024. The Moa JV also has \$144.6 million (50% basis) of undiscounted environmental rehabilitation obligations, which are non-recourse to the Corporation. The Corporation's reclamation of sites under its ownership is continuous and ongoing. The Corporation has received certain indemnifications from its predecessor, Viridian Inc. ("Viridian"), which was acquired by Agrium Inc. in 1996, with respect to any claims for environmental damage relating to the operations at the Fort Site prior to 1994 and with respect to any claims in relation to the Corporation's fertilizer business prior to 1996. The Corporation has assumed Viridian's obligations to GNC in respect of environmental indemnities but has also received indemnification from Viridian to the same extent with respect to matters occurring prior to the commencement of operations of the Moa JV in 1994.

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

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

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

The Oil and Gas division has an undiscounted ERO of \$72.7 million as at December 31, 2024 related to legacy Spanish Oil and Gas operations, which are secured by a parent company guarantee. In 2023, Sherritt signed a new parent company guarantee that is valid until December 31, 2027 and a guaranteed amount of €35.8 million as security for the ERO.

In 2007, Sherritt acquired Dynatec and its assets, including three closed former mine sites in Canada. The reclamation obligations for the properties are being administered by Sherritt with the technical assistance of an environmental consulting firm. Sherritt is in material compliance with all closure plans and other regulatory obligations related to the legacy sites. As at December 31, 2024 the undiscounted environmental reclamation obligation on the company's balance sheet for the three sites is nominal.

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

## Tailings

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

The joint venture Moa Nickel site is the Corporation's only site with active Tailings Management Facilities ("TMFs"). Tailings at Moa Nickel are currently deposited in on-land ponds with surface water reclaimed for the process. There are several TMFs at the Moa Nickel site and geotechnical engineers are employed to provide oversight of design, construction, and operation of the tailings facilities. Independent engineering firms are utilized in the design and monitoring of tailings facilities. The design and operation of existing facilities meets or exceeds all applicable regulatory requirements.

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

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

As part of the LOM optimization planning, Moa Nickel has set out a proposed sequence for the development, operation, and closure of its TMFs, including with respect to the Acid Leach Tailings Facility, the North Extension, phased construction of Area 22 and advancement of the long-term tailings management project as outlined in the Corporation's 2023 National Instrument 43-101 Technical Report. The new long-term tailings facility will provide a tailings solution for the Moa mine over the entirety of its current mine life of approximately 25 years. The Corporation expects the new tailings facility to be commissioned in 2026. Spending on capital in 2024 was \$13.1 million for initial engineering and infrastructure work and the remaining expected capital cost is estimated to be approximately \$40.0 million (50% basis) in each of 2025 and 2026. The tailings management project is a capital efficient and robust tailings solution driven to meet expected production needs, international standards, and Moa JV's strategic environmental priorities. Subsequent to year end, the Moa JV secured a US\$60.0 million (100% basis) equivalent loan in Cuban pesos from a Cuban financial institution with a 5-year maturity that will primarily be utilized to support capital spending on tailings management. See Sherritt's 2023 Tailings Management Report for more information. The 2024 Tailings Management report, which is expected to be made available in Q2 2025, will have further updates.

One of the former Dynatec properties near Invermere, British Columbia has a legacy tailings management facility ("TMF"), which is undergoing an investigation and recharacterization campaign to support consideration of the TMF as a landform by the Ministry of Energy and Climate Solutions.

As a member of MAC, Sherritt is committed to implementing and achieving the standards contained in the TSM Tailings Management Protocol at its joint venture TMFs. Sherritt recognizes MAC's guidance documents on tailings management as a benchmark of good management practice. TSM provides an established system for credible performance measurement and reporting, including rigorous standards to help ensure that tailings facilities are being responsibly managed. Sherritt advocates for the adoption of the Global Industry Standard on Tailings Management ("GISTM") through MAC and the incorporation of its requirements into the appropriate TSM protocols. The requirements presented in the GISTM have been mapped to the current Level A requirements for tailings management, water stewardship and community relationships already established in TSM. Sherritt has disclosed detailed information regarding the TMFs operated by Moa Nickel in its 2023 Sustainability Report and 2023 Tailings Management Report.

## Water

Sherritt's operations are taking steps to optimize water management. Where feasible, process water is recycled or reused within the process itself. Runoff is controlled through diversions and catchments to minimize any release to the environment.

All of the water discharges comply with the appropriate jurisdictional regulatory requirements and are monitored and controlled as necessary to ensure compliance and to protect the receiving environment. The monitoring programs are also designed to help detect any unanticipated problems and manage risk beyond regulatory obligations. Based on high-level risk assessments, it has been determined that none of Sherritt's joint venture operations are located in permanently identified high 'water risk areas' (as defined by the World Resources Institute's ("WRI") Water Risk Atlas tool, Aqueduct).

Whilst water management at each of our sites is tailored to specific technical requirements and local conditions' considerations, all operations are required to comply with the Corporations' Water Management Standard. Through implementation of the Water Management Standard, our operations are able to effectively:

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

As a complement to the implementation of Sherritt's Water Management Standard, our operations are also implementing the TSM Water Stewardship Protocol with an aim to achieve Level A by the end of 2026.

More information on Sherritt's approach and performance related to water can be found in the 2023 Sustainability Report.

### **Climate change and greenhouse gas (GHG emissions)**

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

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

All operations are also required to achieve Level A in the TSM Climate Change Protocol by 2026.

For more information on our approach to climate change related risks and opportunities, and a summary of our recent performance, please see our 2023 Climate Report. Updates to this information are expected to be made available in Q2 2025 in the Corporation's forthcoming 2024 Climate Report.

### **Federal**

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

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

The federal backstop has two parts:

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

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

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

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

The carbon tax was set at \$80 per tonne of CO<sub>2</sub>-equivalent ("CO<sub>2</sub>e") for the 2024 compliance year and rises to \$95 per tonne for 2025. The 2016 *Pan-Canadian Framework on Clean Growth and Climate Change* ("PCF") will continue to increase the carbon tax by \$15 per tonne per year until the tax reaches \$170 per tonne in 2030.

### **Alberta**

The Technology Innovation and Emissions Reduction Regulation ("TIER") became effective January 1, 2020. This regulation sets benchmarks based on 2013-15 performance of either the mix of Alberta facilities producing the same product, or the facility emissions intensity for unique producers. TIER includes both direct emissions and indirect ones related to the import of electricity, process heat, or hydrogen using Alberta specific standard intensities. For 2024 the carbon price was set at \$80/tonne, rising to \$95/tonne in 2025. In December 2022 the Government of Alberta announced its intention to match federal carbon pricing to 2030. It is anticipated that for the next several years, the refinery and the Fort Site will continue to comply

with TIER by purchasing credits and will consider emerging GHG emission efficiency options as they are developed. In 2023, the GHG emissions by the refinery and the Fort Site were 306 thousand tonnes CO<sub>2</sub>e in total or 63 thousand tonnes CO<sub>2</sub>e greater than the legislated limit. Accordingly, the refinery and the Fort Site purchased 63 thousand tonnes of credits. Although the 2024 GHG emissions by the refinery and the Fort Site will not be available until the second quarter of 2025, the refinery and the Fort Site purchased 40 thousand tonnes of credits for delivery and payment in May 2025, at a much lower cost than the regulatory price.

### Other jurisdictions

The Power division has registered a project with the United Nations clean development mechanism which allows GHG emission-reduction projects in developing countries to earn certified emission reduction (“CER”) credits, each equivalent to one tonne of CO<sub>2</sub>. These CERs can be traded and sold and used to meet certain emission reduction targets. The mechanism is intended to stimulate sustainable development and emission reductions and to provide flexibility in meeting certain emission reduction targets. The Energas Varadero Conversion from Open Cycle to Combined Cycle Project, United Nations Framework Convention on Climate Change Project 0918, achieved a verified GHG reduction of 342,235 metric tonnes CO<sub>2</sub>e from January 2007 to June 2008. Verification of a further 638,392 CER credits for the period from July 1, 2008 to December 31, 2010 has been completed. Verification of CER credits for the period from January 1, 2011 to the present has been suspended for the time being as a result of low market prices for CERs. Given the uncertainty around market prices for CERs, in 2022 Sherritt chose not to renew the Energas Varadero 0918 Project with the United Nations authorities. Considerations of re-registration and advancement of registration of the 150 MW Boca de Jaruco Combined Cycle Project may be reconsidered at a later time.

With greater clarity on emissions regulations, the Corporation can better plan for impacts to operations. The regulation of GHGs is a topic of global importance and will be in discussion nationally and internationally for the foreseeable future. It remains that the Corporation’s Canadian operations involve large facilities, so the setting of any current or future emissions regulations (and their associated implementation targets for corporations) may have a material adverse effect on the Corporation’s business, results of operations and financial performance, though the full extent to which this may occur remains unknown. In addition to directly emitting GHGs, the Corporation’s operations require large quantities of power. Current or future taxes on the regulation of power producers or the production of oil and gas or other fuel products may also add to the Corporation’s operating costs. However, conversely, the increased regulation of GHG emissions may also increase the demand for the Corporation’s products, including nickel and cobalt, which are deemed critical minerals for the global energy transition.

To monitor the potential risks and opportunities to the business associated with climate change, the Corporation has conducted a number of corresponding assessments and continually engages with politicians and regulators at both the federal and provincial levels to closely monitor the regulatory activities of these governments. The Corporation’s facilities have implemented programs for the collection of emissions data as part of an overall environmental monitoring system. Any eventual costs related to emissions targets may be partially offset by credits earned through internal measures and research and development projects. The environmental benefits achieved through the reduction of GHG emissions at the Energas operations were recognized by the granting of Kyoto Clean Development Mechanism status for the Phase 3 facilities of Energas pursuant to the provisions of the Kyoto Protocol.

## HEALTH & SAFETY

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

While Sherritt does not have operational control at all of its joint venture operations, management strives to influence partners to implement international best practices. The Corporation has established enterprise-wide standards based on MAC’s TSM Safety and Health Protocol, ISO 45001 and industry best practice related to fatality prevention. These standards are regularly updated as part of our commitment to continuous improvement, operational excellence and a stronger safety culture. All sites are expected to conform with these minimum management system requirements. In 2023, the COREFCO refinery achieved a milestone by obtaining ISO 45001:2018 health and safety management system certification.

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

Governance and assurance on our health and safety programs is conducted through regular executive reviews, peer comparisons, internal audits, and independent assessments. Health and safety is also a key component of Sherritt's enterprise risk management ("ERM") framework.

With great regret, Sherritt reported two fatalities at the Moa Nickel operation in 2023. Throughout 2024, in response to these incidents, rigorous root cause analyses and a Fatality Prevention gap analysis were undertaken. The operations have also completed updates to their Fatality Prevention standards, Life Safety Rules, permitting programs, procedures, and training programs. Finally, Sherritt also initiated a series of Safety strategy sessions with each of its operations to create a multi-year roadmap for improvement. Areas of focus include building an interdependent safety culture, visible and felt leadership, workforce competencies, effective risk management, contractor safety, learning and development, and external assurance.

More information will be provided in Sherritt's forthcoming 2024 Sustainability Report.

## **RESPONSIBLE PRODUCTION AND SUPPLY OF MINERALS**

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

Sherritt's policies and management systems are aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the industry accepted standard for responsible production and supply. In 2024, the Corporation maintained compliance with the LME's 'Track B' requirements for responsible sourcing. This was accomplished via completion of an independently audited red flag assessment, achieving ISO 45001 and ISO 14001 certification at the COREFCO refinery, and the release of Sherritt's OECD Step Five Report. A copy of the report is available on the Corporation's website. Additionally, we are actively engaged with the standards of MAC, the RMI, the LME, the Nickel Institute and the Cobalt Institute to ensure alignment with recognized responsible sourcing initiatives, standards and frameworks. Sherritt advocates for the adoption of these guidelines by its partners, subsidiaries and joint venture organizations.

More information on Sherritt's responsible production and supply policies, due diligence management systems, alignment with international standards, and performance can be found in Sherritt's 2024 OECD Step 5 Due Diligence: Responsible Production and Supply Report.

## **DIVERSITY AND INCLUSION**

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

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

Sherritt continues to deliver on the commitments set out in our five-year framework in support of a more inclusive, diverse and respectful workplace. As of December 31, 2024, there were 22.3% women in the workforce at Sherritt, showing an overall

significant improvement since 2019. Additionally, a small percentage of our team identified as non-binary, broadening our understanding of diversity and enriching our workplace culture. As of December 31, 2024, 50% of the independent members of our Board of Directors were comprised of women, with one independent member self-identifying as a visible minority.

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

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

More information on Sherritt's approach and performance related to diversity and inclusion can be found in the 2023 Sustainability Report.

## **COMMUNITY INVESTMENT**

The Corporation recognizes that a significant benefit of our operations is that it can provide the means to help build human and institutional capacity that will in turn assist local communities in achieving their development goals. Sherritt's Community Investment initiatives focus on projects which support socio-economic development, public health and safety and natural and cultural heritage in communities near operating sites, with a goal to align 100% of our community investment with needs and priorities as identified by the communities themselves.

In 2024, in Alberta, organizations that address various areas of community need were supported. Related to diversity and inclusion, Sherritt supported the Northern Alberta Institute of Technology in providing eight grants for women and Indigenous students, Women Building Futures youth programs that support females apprenticing in the trades, and the Alberta Indigenous Games. Related to environmental programs, Sherritt continued their support of the North Saskatchewan Watershed Alliance Youth Council. Sherritt also donated to organizations providing community support services throughout Alberta including the Untied Way Capital Region, Edmonton Bent Arrow Traditional Healing Society, the Edmonton Boyle Street Society to support their overdose response team, Families First Society Fort Saskatchewan, Fort Saskatchewan and Calgary Food Banks, The Alberta Children's Hospital Foundation, and the Calgary Drop-In Centre.

In 2024, there were also numerous investments in Cuban communities that aligned with local needs. The company made its fifth and final contribution to the multi-year partnership with Cowater and Global Affairs Canada to co-fund the electrification and female empowerment of a rural town with renewable energy in the province of Holguin. 2024 also represented the third year of Sherritt's three-year partnership with UNICEF on a road traffic injury prevention program. In Moa, Sherritt donated vital equipment to the local hospital including a Hemodialysis Water Plant and Radiotherapy equipment. Each of these donations in Cuba were identified by elected community representatives as priority investments.

## 5. EMPLOYEES

At December 31, 2024, the Corporation, including its subsidiaries and joint ventures, employed 3,418 individuals as set forth in the following table:

Moa Joint Venture and Fort Site <sup>(1)</sup>	2,893
Oil and Gas <sup>(2)</sup>	123
Power <sup>(3)</sup>	331
Corporate and Other <sup>(4)</sup>	56
Havana office <sup>(5)</sup>	15
<b>Total</b>	<b>3,418</b>

Notes:

- (1) Includes Sherritt and GNC employees seconded to the Moa Joint Venture (100% basis)
- (2) Includes employees of the entities through which the Corporation carries on its Oil and Gas business.
- (3) Includes employees of Energas.
- (4) Includes employees related to external technical services to third parties, and growth and market development activities.
- (5) Includes employees in the Havana office supporting Cuban operations.

The table above does not include contractors or service providers.

Sherritt's operations require employees and contractors with a high degree of specialized technical, management and professional skills, such as engineers, trades people and plant and equipment operators. In some geographic areas, the Corporation competes with other local industries for these skilled workers. For example, in its Cuba operations, the Corporation is dependent on the government for the provision of skilled workers. In January 2024, the Corporation's Canadian operations headcount was reduced by approximately 10% and subsequently during the second quarter of 2024, a further 10% reduction was completed at Sherritt's Corporate office.

## 6. RISK FACTORS

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

### MARKET CONDITIONS AND LIQUIDITY

#### Commodity risk

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

Sherritt's current businesses are dependent upon commodity inputs such as 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 maturities of Sherritt's note obligations; the public's reaction to the Corporation's press releases, other public announcements and the Corporation's filings with the various securities regulatory authorities; and changes in earnings estimates or recommendations by research analysts who cover Sherritt securities or the securities of other companies in the resource sector.

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

#### Liquidity and access to capital

Sherritt's ability to fund its capital and operating expenses and to meet its financial obligations depends on being able to generate sufficient cash flow from its operations and its ability to obtain additional financing and/or refinance its existing credit facilities and loans on terms that are acceptable to the Corporation. As noted in "Commodity risk" above, Sherritt's earnings



and financial condition are highly dependent upon the market prices for nickel, cobalt and other commodities, which are highly volatile in nature. Depending upon commodity prices in particular, Sherritt may find itself unable to access sufficient capital to fund its operations in the manner required for the long-term viability of the business and/or remain in compliance with its debt covenants. There can be no assurance that Sherritt will have sufficient funds to repay its outstanding Second Lien Notes and PIK Notes at maturity, nor can there be any assurance that Sherritt will be able to refinance its Notes or raise funds in the equity capital markets on terms and conditions that would be acceptable. Failure to provide adequate funds to its operations, execute growth strategies, replace depleted reserves or meet or refinance its financial obligations could have a material adverse effect on Sherritt's business, results of operations and financial performance.

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

Agencies of the Cuban government have significant payment obligations to the Corporation in connection with the Corporation's operations in Cuba. Although the risk associated with payment of these obligations may be mitigated by the Cobalt Swap, this exposure to the Cuban government and its potential inability to timely or fully pay such amounts could have a material adverse effect on the Corporation's financial condition and results of operations. Please see "Risks related to Sherritt's operations in Cuba" for additional information. Please see "Restrictions in debt instruments and debt 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 may be affected by economic and other pressures on Cuba. Risks include, but are not limited to, fluctuations in official or convertible currency exchange rates, access to foreign currency, and high rates of inflation. In addition, in 2021 and thereafter, Cuba has experienced increased hardships as a result of the impact of COVID-19 and continued U.S. sanctions, impacting the country's tourism and other industries, hampering the country's foreign currency liquidity and resulting in prolonged border closures, fuel, food and medicine shortages, electricity outages and sporadic civil demonstrations. The first President Trump administration increased its sanctions against Cuba and its trading partners and these measures had an adverse impact on Cuba and its economy, as well as its ability to conduct international trade. In addition, with resulting additional adverse impacts, on January 12, 2021, that administration designated Cuba as a State Sponsor of Terrorism. While the now former U.S. administration of President Biden announced on January 14, 2025 that it would remove Cuba from the State Sponsor of Terrorism list, this decision was revoked by President Trump a few days later, on January 20, 2025, the first day of his second administration. Changes in regulations and political attitudes are beyond the control of Sherritt and may adversely affect its business. Operations may be affected in varying degrees by such factors as Cuban Government regulations with respect to currency conversion, production, project approval and execution, price controls, import and export controls, income taxes or reinvestment credits, expropriation of property, environmental legislation, land use, water use and mine and plant safety. Cuba may also be adversely impacted by risks associated with the imposition by other countries globally of additional economic restrictions or sanctions, or the indirect impact on Cuba of sanctions imposed on other countries (such as Russia and Belarus, for example) that could have a material adverse effect on Cuba or on Sherritt's ability to operate in Cuba.

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

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

The 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 2024, the Moa Joint Venture distributed \$29.8 million of cash and in-kind cobalt to the Corporation pursuant to the Cobalt Swap, which was significantly lower than in 2023 primarily due to lower nickel and cobalt 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 directly or indirectly involving Cuba, Cuban entities, Cuban-origin goods, and Cuban nationals, and it bars all persons subject to the jurisdiction of the United States from participating in such transactions or dealings unless such persons have general or specific licenses from the U.S. Department of the Treasury ("U.S. Treasury") authorizing their participation in such activities. Persons "subject to the jurisdiction of the United States" include U.S. citizens and U.S. lawful permanent residents, regardless of where they reside or by whom they are employed; legal entities organized under U.S. laws; and entities wherever located that are owned or

controlled by any of the foregoing; as well as individuals and entities located in the United States. The embargo also targets dealings directly or indirectly involving entities deemed to be owned or controlled by Cuba, including entities owned or controlled by the Cuban government, by entities organized under the laws of Cuba, or by Cuban nationals. Additionally, the embargo applies to persons and entities designated by the U.S. Treasury as specially designated nationals (“SDNs”) pursuant to the U.S. embargo against Cuba. The three entities constituting the Moa Joint Venture in which Sherritt holds an indirect 50% interest have been designated SDNs by the U.S. Treasury. Sherritt, however, is not an SDN. The U.S. embargo generally prohibits persons subject to the jurisdiction of the United States from engaging in transactions or dealings involving the Cuban-related businesses of the Corporation, and may in certain circumstances restrict the ability of persons subject to the jurisdiction of the U.S. from engaging in transactions with Sherritt more generally. Furthermore, goods, technology and software (“items”) that are subject to U.S. jurisdictions, including U.S. origin items, non-U.S. items that include more than 10% U.S.-origin content by value, and certain non-U.S. direct products of specified U.S. technology or software, cannot under U.S. law be transferred to Cuba or used in the Corporation’s operations in Cuba. Additionally, the embargo also generally prohibits imports into the United States of Cuban-origin goods, of goods located in or transported from or through Cuba, or of foreign goods made or derived, in whole or in part, of Cuban-origin goods, including Cuban nickel and cobalt. In 1992, Canada issued an order pursuant to *the Foreign Extraterritorial Measures Act* (Canada) to block the application of the U.S. embargo under Canadian law to Canadian subsidiaries of U.S. enterprises. However, the general embargo limits Sherritt’s access to U.S. capital, financing sources, customers, and suppliers. Persons subject to the jurisdiction of the United States are advised to consult their independent advisors before acquiring common shares of Sherritt.

### **The Helms Burton Act**

Separately from the general provisions of the embargo summarized above, the Helms-Burton Act creates civil liability and authorizes sanctions on U.S. or non-U.S. individuals or entities that “traffic” in Cuban property that was confiscated by the 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. 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 that suspension before it took effect, allowing Title III to remain in force. The Corporation has received letters in the past from U.S. nationals claiming ownership of certain Cuban properties or rights in which the Corporation has an indirect interest, including in relation to claims certified by the U.S. Foreign Claims Settlement Commission. However, Sherritt has not been subjected to any lawsuits in this regard. In the event that any such lawsuits were to be filed, Sherritt does not believe that its operations would be materially affected because Sherritt’s current minimal contacts with the United States would likely deprive any U.S. court of personal jurisdiction over Sherritt. Furthermore, even if personal jurisdiction were exercised, any successful U.S. claimant would currently have to seek enforcement of the U.S. court judgment outside the U.S. in order to reach material Sherritt assets. Management believes it unlikely that a court in Canada or in any country in which Sherritt has material assets would enforce a Helms-Burton Act judgment against it.

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

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

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

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

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

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

## **POLITICAL, ECONOMIC AND OTHER RISKS OF FOREIGN OPERATIONS**

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

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

## **RESTRICTIONS IN DEBT INSTRUMENTS, DEBT COVENANTS AND MANDATORY REPAYMENTS**

Sherritt is a party to certain agreements in connection with the syndicated facility, as well as the trust indenture governing the outstanding Second Lien Notes and the PIK Notes (collectively, the indentures). These agreements and loans contain covenants which restrict Sherritt's activities including without limitation, permitted investments, the incurrence of indebtedness, liens, asset sales, payment of distributions and other restricted payments which could have the effect of restricting Sherritt's ability to react to changes in Sherritt's business or to local and global economic conditions. In addition, Sherritt's ability to comply with these covenants and other terms of its indebtedness may be affected by changes in the Corporation's business,

local or global economic conditions or other events beyond the Corporation's control. Failure by Sherritt to comply with any of the covenants contained in the indentures, the syndicated facility or any future debt instruments or credit agreements, could materially adversely affect the Corporation's business, results of operations, and financial performance.

## **ENVIRONMENT, HEALTH AND SAFETY**

### **Environmental risks and liabilities**

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

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

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

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

In 2002 Dynatec acquired Highwood Resources and in 2007 Sherritt 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.

### **Legislative risks**

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

EH&S laws require the Corporation to obtain certain operating licenses and impose certain standards and controls on the Corporation's activities. Compliance with EH&S laws and operating licenses can require significant expenditures, including expenditures for pollution control equipment, cleanup costs and damages arising out of contaminated properties or as a result

of other adverse environmental occurrences. There can be no assurance that the costs to ensure future or current compliance with EH&S laws would not materially affect the Corporation's business, results of operations or financial performance.

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

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

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

### **Risk of injury and environmental damage**

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

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

### **CLIMATE CHANGE/GREENHOUSE GAS EMISSIONS**

The Corporation's operations are subject to various laws regarding greenhouse gas emissions and climate change in the jurisdictions in which it operates. In Alberta, where the Moa Joint Venture's refinery is located, the TIER regulations, which replaced Alberta's Carbon Competitiveness Incentive Regulation on January 1, 2020, apply to facilities that emit 100,000 tonnes CO<sub>2</sub>e or more per year. The levy increased to \$95/tCO<sub>2</sub>e in 2025. These and similar requirements could significantly increase the cost of the operations either through required investment in pollution-reduction equipment or carbon price payments. Alberta has also adopted a carbon levy which applies to the sale, importing, flaring etc. of fuels and committed to phasing out coal-fired electricity by 2030, which could increase the Corporation's operating costs directly, through the purchase of electricity and indirectly should similar changes impact the Corporation's suppliers and customers in Alberta and elsewhere. In addition, uncertainty around when and how regulations may change or be adopted is not an ideal operating environment.

Over the last few years the frequency and impact of extreme weather events, such as hurricanes and severe storms in Cuba pose increasing operating risks to the Corporation's facilities. The risk of damage is dependent upon such factors as intensity, footprint, wind direction and the amount of precipitation associated with the storm and tidal surges. While the Corporation

maintains comprehensive disaster plans and its facilities have been constructed to the extent reasonably possible to minimize damage, there can be no guarantee against severe property damage and disruptions to operations.

In line with emerging disclosure regulations, the Corporation is in the process of identifying climate change risks and opportunities as well as developing resilience and adaptation plans. For more information, please refer to the latest Climate Report. Liabilities and risks resulting from physical and transitional climate change risks or opportunities could change and adversely and materially affect the Corporation's financial performance.

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

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

## **COMMUNITY RELATIONS AND SOCIAL LICENSE TO GROW AND OPERATE**

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

## **RISKS IN RELATION TO INFORMATION TECHNOLOGIES SYSTEMS AND CYBERSECURITY**

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

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

## OPERATING RISKS

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

Please see “Risks related to Sherritt's operations in Cuba” and “Climate change/greenhouse gas emissions” 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 LOM optimization planning, Moa Nickel has set out a proposed sequence for the development, operation, and closure of its TMFs, including with respect to the Acid Leach Tailings Facility, the North Extension, phased construction of Area 22 and the new tailings management project outlined in the Corporation's NI 43-101 Technical Report dated March 31, 2023. There can be no assurance that the construction of tailings facilities can be completed within original budget or on a timely basis. Delays to construction can occur as a result of many factors, many of which are outside management's control. Any material delay could require the consideration of alternative or interim solutions and could increase cost, or in the worst case, result in a disruption to operations, all of which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

## EQUIPMENT FAILURE AND OTHER UNEXPECTED FAILURES

Interruptions in Sherritt's production capabilities would be expected to increase its production costs and reduce its profitability. The Corporation may experience material shutdowns or periods of reduced production because of equipment failures and this risk may be increased by the age of certain of the Corporation's facilities or facilities of third parties in which the Corporation's products are processed. In addition to equipment failures, the Corporation's facilities are also subject to the risk of loss due to



unanticipated events such as fires, explosions or adverse weather conditions. The foregoing risks may be heightened in circumstances in which capital expenditure is constrained. Shutdowns or reductions in operations could have a material adverse effect on the Corporation's business, results of operations and financial performance. Remediation of an interruption in production capability could require the Corporation to make large expenditures. Further, longer-term business disruptions could result in a loss of customers. All of these factors could have a material adverse effect on the Corporation's business, results of operations and financial performance.

## **SOURCING AND SUPPLY**

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

The global demand for some of the equipment and related goods used in Sherritt's operations vary and may exceed supply. Global conflicts and hostilities, such as Russia's invasion of Ukraine in February 2022 and Hamas' attack on Israel on October 7, 2023 and resulting sanctions, restrictions and impacts, tariffs, together with the global pandemic, have had a material adverse impact on the global supply chain. Furthermore, due to increased U.S. sanctions on Cuba the Corporation's ability to obtain certain equipment and supplies, including fuel, in that country may be limited. If equipment or other supplies cannot be procured on a timely or competitive basis, Sherritt's growth activities, production, development or operations could be negatively affected.

In particular, the Corporation's metals process plants rely on access to rail, port and marine shipping for certain raw material inputs and for the export of products and fertilizers. These services are owned and operated by third parties, and in the case of rail and port access and in certain other circumstance, 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 will typically decline over the life of the mine. As a result, Sherritt's ability to maintain or increase its current production of nickel and cobalt and generate revenues therefrom will depend significantly upon the Corporation's ability to discover or acquire and to successfully bring new mines into production and to expand mineral reserves at existing or new operations. Exploration and development of mineral properties involve 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.

## **RELIANCE ON PARTNERS**

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

## **MINING, PROCESSING AND REFINING RISKS**

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

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

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

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

## UNCERTAINTY OF GAS SUPPLY TO ENERGAS

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

## RELIANCE ON KEY PERSONNEL AND SKILLED WORKERS

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

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

## UNCERTAINTY OF RESOURCES AND RESERVE ESTIMATES

Sherritt possesses rights to mine mineral reserves of nickel and cobalt. See "Mineral Reserve and Mineral Reserve Estimates" for December 31, 2024 mineral resources and reserves data derived from the 2023 Moa JV Technical Report dated March 31, 2023, updated using the 2024 year end topography. Risks, uncertainties and other factors regarding updated mineral resources and reserves include, but are not limited to: the ability to obtain required Cuban approvals for the ECOG methodology, the degree of confidence that can be attained in relation to the resource models for certain areas, the frequency of waste dump and stockpile surveying and lower resource categorization with respect to saprolites. In addition, those associated with reserves include but are not limited to: the ability to assure sufficient and continuous tailings capacity and the ability to successfully implement on site the revised mine plan and blending strategy associated with the increased reserves.

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

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

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

## **RISKS RELATED TO SHERRITT'S CORPORATE STRUCTURE**

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

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

## **FOREIGN EXCHANGE AND PRICING RISKS**

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

## **CREDIT RISK**

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

## **COMPETITION IN PRODUCT MARKETS**

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

## **FUTURE MARKET ACCESS**

Sherritt's access to markets in which it operates may be subject to ongoing interruptions and trade barriers due to policies and tariffs of individual countries and the actions of interest groups to restrict the import of certain commodities.

## **INTEREST RATE CHANGES**

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

## **INSURABLE RISK**

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

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

## **LABOUR RELATIONS**

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

## **LEGAL RIGHTS**

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

## **LEGAL CONTINGENCIES**

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

## **ACCOUNTING**

The Corporation's audited consolidated financial statements for the year ended December 31, 2024, filed on SEDAR+, were prepared using accounting policies and methods in accordance with IFRS<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board. Significant accounting policies under IFRS Accounting Standards are described in more detail in the notes to the audited consolidated financial statements.

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

## **GOVERNMENT PERMITS**

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

## **GOVERNMENT REGULATION**

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

## **ANTI-CORRUPTION AND BRIBERY**

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

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

## **CONTROLS RELATING TO CORPORATE STRUCTURE RISK**

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

### **Corporation's control and oversight of subsidiaries and joint ventures**

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

## **Appointment of local management**

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

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

## **Strategic direction**

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

## **Internal controls over financial reporting**

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

- Foreign operations, specifically in Cuba, are under the senior leadership of persons or expatriates familiar with Canadian business, accounting and internal control standards and practices;
- The Corporation has established and oversees entity-wide policies and procedures which are generally applicable to all domestic and foreign operations;
- Each of the Corporation's foreign operations has its own audit committee or a committee that acts in a similar capacity which includes representation from the Corporation's management or from Canadian-based senior management;
- Foreign operations undertake periodic reviews of operations in accordance with the Corporation's compliance program. This program is directly overseen by corporate management who report to the Corporation's Audit Committee;
- Each of the Corporation's foreign operations has an established National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") internal control over financial reporting evaluation program (overseen by corporate management in Canada) designed to address risks and identify controls specific to the local business, cultural and accounting environment;
- As part of its quarterly reporting process, the Corporation's foreign operations' management are required to provide corporate management with certifications based on Form 52-109F2, quarterly, and Form 52-109F1, annually. These certifications confirm that internal controls over financial reporting for the foreign operations are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements of the foreign operations in accordance with the Corporation's generally accepted accounting principles. In addition, the foreign operations' management are required to report to corporate management any material weaknesses in internal control over financial reporting design and/or operating effectiveness;
- Internal control over financial reporting design and operating effectiveness at the foreign operations is evaluated annually by applying the Committee of Sponsoring Commissions of the Treadway Commission ("COSO2013") framework consistent with the Corporation's domestic operations;
- The Corporation's management reviews the foreign operations' reporting documents, certifications, disclosure controls and procedures checklists and internal control over financial reporting design/results of effectiveness testing memos and provides reports, as necessary, to the Board;
- Reporting documents containing material information of the foreign operations are reviewed quarterly by the Corporation's senior management and the Audit Committee;
- Management undertakes independent, periodic reviews of the foreign operations' NI 52-109 compliance and reports to the Audit Committee;
- Periodic internal control reviews of the foreign operations are initiated by the Board using the Corporation's independent internal audit department (separate from the Corporation's NI 52-109 internal control over financial reporting compliance program) in accordance with identified priorities as per the annual internal audit plan; and
- The Corporation has established, among other policies governing operating activities, a code of conduct, reportable concerns and foreign anti-corruption policies which are applicable to the foreign operations.

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

### **Fund transfers to the Corporation**

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

- the Corporation’s treasury department reviews and oversees the cash management policies specific to the foreign operations; and
- quarterly, operating effectiveness of cash management controls for the Corporation and its foreign operations are evaluated and, as necessary, results are reported to the Board.

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

### **Removal of directors of subsidiaries**

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

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

### **Records management of the Corporation and its subsidiaries**

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

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

### **Difficulty in enforcement of judgements**

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



## DIVIDENDS

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

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

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

## CAPITAL STRUCTURE

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

The Corporation also has two series of notes outstanding:

- the 8.50% Second Lien Notes (\$221.3 million as of December 31, 2024 in aggregate principal outstanding) issued August 31, 2020 pursuant to a trust indenture dated August 31, 2020 between the Corporation and TSX Trust Company of Canada, as trustee and collateral agent.
- the 10.75% unsecured PIK Notes (\$66.7 million as of December 31, 2024 in aggregate principal outstanding) issued August 31, 2020 pursuant to a trust indenture dated August 31, 2020 between the Corporation and TSX Trust Company of Canada, as trustee and collateral agent.

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

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

The unsecured PIK Notes are direct, unsecured obligations of the Corporation which rank equally and rateably with each other and all other unsecured and unsubordinated indebtedness of the Corporation, except to the extent prescribed by law. The indenture with respect to the unsecured PIK Notes contain optional redemption provisions, as well as certain restrictive covenants, including a restriction on the Company’s ability to make certain restricted payments in any 12-month period following the Corporation exercising the option to satisfy interest on the PIK Notes through payment-in-kind and provides for customary events of default, which include non-payment of principal or interest, failure to comply with covenants, the bankruptcy or insolvency of the Corporation or a material subsidiary, unsatisfied final judgment against the Corporation or a

material subsidiary in excess of \$100.0 million, and failure by the Corporation or a material subsidiary to pay or otherwise comply with the terms of other indebtedness which singly or in the aggregate is in excess of \$50.0 million, which default results in an acceleration of such indebtedness. Interest on the PIK Notes is payable semi-annually in cash or in-kind, at Sherritt's election.

## Ratings

DBRS Limited ("DBRS") had previously, as of January 31, 2023, confirmed Sherritt's Issuer Rating as B and the Second Lien Notes rating as B (low) with the related Recovery Rating of RR5, both with stable trends. On November 20, 2023, DBRS discontinued and withdrew its credit ratings on Sherritt, and all instruments issued by Sherritt, for business purposes. "Business purposes" refers to DBRS's operational business purposes, not the business purposes of Sherritt.

In taking this action, DBRS stated that the discontinuation-withdrawal of its credit ratings on Sherritt is not related to credit reasons, nor does it reflect a change in DBRS's current opinion about Sherritt's creditworthiness or the quality of its management and that the decision was entirely due to DBRS's internal considerations.

## MARKET FOR SECURITIES

Sherritt's shares are listed and posted for trading on the TSX under the symbol "S".

The following table sets out the 2024 monthly price ranges and volume data for the Sherritt shares.

2024	Shares		
	High(\$)	Low(\$)	Volume <sup>(1)</sup>
January	0.36	0.29	7,571,163
February	0.31	0.26	8,781,127
March	0.32	0.27	6,151,037
April	0.36	0.28	11,594,227
May	0.34	0.30	5,493,295
June	0.33	0.26	5,829,594
July	0.28	0.21	7,754,367
August	0.24	0.20	6,730,300
September	0.21	0.19	4,882,678
October	0.21	0.19	7,174,138
November	0.20	0.17	8,610,368
December	0.19	0.15	56,195,719

### Notes:

(1) Sourced from QuoteMedia: QuoteMedia's Canadian Consolidated Quotes provides consolidated price, quotes, and volume for TSX, TSXV, CSE, and CBOE Canada listed securities and aggregates data from all contributing marketplaces to capture all of the available trade activity including: TSX, TSXV, NEO-L, NEO-N, NEO-D, CSE2, Alpha, Omega, Nasdaq CXC, Nasdaq CX2, Nasdaq CXD, MatchNow, Liquidnet, Instinet and Lynx.

## DIRECTORS AND OFFICERS

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

Name and place of residence	Principal occupation	Director since
1. Leon Binedell (Ontario, Canada)	President and Chief Executive Officer of the Corporation	June 2021
2. Louise Blais <sup>(3)</sup> <sup>(4)</sup> Chair <sup>(5)</sup> (Québec, Canada)	Corporate Director	March 2024
3. Shelley Brown <sup>(1)</sup> <sup>(2)</sup> Chair <sup>(3)</sup> (Saskatchewan, Canada)	Corporate Director	August 2024
5. Steven H. Goldman <sup>(2)</sup> <sup>(3)</sup> <sup>(4)</sup> (Ontario, Canada)	Corporate Director	March 2024
4. Dr. Peter Hancock <sup>(1)</sup> Chair <sup>(3)</sup> <sup>(4)</sup> Chair <sup>(5)</sup> (Nova Scotia, Canada)	Corporate Director	November 2021
6. Sir Richard Laphorne <sup>(2)</sup> <sup>(3)</sup> Chair (London, England)	Chair, Corporate Director	September 2011
7. Chih-Ting Lo <sup>(1)</sup> <sup>(3)</sup> <sup>(4)</sup> (British Columbia, Canada)	Corporate Director	March 2022

Notes:

- (1) Member of the Reserves, Operations & Capital Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Nominating and Corporate Governance Committee.
- (4) Member of the Human Resources Committee.
- (5) Dr. Peter Hancock stepped down as Chair of the Human Resources Committee, succeeded by Louise Blais in October 2024.

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

The following sets out the principal occupations of the directors for the past five years and provides additional information about the directors:

**Leon Binedell** has served as President and Chief Executive Officer since June 2021. Prior to Sherritt, Mr. Binedell served as Chief Financial Officer of Guyana Goldfields Inc. from August 2019 to August 2020 on the successful sale of the company. Mr. Binedell has over 25 years of industry experience in leading international operations, companies and joint ventures. During his career he lived in five countries with experience across the mining sector in bulk mining, base metals and precious metals, including complex operating environments and joint ventures.

His career included an operating executive role in private equity overseeing a large portfolio of mining and mining innovation companies across the globe spanning the commodities spectrum, as well as consulting and advisory roles where he led PricewaterhouseCoopers LLP's Mining & Energy Financial consulting group.

**Louise Blais** has served as a director of Sherritt since March 2024. Ms. Blais was Canada's Ambassador and Deputy Permanent Representative to the United Nations in New York from 2017 to 2021. During this time, she served as Vice President to UNICEF's Executive Board. As a senior diplomat, she has worked closely with Canadian companies in foreign markets, specializing in trade policy, investment attraction and export promotion. Currently, she is an Associate at the Atlanta-based Pendleton Group and Senior Advisor to the Business Council of Canada. Having begun her career at Interpol, Ms. Blais joined the Department of Foreign Affairs in 1996. As a senior diplomat, she served abroad in Washington, Tokyo and as Minister-Counsellor in Paris. She was Consul General in Atlanta, representing Canada in six U.S. states (North Carolina, South Carolina, Tennessee, Georgia, Alabama and Mississippi), before being named Ambassador to the UN in 2017.

In 2023, she was appointed to the national Board of Invest in Canada. She is on the Advisory councils of ADC Technologies and Applied General Intelligence and she chairs the Board of OBVIA, an AI academic consortium based out of Laval University. She also serves as Strategic Advisor to the QG100, a network of top Québec companies with international operations. She regularly leads business delegations to international summits such as the Trilateral Free Trade Commission (Canada, USA and Mexico) and the Canada-Mexico High Level Economic Dialogue. Ms. Blais holds a Bachelor of Arts from

McGill University, is a John Robson Lecturer at Emory University, an Expert-in-Residence at Laval University and a Non-resident lecturer at the Sam Nunn School of International Affairs at Georgia Tech.

**Shelley Brown** has served as a director of Sherritt since August 2024. As a Senior Audit Partner with Deloitte LLP, she worked with a number of the firm's major audit clients including multi-national mining and oil and gas companies listed in both Canada and the U.S. During her time in public practice, she served as the Director for Audit Services in Saskatchewan and also as Regional Managing Partner in Saskatchewan. Ms. Brown has over 30 years of board experience including serving on the boards of Stantec Incorporated and Inter Pipeline Limited. She previously served as the Chair of the Canadian Institute of Chartered Accountants. In 2013, she was appointed as the first Chair of CPA Canada. Ms. Brown is the recipient of numerous awards recognizing her accomplished career including receiving Lifetime Achievement Awards from the CPA Institutes of British Columbia and Saskatchewan and in 2018, she was named as a member of the Order of Canada for her contributions to her profession and her community. Ms. Brown holds a Bachelor of Commerce from the University of Saskatchewan, is a Fellow of Chartered Professional Accountants of British Columbia, Alberta, Saskatchewan and Ontario and holds the Canadian Institute of Corporate Directors designation (ICD.D).

**Steven H. Goldman** has served as a director of Sherritt since March 2024. Mr. Goldman is a founding member of the Toronto law firm of Goldman Hine LLP from which he retired in 2021. He remains counsel to the firm on a limited basis. During his legal career he acted for companies in various sectors to resolve complex legal disputes as well as provide strategic business advice. Mr. Goldman was listed in Best Lawyers in Canada for approximately 15 years as well listed as in Lexpert as a leading franchise litigation lawyer. From late 2017 until 2019, Mr. Goldman was President & CEO of privately owned Speedy Auto Service and Minute Muffler (with approximately 160 franchised locations across Canada). In 2018, he became President, CEO and a director of Comstock Metals Ltd., positions that he still holds. Mr. Goldman was an advisor to Alberta based E3 Metals Corp. (now known as E3 Lithium Ltd.) from 2018 until 2022. Mr. Goldman holds a Bachelor of Arts from Carleton University (President's Medal) and a Juris Doctorate from Queens University.

**Peter Hancock** has served as a director of Sherritt since November 2021. Dr. Hancock is a mining industry executive with more than 30 years of experience with Glencore plc overseeing nickel mining operations, developing and commercializing process technologies, and ramping up nickel projects. As vice president of Glencore's Nickel assets in Western Australia, Dr. Hancock oversaw the Murrin Nickel-Cobalt mining operations. In his time as president of Koniambo Nickel SAS in New Caledonia from 2011 to 2016, Dr. Hancock led the completion, commissioning, and ramp-up of a US\$7 billion greenfield Nickel Mine project. He previously led the Brunswick Smelter and also led Technology and Business Development for Noranda Zinc. Earlier in his career, he contributed to significant advancements in his field as a program leader and research engineer at the Noranda Technology Center. More recently, he was appointed as a director of Sibanye Stillwater Ltd. in 2024, serves as an advisor to IXM S.A., and has also served as strategic advisor to Nemaska Lithium Inc. Dr. Hancock holds a Ph.D in Metallurgical Engineering from McGill University and both a Master of Applied Science and a Bachelor of Engineering from Technical University of Nova Scotia.

**Sir Richard Laphorne** has served as Chair of Sherritt's Board of Directors since June 2019 and as a director since September 2011. He has served as a Finance Director or as Chairman of various FTSE 100 and non-quoted companies in the United Kingdom since 1986. He was Finance Director of Courtaulds plc from 1986 until 1992 as well as Finance Director of British Aerospace plc from 1992 and Vice Chairman from 1998 until his retirement in 1999. From 1996 to 2003 he was Chairman of Amersham plc (now GE Healthcare Technologies Inc.) having joined its board as a non-executive director in 1989. After he floated Orange plc for British Aerospace plc in 1996 he was appointed a non-executive director until it was sold to Mannesmann AG in 1999. He then became a non-executive director again after it was acquired by France Telecom from 2001 until 2003. He was also the Chairman of Cable & Wireless Communications plc and Cable & Wireless plc from 2003 until 2016. He served as Chairman of CPP Group plc until 2021 and has received approval by the United Kingdom's regulatory Financial Conduct Authority under their designation of Chief Executive Function (CF3). His non-quoted appointments have included Chairman of PWC's Public Interest Body, the McLaren Group and New Look plc, and positions with Fleming Holdings Ltd. and JP Morgan. He is also a fellow of each of the Chartered Institute of Management Accountants, Chartered Institute of Certified Accountants and the Institute of Corporate Treasurers in the United Kingdom and holds a Bachelor of Commerce degree from The University of Liverpool.

**Chih-Ting Lo** has served as a director of Sherritt since March 2022. She is the founder and President of EELO Solutions, a management consulting firm specializing in the development of strategic plans and technical solutions focused on reducing net greenhouse gas emissions for the industrial sector. Over the past 20 years, she has advised mining companies, public utilities, and governments globally to innovate and to improve their carbon footprint and sustainability practices. She is currently Board Vice Chair at the Metro Vancouver Zero Emissions Innovation Centre, a federally seeded impact investment fund to catalyze, accelerate and scale climate action innovation. She also serves on the board of directors and board of advisors of several climate tech companies in minerals and mining space. Ms. Lo holds a Professional Engineer designation from Engineers and Geoscientists BC, a Masters of Science, Chemical Engineering degree from Queen’s University, and a Bachelor of Applied Science, Chemical Engineering from the University of British Columbia. Ms. Lo also holds the Canadian Institute of Corporate Directors designation (ICD.D).

The following table sets forth as at March 24, 2025 the names, province of residence and office of the executive officers of the Corporation.

<b>Name and province of residence</b>	<b>Office with the Corporation</b>
1. Leon Binedell (Ontario, Canada)	President and Chief Executive Officer
2. Yasmin Gabriel (Ontario, Canada)	Chief Financial Officer
3. Greg Honig (Ontario, Canada)	Chief Commercial Officer
4. Chad Ross (Ontario, Canada)	Chief Human Resources Officer
5. Elvin Saruk <sup>(1)</sup> (Alberta, Canada)	Chief Operating Officer
6. E.A (Ward) Sellers (Ontario, Canada)	Senior Vice President, General Counsel and Corporate Secretary

Notes:

(1) On January 15, 2024, Dan Rusnell, Senior Vice President Metals departed from Sherritt and as part of consolidated executive oversight over operations into a single role, Elvin Saruk was appointed as Chief Operating Officer.

The following sets out as at March 24, 2025, the principal occupations of the executive officers (other than Mr. Binedell, in respect of whom information is provided above) for the past five years:

**Yasmin Gabriel** has served as Chief Financial Officer since August 2021. Ms. Gabriel is an accomplished finance leader with 15 years of experience at Sherritt in Financial Planning & Analysis, Financial Reporting, Financial Systems, Enterprise Risk Management and Capital Allocation with a proven track record of innovation, continuous improvement and leading high-performance teams. Ms. Gabriel began her career at Ernst & Young specializing in public company reporting.

**Greg Honig** has served as Chief Commercial Officer since August 2021. Mr. Honig is a seasoned mining executive with diverse international experience spanning private equity, corporate development, and investment banking. Mr. Honig has extensive experience in the development and execution of business strategies and in the sourcing, evaluation, and execution of investment opportunities. Most recently, Mr. Honig was with Resource Capital Funds as Principal, Director of Canada and as an Investment Committee Member for their Opportunities Fund. Mr. Honig’s experience also includes business development and strategy, marketing and research at Xstrata Nickel (now Glencore plc). Mr. Honig holds an Bachelor of Commerce (Honours) from Queen’s University and also holds the Canadian Institute of Corporate Directors designation (ICD.D).

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

**Elvin Saruk** has served as Chief Operating Officer since January 15, 2024. Mr. Saruk has more than 30 years of experience with Sherritt including at the senior executive level managing large-scale operations, overseeing complex HPAL mining and processing projects and strengthening partner relations while overseeing operations in Cuba. Prior to this appointment, Mr. Saruk was Senior Vice President, Oil & Gas and Power and Head of Growth Projects, most recently responsible for leading the Moa JV's expansion program and growing production at Sherritt's Power division during 2023. Mr. Saruk holds a Chemical Engineering Degree from the University of Alberta.

**E.A. (Ward) Sellers** has served as Senior Vice President, General Counsel and Corporate Secretary since October 2013. Prior to joining Sherritt, Mr. Sellers was a partner in a large Canadian law firm with offices in Toronto, Montreal and New York. During his tenure he acted as co-chair of the firm's M&A specialty group as well as Managing Partner and Head of Corporate Department for its Montreal office. Mr. Sellers holds a Bachelor of Commerce (Honours, Economics/Finance) from McGill University, and an LLB from the University of Toronto.

The number and percentage of voting securities of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Corporation as a group, as at December 31, 2024, was as follows:

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

(1) Sherritt had 397,288,680 shares issued and outstanding as of March 24, 2025.

## TRANSFER AGENT AND REGISTRAR

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

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

## MATERIAL CONTRACTS

Set out below are descriptions of Sherritt's material contracts, as at December 31, 2024 as filed on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

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

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

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

## INTEREST OF EXPERTS

### Auditors

Deloitte LLP are the Corporation's auditors and have issued an opinion with respect to Sherritt's consolidated financial statements as at and for the year ended December 31, 2024.

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

### Qualified Persons

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

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

## ADDITIONAL INFORMATION

Additional information relating to Sherritt may be found on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

### ADDITIONAL DOCUMENTS

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation's information circular dated March 28, 2024, for the 2024 annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the 2025 financial year, filed on SEDAR+ and available at [www.sedarplus.com](http://www.sedarplus.com).

### AUDIT COMMITTEE

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

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

#### Composition of the Audit Committee

The members of the Audit Committee are: Shelley Brown (Chair), Steven H. Goldman and Sir Richard Laphorne. Each member is independent and financially literate as those terms are defined in National Instrument 52-110—*Audit Committees*.

#### Education and experience

Shelley Brown has served as chair of the Audit Committee since August 2024. As a Senior Audit Partner with Deloitte LLP, she worked with a number of the firm's major audit clients including multi-national mining and oil and gas companies listed in both Canada and the U.S. Ms. Brown is a Fellow of Chartered Professional Accountants of British Columbia, Alberta, Saskatchewan and Ontario. She holds a Bachelor of Commerce from the University of Saskatchewan and holds the Canadian Institute of Corporate Directors designation (ICD.D).

Steven H. Goldman has served as a member of the Audit Committee since March 2024, when he joined the Corporation's Board of Directors. He is a business and legal expert. Mr. Goldman holds a Bachelor of Arts from Carleton University (President's Medal) and a Juris Doctorate from Queens University.

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

#### Pre-approval policies and procedures

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



## Audit fees

The following table sets out total fees paid to the Corporation's external auditor, Deloitte relating to audit fees, audit-related fees, tax fees and other fees for 2024 and 2023:

	2024	2023
Audit fees <sup>(1)</sup>	\$2,167,000	\$2,665,000
Audit-related fees <sup>(2)</sup>	\$110,000	\$254,000
Tax-related fees <sup>(3)</sup>	\$114,000	\$139,000
<b>Total fees</b>	<b>\$2,391,000</b>	<b>\$3,058,000</b>

### Notes:

- (1) Audit fees consist of fees for the audit and review of the Corporation's annual and quarterly consolidated financial statements, respectively, or services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's consolidated financial statements and are not reported as audit fees. During 2024 and 2023, the services provided in this category included translation services, securities filings and accounting advisory.
- (3) Tax-related fees consist of fees for assistance and advice in relation to the preparation of corporate income tax returns and expatriate services, other tax compliance and advisory services.

## FORWARD-LOOKING STATEMENTS

This Annual Information Form contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as “believe”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “likely”, “may”, “will”, “could”, “should”, “suspect”, “outlook”, “potential”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture; growing and increasing nickel and cobalt production; the Moa Joint Venture expansion program update as it relates to the Processing Plant; certain expectations regarding production volumes and increases, inventory levels, operating costs, capital spending and intensity, including amount and timing of spending on tailings management, sales volumes; revenue, costs and earnings; the availability of additional gas supplies to be used for power generation; the amount and timing of dividend distributions from the Moa Joint Venture, including in the form of finished cobalt or cash under the Cobalt Swap; associated receipts related to cobalt received pursuant to the Cobalt Swap; the amount and timing of dividend distributions from Energas; growing shareholder value; expected annualized employee and other Corporate office-related cost savings; sufficiency of working capital management and capital project funding; strengthening the Corporation’s capital structure and amounts of certain other commitments.

Forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; production results; realized prices for production; earnings and revenues; global demand for EVs and the anticipated corresponding demand for cobalt and nickel; the commercialization of certain proprietary technologies and services; advancements in environmental and GHG reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to ESG matters which are based on assumptions or developing standards; environmental rehabilitation provisions; environmental risks and liabilities; compliance with applicable environmental laws and regulations; risks related to the U.S. government policy toward Cuba; and certain corporate objectives, goals and plans for 2025. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

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

Corporation's accounting policies; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2025; and the ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents.

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

Additional risks, uncertainties and other factors include, but are not limited to, the ability of the Corporation to achieve its financial goals; the ability of the Corporation to continue to realize its assets and discharge its liabilities and commitments; the Corporation's future liquidity position, and access to capital, to fund ongoing operations and obligations (including debt obligations); the ability of the Corporation to stabilize its business and financial condition; the ability of the Corporation to implement and successfully achieve its business priorities; and the ability of the Corporation to comply with its contractual obligations, including without limitation, its obligations under debt arrangements. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this Annual Information Form and in the Corporation's other documents filed with the Canadian securities authorities.

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

## NON-GAAP AND OTHER FINANCIAL MEASURES

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

Management uses these measures to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace 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.

These measures are incorporated by reference to Sherritt's Management Discussion and Analysis (MD&A) for the three months and year ended December 31, 2024, dated February 5, 2025, which are included in Sherritt's 2024 Financial Report available on the Sherritt's website at [www.sherritt.com](http://www.sherritt.com) and on [SEDAR+](https://www.sedarplus.com) under the Corporation's profile at [www.sedarplus.com](http://www.sedarplus.com).

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

- average-realized price: page 57
- unit operating cost/net direct cash cost (NDCC): page 59
- spending on capital: page 62.

### 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. Transactions by a Moa Joint Venture marketing company, included in other revenue, are excluded.

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

Average-realized price for 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.

### Unit operating cost/NDCC

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

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

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

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

**Spending on capital**

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

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

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

# SCHEDULE A

## GLOSSARY OF TERMS

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

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

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

**“bopd”** means barrels of oil per day.

**“Co”** means cobalt.

**“CO<sub>2</sub>”** means carbon dioxide.

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

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

**“Fe”** means iron.

**“field”** means a defined geographic area consisting of one or more oil pools.

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

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

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

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

**“GHG”** means greenhouse gas and, more specifically, can be any of the commonly used gasses that are known to have the potential to add to global warming. These are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>). Some of these have subcategories. Each GHG has a global warming potential in relation to CO<sub>2</sub>.

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

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

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

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

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

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

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

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

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

**“lb”** means a pound;

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

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

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

**“LOM”** means Life-of-Mine: the term "Life-of-Mine" refers to the entire duration over which a mine is expected to be operational, from the beginning of production to the end of mining activities. A **LOM plan** is a comprehensive strategic document developed by mining companies to outline the operational and economic aspects of a mining project throughout its entire lifespan. This plan typically covers various stages, including exploration, development, production, and closure. It includes detailed schedules for activities such as extraction, processing, waste management and environmental monitoring. Additionally, a LOM plan incorporates financial projections, resource and reserve estimates, and risk assessments to guide decision-making and ensure the long-term sustainability and profitability of the mining project.

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

**“Mcf”** means thousand cubic feet.

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

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

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

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

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

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

**“MMcf”** means million cubic feet.

**“MMcfpd”** means millions of cubic feet per day.

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

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

**“Ni”** means nickel.

**“overburden”** means materials that overlie a mineral deposit.

**“pool”** means a subsurface oil accumulation.

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

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

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

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

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

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

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

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

**“Tpd”** means tonnes per day.

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



## SCHEDULE B

### TECHNICAL INFORMATION

#### MOA JOINT VENTURE

##### Properties

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

##### Moa Project

###### Property description, location and access

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

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

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

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

##### History

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

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

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

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

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

### **Geological setting mineralization and deposit types**

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

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

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

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

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

### **Exploration and drilling**

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

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

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

## **Sampling, analysis and data verification**

### **Sample preparation**

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

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

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

### **Sample analyses**

Analysis of Ni, Co, Al<sub>2</sub>O<sub>3</sub>, Cr<sub>2</sub>O<sub>3</sub>, Fe<sub>2</sub>O<sub>3</sub>, MgO, MnO and SiO<sub>2</sub> are done by sodium carbonate fusion and inductively coupled plasma atomic emission spectroscopy (ICP-AES), an emission spectrophotometric technique that uses the fact that excited electrons emit energy at a given wavelength as they return to their ground state. For the past many years, the annual production reconciliations have confirmed that there is no systematic bias in resources and reserves calculated from the drill hole data.

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

### **Security of samples**

A sample of auger drilling usually consists of seven consecutive chips (auger screw lifts) representing 1m of drilling. The samples are collected directly from the auger after removing the contamination from the walls and placed in a plastic bag, logged, tagged and sealed. The sample bags are transported by truck from the field directly to the processing facility operated by Geominera in Moa. At no point are the bags re-opened until the laboratory begins its preparation work. If bags are broken, have become unsealed or appear to be contaminated with other material, which occurs very rarely, the laboratory does not process the sample and no analytical data is available for that sample interval.

### **Data verification**

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

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

To address continuous improvement in the QA/QC program and to meet best practice, the Corporation's personnel are working together with Moa Nickel, with the assistance of external consultants, towards the implementation of several additions to the QA/QC program.

In 2023, standard operating procedures (“SOPs”) for exploration and insertion and monitoring of QAQC samples have been created. Blanks and standards have been identified and are in the process of being sourced and introduced in the stream of samples and monitored on a regular basis, using a dedicated customized tool. This will reinforce the confidence in the exploration/exploitation database by assessing the repeatability of the sample preparation/assaying process, higher in the chain, by ensuring that no-cross contamination is taking place in the sample preparation process, and by checking for potential bias in the assay laboratory. This important process ensures that the operation adheres to the highest standards of mining practices.

The Moa geology team is currently investigating several options for the implementation of digital loggers. This will allow for immediate collection and transmission of drilling data and can help guiding exploration campaigns. This will increase accuracy and precision in recording drilling information by reducing the likelihood of errors. This will improve efficiency and cost-effectiveness of exploration drilling operations by streamlining data collection and analysis processes.

Furthermore, the ability to store photographs in the database through digital loggers will constitute a visual documentation with several advantages: allowing geologists and engineers to visually inspect remotely or in the office, enhancing the understanding of geological formations and helping to identify key features or anomalies, ensuring data integrity and traceability by providing a permanent record of samples, and reducing the risk of data loss or misinterpretation compared to traditional paper-based documentation. This facilitates access to historical data and supports ongoing research or resource estimation activities.

Other potential improvements for the QA/QC program will be reviewed in the coming year, such as the update and homogenization of the drillhole numbering scheme, improvements on marking/labelling of the drillholes after completion, quality control of the collar coordinates by Moa geologists, more attention on chain of custody of samples through the creation of customized forms for sample dispatch and sample preparation facility audits.

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

## **Mining and processing, refining, expansion, marketing and sales**

### **Mining operations**

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

Mining has been carried out within the area covered by the Moa Occidental concession for close to 60 years. Prior to the formation of the Moa Joint Venture, the property was operated by the Cuban state and, prior to the Cuban Revolution, private mining companies. In the past 20 years, improvements in mining operations and at the Processing Plant have allowed the annual production rate to rise. In 2024, a total of 4.04 million tonnes of ore and 1.31 million tonnes of waste material was mined.

As the mine expands into new concessions and is mining lower-grade ore, it is transitioning to new mining methods to adapt to variations in ore characteristics. This transition involves stockpiling by ore type and implementing blending strategies to optimize feed consistency and processing efficiency. These adjustments aim to enhance resource utilization, maintain production levels, and improve overall metallurgical performance.

### **Processing and recovery operations**

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

There are currently two ore preparation plants in operation: the new slurry preparation plant, which was commissioned in 2024, and the old slurry preparation plant, which continues to operate for the Western concessions. The destination of the ore to each preparation plant is optimized according to haulage distance to improve efficiency and reduce transportation costs.

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

The ALTF is currently in the closure stage. As mining progresses, additional tailings disposal capacity is required to accommodate the tailings generated from the life of mine ore. Additional tailings capacity has been designed and new areas are currently under construction. In line with its life of mine plan and in consideration of growing international focus on tailings risks, the Moa JV is advancing a tailings management project as outlined in its 2023 National Instrument 43-101 Technical Report. The new tailings facility will be engineered and built to international standards and will provide a tailings solution for the Moa mine over the entirety of its current mine life of approximately 25 years. The Corporation expects the new tailings facility to be commissioned in 2026. Spending on capital (1) in 2024 was \$13.1 million for initial engineering and infrastructure work and the expected remaining capital cost is estimated to be approximately \$40.0 million (50% basis) in each of 2025 and 2026. The tailings management project is a capital efficient and robust tailings solution driven to meet expected production needs, international standards, and Moa JV's strategic environmental priorities.

In 2024, production of nickel and cobalt contained in mixed sulphides at Moa Nickel was 31,694 tonnes (100% basis), compared to production of 30,168 tonnes (100% basis) in 2023.

### Refining

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

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

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

In 2024, total production of finished nickel and cobalt was 30,331 tonnes and 3,206 tonnes (100% basis), respectively, compared to 28,672 tonnes and 2,876 tonnes (100% basis), respectively, in 2023.

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

### Expansion

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

Construction on phase two, the 6<sup>th</sup> Leach train progressed with piping installation and internal brick lining of vessels along with some precommissioning activities. With lower nickel and cobalt prices, Sherritt continues to exercise capital preservation measures and has scheduled certain expenditures for Q1 2025 when construction is expected to be completed and following which, the ramp up is expected to commence.

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

The 2023 Moa JV Technical Report is based on the processing capacity at Moa Processing Plant as at August 2022 and does not include the incremental production and related economic benefits of the Moa JV Expansion. On the assumption that the Moa JV could simply accelerate the mining sequence in order to meet the expected increased production of the expansion program, the LOM would likely shorten by three to five years, resulting in a LOM of approximately 20 to 22 years. This increased production would still be expected to increase cashflows and the NPV of the Project.

#### **Infrastructure, permitting and compliance activities**

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

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

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

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

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

## SCHEDULE C

### MANDATE OF THE AUDIT COMMITTEE

#### Mandate

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

#### Duties and responsibilities

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

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

### **Relationship with external auditors**

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

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

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

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

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

### **Relationship with internal auditors**

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

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

### **Composition and Chair**

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

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

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



## **Meetings**

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

Notice of every meeting will be given to each member.

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

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

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

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

An in-camera session will be held at each regularly scheduled Committee meeting with the following groups:

- management;
- external auditors; and
- internal auditors.

## **Reporting**

The Committee will:

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

## **Resources and authority of the Committee**

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

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

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

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

## **Tenure**

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

## **Removal and vacancies**

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





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