sherritt

Q1

2025 FIRST QUARTER REPORT

Sherritt International Corporation

For the three months ended March 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2025

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Sherritt International Corporation's operations, financial performance and the present and future business environment. This MD&A, which has been prepared as of May 13, 2025, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three months ended March 31, 2025 and Sherritt's audited consolidated financial statements and the MD&A for the year ended December 31, 2024. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR+ at www.sedarplus.ca or on the Corporation's website at www.sherritt.com.

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

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

The business we manage

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

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

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

The Fort Site operations and the Corporate and Other reportable segment are both a part of Sherritt International Corporation, the parent company, and are not separate legal entities.

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

The Corporation's reportable segments are as follows:

Metals: Includes the Corporation's:

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

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

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

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

Operating and financial results presented in this MD&A for reportable segments can be reconciled to note 5 of the condensed consolidated financial statements for the three months ended March 31, 2025.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Management uses these measures to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace IFRS® Accounting Standards measures, and do not have a standard definition under IFRS Accounting Standards and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies. Further information on the composition and usefulness of each non-GAAP and other financial measure, including reconciliation to their most directly comparable IFRS Accounting Standards measures, is included in the Non-GAAP and other financial measures section starting on page 32.

Highlights

FIRST QUARTER 2025 SELECTED DEVELOPMENTS

- **Finished nickel and cobalt production** at the Moa Joint Venture ("Moa JV") in Q1 2025 was 2,947 tonnes and 323 tonnes, respectively (Sherritt's share[(1)]).
- **Finished nickel sales** were 3,439 tonnes.
- **Finished cobalt sales** were 456 tonnes and included all remaining cobalt received by Sherritt in Q4 2024 under the Cobalt Swap[(2)] agreement.
- **Net direct cash cost ("NDCC")**[(3)] was US$5.95/lb. NDCC[(3)] benefited from higher fertilizer and other by-product credits and lower combined mining, processing and refining and third-party feed costs per pound.
- **Electricity production** was 170 GWh, with the Varadero facility operating in frequency control as expected throughout the quarter and lower gas from a legacy Unión Cubapetróleo ("CUPET") gas well. Energas S.A. ("Energas") expects to be fully compensated for the Varadero facility operating in frequency control throughout most of 2025 and therefore Sherritt expects there will be no impact to Power's Adjusted EBITDA[(3)], earnings from operations or dividends from Energas to Sherritt in Canada.
- **Electricity unit operating cost**[(3)] was $37.50/MWh reflecting timing of planned maintenance which was completed during the quarter and the impact of lower electricity production and sales.
- **Net loss from continuing operations** was $40.6 million, or $(0.10) per share.
- **Adjusted net loss from continuing operations**[(3)] was $22.8 million or $(0.06) per share which primarily excludes a $15.7 million non-cash loss on rehabilitation provisions as a result of updates to costs and valuation assumptions for contractually obligated environmental rehabilitation costs on legacy Oil and Gas assets in Spain.
- **Adjusted EBITDA**[(3)] was $4.4 million.
- **Available liquidity in Canada** as at March 31, 2025 was $55.7 million.
- **Phase two of the Moa JV expansion** was substantially completed with all remaining growth capital spending committed and expected to be incurred concurrent with commissioning activities. Full ramp up remains expected for H2 2025.

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

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

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

DEVELOPMENTS SUBSEQUENT TO THE QUARTER

Transactions to strengthen capital structure

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

Subsequent to period end, in April 2025, the CBCA Plan received approval by noteholders and by the Ontario Superior Court of Justice and the Debt and Equity Transactions were completed.

As a result, all of the outstanding Second Lien Notes in the principal amount of $221.3 million and all of the outstanding PIK Notes in the principal amount of $70.3 million were exchanged and extinguished and the Corporation recognized Amended Senior Secured Notes with a fair value and principal amount of $266.1 million. In addition, accrued interest on the Second Lien Notes of $8.7 million was paid and no mandatory redemptions were required to be made as the Second Lien Notes were extinguished prior to April 30, 2025.

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

Following the recognition of the Amended Senior Secured Notes, $17.1 million of Amended Senior Secured Notes held by the Subsequent Exchange Noteholders were exchanged for 99 million common shares of the Corporation issued from treasury with a fair value of $13.9 million.

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

During the three months ended March 31, 2025, transaction costs of $4.9 million were incurred and additional transaction costs of $11.0 million were incurred subsequent to period end and will be recognized as part of the approximate $33.0 million gain on Debt and Equity Transactions, net of transaction costs.

On April 17, 2025, Sherritt received a copy of an Application for Review submitted by SC2 Inc. ("SC2") to the Ontario Capital Markets Tribunal. The application sought to overturn the Toronto Stock Exchange's decision to approve the listing of the common shares issuable by Sherritt pursuant to the Subsequent Exchange Transaction, along with other alternative relief. Sherritt considered SC2's position and the relief requested as being entirely without merit. On May 2, 2025, SC2 filed a notice of withdrawal and on May 5, 2025, the Ontario Securities Commission announced that the hearing scheduled for May 28 and 29, 2025 would not proceed. SC2 is affiliated with Seablinc Canada Inc., a significant supplier to Sherritt's Moa Joint Venture in Cuba.

Organizational restructuring and cost reduction initiatives

In April 2025, the Corporation's Senior Vice President, General Counsel and Corporate Secretary departed the organization to pursue other interests and the Corporation does not anticipate immediately filling the role. This reduces the executive management team from seven members at the start of 2024 to five members currently, aligning with ongoing efforts to optimize costs and improve efficiency. These efforts build on the organizational restructuring and cost reduction initiatives implemented in 2024, which are expected to generate annualized savings of approximately $17.0 million.

Board appointment

On April 29, 2025, Sherritt announced the appointment of Richard Moat to its Board of Directors. Mr. Moat joins the Board as part of the investor rights agreement with a shareholder holding more than 10% of the Corporation’s outstanding common shares. He will succeed Steven Goldman who is not seeking re-election at the Corporation’s upcoming 2025 shareholder meeting on June 10, 2025.

Nickel Mark certification

In May 2025, Sherritt received confirmation it became a Participant of the Copper Mark as it aims to obtain The Nickel Mark award for its refinery in Fort Saskatchewan. The Nickel Mark is part of the Copper Mark assurance framework that supports responsible production practices and demonstrates commitment to the green transition across the value chains of copper, nickel, molybdenum and zinc. For Sherritt, participation in this assurance process is an essential part of its strategic focus to build customer and key stakeholder value in the critical minerals industry.

Financial results

$ millions, except as otherwise noted, for the three months ended March 31		2025		2024	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**38.4**	$	28.8	33%
Combined revenue[1]		**125.7**		127.7	(2%)
Loss from operations and joint venture		**(31.8)**		(22.4)	(42%)
Net loss from continuing operations		**(40.6)**		(40.9)	1%
Earnings from discontinued operations, net of tax		**-**		0.4	(100%)
Net loss for the period		**(40.6)**		(40.5)	-
Adjusted net loss from continuing operations[1]		**(22.8)**		(24.6)	7%
Adjusted EBITDA[1]		**4.4**		(6.5)	168%
Net loss from continuing operations ($ per share) (basic and diluted)	**$**	**(0.10)**	$	(0.10)	-
Net loss ($ per share) (basic and diluted)		**(0.10)**		(0.10)	-
Adjusted loss from continuing operations[1] ($ per share)		**(0.06)**		(0.06)	-
CASH					
Cash and cash equivalents (prior period, December 31, 2024)	**$**	**135.6**	$	145.7	(7%)
Cash provided by continuing operations for operating activities		**1.0**		13.0	(92%)
Combined free cash flow[1]		**(6.6)**		15.8	(142%)
Distributions received from Moa Joint Venture					
Proceeds from Cobalt Swap - Sherritt share		**3.1**		0.5	510%
Proceeds from Cobalt Swap - GNC[2] redirected share		**3.1**		0.5	510%
OPERATIONAL DATA					
COMBINED SPENDING ON CAPITAL[1]	**$**	**15.5**	$	12.1	28%
PRODUCTION VOLUMES					
Mixed sulphides (50% basis, tonnes) ("MSP")[3]		**3,157**		4,052	(22%)
Finished nickel (50% basis, tonnes)		**2,947**		3,597	(18%)
Finished cobalt (50% basis, tonnes)		**323**		342	(6%)
Fertilizer (tonnes)		**55,820**		57,064	(2%)
Electricity (33⅓% basis, gigawatt hours)		**170**		210	(19%)
SALES VOLUMES					
Finished nickel (50% basis, tonnes)		**3,439**		4,023	(15%)
Finished cobalt (50% basis, tonnes)		**456**		362	26%
Fertilizer (tonnes)		**33,120**		23,909	39%
Electricity (33⅓% basis, gigawatt hours)		**170**		210	(19%)
AVERAGE EXCHANGE RATE (CAD/US$)		**1.435**		1.349	6%
AVERAGE-REALIZED PRICES (CAD)[1]					
Nickel ($ per pound)	**$**	**9.98**	$	9.90	1%
Cobalt ($ per pound)		**13.29**		14.51	(8%)
Fertilizer ($ per tonne)		**478.84**		412.05	16%
Electricity ($ per megawatt hour)		**54.54**		51.25	6%
UNIT OPERATING COSTS[1]					
Nickel (NDCC) (US$ per pound)	**$**	**5.95**	$	7.24	(18%)
Electricity ($ per megawatt hour)		**37.50**		17.12	119%

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

Consolidated revenue for the three months ended March 31, 2025, which excludes revenue from the Moa JV as it is accounted for under the equity method, was $38.4 million, compared to $28.8 million in Q1 2024. Revenue in the current year period was higher primarily due to higher fertilizer revenue of $11.9 million in Q1 2025 compared to $5.4 million in Q1 2024 due to higher sales volumes and average-realized prices[1]. Cobalt revenue related to the Cobalt Swap agreement[2] was $4.7 million in Q1 2025 compared to $0.9 million in Q1 2024.

Combined revenue[(1)] which includes the Corporation's consolidated revenue and the revenue of its 50% share of the Moa JV, was $125.7 million in Q1 2025, relatively unchanged from Q1 2024. The higher consolidated revenue as discussed above, was primarily offset by lower nickel revenue. Sherritt's share of nickel revenue was $75.7 million in Q1 2025 compared to $87.8 million in Q1 2024 primarily due to lower nickel sales volume as a result of lower nickel production. In Q1 2025, the average-realized price[(1)] for nickel was relatively unchanged while prices for cobalt and fertilizers were 8% lower and 16% higher, respectively, compared to Q1 2024. While cobalt revenue by Sherritt in consolidated revenue was higher, combined revenue includes $8.7 million of Sherritt's share of Moa JV cobalt revenue compared to $10.7 million in Q1 2024 partly offsetting the higher Cobalt Swap revenue.

The net loss from continuing operations was relatively unchanged from Q1 2024. Lower nickel revenue was partly offset by a higher contribution from fertilizer and other by-product sales. Mining, processing and refining ("MPR") costs per pound of nickel sold ("MPR/lb"), the largest cost component of NDCC[(1)], was relatively unchanged from Q1 2024. Input commodity costs were slightly higher than in Q1 2024. The average sulphur price in Q1 2025 was 16% higher while average diesel, natural gas and fuel oil prices were 16%, 6% and 4% lower, respectively. MPR/lb was positively impacted by lower opening inventory costs. The contribution from the Power division is lower due to lower sales volume and higher planned maintenance costs in the current year quarter.

The change in net loss also includes the non-cash impact of a $15.7 million loss on rehabilitation provisions as a result of updates to contractually obligated closure costs and valuation assumptions on legacy Oil and Gas assets in Spain, offset by a positive change in the net revaluation gains/losses on the GNC receivable/Energas payable pursuant to the Cobalt Swap.

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

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

CONSOLIDATED FINANCIAL POSITION

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

$ millions, except as noted, as at	2025 March 31	2024 December 31	Change
Working capital[1]	**$ 73.1**	$ 91.8	(20%)
Current ratio[2]	**1.29:1**	1.31:1	(2%)
Cash and cash equivalents	**$ 135.6**	$ 145.7	(7%)
Total assets	**1,313.5**	1,382.8	(5%)
Loans and borrowings	**376.6**	372.5	1%
Total liabilities	**759.0**	785.4	(3%)
Shareholders' equity	**554.5**	597.4	(7%)

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

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

Cash and cash equivalents were $135.6 million as at March 31, 2025 compared to $145.7 million as at December 31, 2024.

As at March 31, 2025, total available liquidity in Canada was $55.7 million, composed of cash and cash equivalents in Canada of $25.4 million and available credit facilities of $30.3 million compared to $62.4 million as at December 31, 2024. During the quarter, Sherritt received $6.1 million of proceeds from sales of cobalt under the Cobalt Swap agreement and $4.3 million of dividends from Energas. These receipts were offset by $5.9 million on contractually obligated environmental rehabilitation costs related to legacy Oil and Gas assets in Spain and $3.1 million of spending on property, plant and equipment. In addition, these amounts were offset by cash provided by operating activities, primarily reflecting timing of working capital payments, net of Debt and Equity Transaction costs in the quarter.

At current spot nickel prices, and based on 2025 guidance for production volumes, NDCC[1] and spending on capital[1] disclosed in the Outlook section of this MD&A, the Corporation continues to expect that cobalt dividends and cash distributions under the Cobalt Swap agreement will commence in the second half of the year and will not meet the annual minimum amount in 2025.

The Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements. Determinants of the Moa JV's liquidity include anticipated nickel and cobalt prices and sales volumes, planned spending on capital at the Moa JV including growth capital, capital committed toward the new tailings facility net of financing, working capital needs, expected financing and other expected liquidity requirements. Available cash is also impacted by changes in working capital primarily related to changes in inventory, and timing of receipts and payments, including receipts on nickel and cobalt sales subsequent to shipment.

Based on 2025 guidance estimates for production volumes, unit operating costs[1] and spending on capital[1] disclosed in the Outlook section of this MD&A, Sherritt continues to expect total dividends from Energas in Canada in 2025 to be between $25.0 million and $30.0 million.

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

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

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

Significant factors influencing operations

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

NICKEL

In Q1 2025, the price of nickel on the London Metal Exchange ("LME") closed at US$7.13/lb increasing from the Q4 2024 closing price of US$6.85/lb. The average nickel price of US$7.06/lb during the quarter was lower than in Q4 2024 which averaged US$7.27/lb.

The global nickel market is projected to record a 223 kt surplus in 2025, driven primarily by a 6% year-over-year increase in Indonesian supply, offsetting declines elsewhere(1). Indonesia has introduced benchmark pricing formulas for various nickel products from March 1, 2025, including NPI and MHP. This formula will lead to higher official prices, a move seen as a step toward narrowing the gap between LME and NPI prices aiming to increase royalties paid in Indonesia. Prices remain under pressure amid elevated inventories and macroeconomic headwinds, including trade tensions and project uncertainties.

Global stainless capacity is expected to grow 4.8% from 2024 levels to 65.7 Mt in 2025. China, the largest producer, is facing project delays and overcapacity concerns(1). European output may recover but is expected to remain below pre-COVID levels, while North America forecast import pressure and a shift to higher-value segments. Electric vehicle ("EV") sales are set to grow to 23 million units in 2025, largely driven by China, though growth lags earlier expectations. Nickel demand from batteries will rise to 570 kt in 2025, with longer-term growth supported by recovery in U.S. and European uptake(1).

Over the longer term, nickel demand is expected to outpace supply, driving the market into a structural deficit beyond 2030 showing price support by 2029. However, the timing of this shift will depend on several factors, including the scale and pace of Indonesian supply interventions, the trajectory of EV adoption, global economic growth and sustained commitment to climate policies. Additionally, evolving global trade dynamics such as the implementation of new trade agreements and the introduction of tariffs will play a critical role in shaping supply chains and influencing the balance of global nickel markets.

COBALT

In Q1 2025, Argus Chemical Grade cobalt price closed at US$17.50/lb, a 52% increase from the Q4 2024 closing price of US$11.50/lb. The average cobalt price increased to US$12.84/lb during the quarter from US$11.59/lb in Q4 2024.

The Democratic Republic of the Congo ("DRC")'s cobalt export ban in early 2025 caused short term supply concerns and a significant price increase. Headquartered in China, CMOC Group Limited delivered record cobalt output from its mines in DRC in 2024 and is expected to maintain strong production levels at these mines through 2025, with further growth delayed until 2027. Glencore plc continues to assess strategic options for its DRC assets, while projecting stable output until 2027. Growth will hinge on project expansions in Indonesia and evolving market conditions especially any decision by DRC to extend the ban or restrict export volumes which will impact approximately 75% of current mined supply.

In 2025, China's device trade-in program and demand from emerging markets are set to support growth in cathode output and device sales, driven by larger batteries needed for AI-enabled features. EV sales are expected to grow across China, Europe, and North America, though regional dynamics differ. The EV market in China continues to be dominated by lithium iron phosphate ("LFP") battery chemistries and policy uncertainty and affordability concerns in Europe and North America drive adoption rates and impacts EV cost considerations driving battery chemistry decisions(2). EV-related cobalt demand growth remains strong long-term but faces risks in the medium term from weakening climate policy support and regulatory shifts.

FERTILIZER

In Q1 2025, fertilizer prices rose quarter-over-quarter due to higher producer costs, increased input costs for natural gas and sulphur from cooler winter weather, strong industrial sulphur demand, and seasonal spring demand. However, ample natural gas supply, potential industrial slowdown from tariffs, and stagnant crop prices may pressure prices downward in the near term.

(1) Wood Mackenzie, Nickel Market Balance, March 2025
(2) CRU, Cobalt Market Outlook, February 2025

Review of operations

METALS

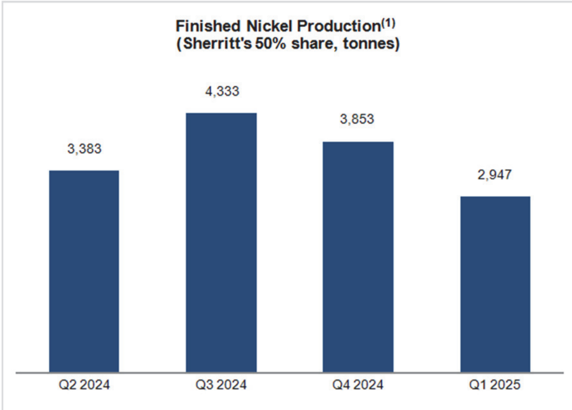
$ millions (Sherritt's share), except as otherwise noted, for the three months ended March 31		**2025**		2024	Change
FINANCIAL HIGHLIGHTS[1]					
Revenue	**$**	**113.7**	$	115.1	(1%)
Cost of sales		**119.1**		131.1	(9%)
Loss from operations		**(8.6)**		(21.0)	59%
Adjusted EBITDA[2]		**5.5**		(7.5)	173%
CASH FLOW[1]					
Cash provided by continuing operations for operating activities[2]	**$**	**21.9**	$	31.2	(30%)
Free cash flow[2]		**11.4**		21.7	(47%)
PRODUCTION VOLUME (tonnes)					
Mixed sulphides		**3,157**		4,052	(22%)
Finished nickel		**2,947**		3,597	(18%)
Finished cobalt		**323**		342	(6%)
Fertilizer		**55,820**		57,064	(2%)
NICKEL RECOVERY[3] (%)		**85%**		85%	-
SALES VOLUME (tonnes)					
Finished nickel		**3,439**		4,023	(15%)
Finished cobalt		**456**		362	26%
Fertilizer		**33,120**		23,909	39%
AVERAGE REFERENCE PRICE[4] (US$ per pound)					
Nickel	**$**	**7.06**	$	7.52	(6%)
Cobalt		**12.84**		13.89	(8%)
AVERAGE-REALIZED PRICES[2]					
Nickel ($ per pound)	**$**	**9.98**	$	9.90	1%
Cobalt ($ per pound)		**13.29**		14.51	(8%)
Fertilizer ($ per tonne)		**478.84**		412.05	16%
UNIT OPERATING COST[2] (US$ per pound)					
Nickel - net direct cash cost[2]	**$**	**5.95**	$	7.24	(18%)
SPENDING ON CAPITAL[2]					
Sustaining					
Moa JV (50% basis), Fort Site (100% basis)	**$**	**8.8**	$	6.4	38%
Moa JV - Tailings facility (50% basis)		**4.8**		1.0	380%
Growth - Moa JV (50% basis)		**1.7**		2.0	(15%)
	$	**15.3**	$	9.4	63%

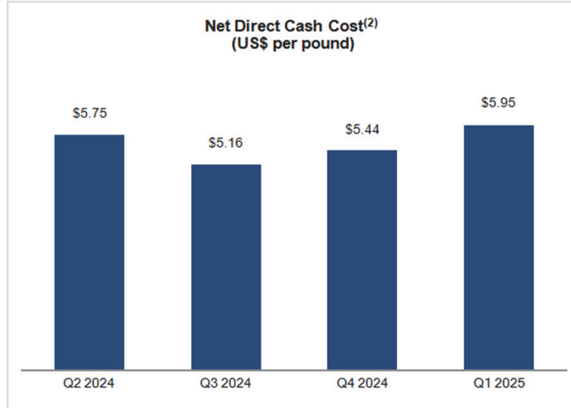
(1) The amounts included in the Financial Highlights and Cash Flow sections for Metals above include the combined results of the Moa JV, Fort Site and Metals Marketing. Breakdowns of revenue, Adjusted EBITDA, and the components of free cash flow (cash provided (used) by continuing operations for operating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

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

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

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





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

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

$ millions, except as otherwise noted, for the three months ended March 31		2025		2024	Change
REVENUE					
Nickel	**$**	**75.7**	$	87.8	(14%)
Cobalt - Moa JV		**8.7**		10.7	(19%)
Cobalt - Cobalt Swap		**4.7**		0.9	422%
Fertilizers		**15.9**		9.9	61%
Other		**8.7**		5.8	50%
	$	**113.7**	$	115.1	(1%)
COST OF SALES[2]					
Mining, processing and refining (MPR)[3]	**$**	**73.5**	$	83.4	(12%)
Third-party feed costs		**1.8**		7.4	(76%)
Finished cobalt cost[4]		**4.7**		0.8	488%
Fertilizers		**10.9**		8.2	33%
Selling costs		**4.9**		5.6	(13%)
Royalties/territorial contributions and other non-cash costs[5]		**4.1**		6.8	(40%)
Other by-product costs and other		**5.1**		5.4	(6%)
	$	**105.0**	$	117.6	(11%)
NET DIRECT CASH COST[1] (US$ per pound of nickel)					
Mining, processing and refining costs[6]	**$**	**6.97**	$	7.03	(1%)
Third-party feed costs		**0.17**		0.62	(73%)
Cobalt by-product credits[7]		**(1.01)**		(0.93)	(9%)
Net fertilizer by-product credits		**(0.46)**		(0.14)	(229%)
Selling costs		**0.45**		0.47	(4%)
Changes in inventories and other non-cash adjustments[8]		**0.16**		0.27	(41%)
Net other by-products credits and other		**(0.33)**		(0.08)	(313%)
	$	**5.95**	$	7.24	(18%)
AVERAGE EXCHANGE RATE (CAD/US$)		**1.435**		1.349	

(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.
(2) Excludes depletion, depreciation and amortization and excludes impairment of property, plant and equipment.
(3) MPR costs in cost of sales exclude the cost of cobalt volumes sold in accordance with the Cobalt Swap which is included in finished cobalt cost.
(4) Finished cobalt cost in cost of sales is based on the settlement value of the cobalt sold. The settlement value is based on an in-kind value of cobalt, calculated at the time of distribution as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and GNC in consideration of selling costs incurred by the Corporation.
(5) Royalties/territorial contributions and other non-cash costs are included in cost of sales but are excluded from NDCC.
(6) MPR costs for the purposes of NDCC includes Sherritt's share of the Moa JV's costs of nickel and cobalt sold during the period plus Sherritt's 50% share of cobalt received and sold under the Cobalt Swap during the period per pound of nickel sold.
(7) Cobalt by-product credit includes Sherritt's share of cobalt revenue sold by the Moa JV during the period per pound of nickel sold plus Sherritt's 50% share of cobalt received and sold under the Cobalt Swap during the period per pound of nickel sold.
(8) Changes in inventories and other non-cash adjustments are excluded from cost of sales but included in NDCC.

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

For the three months ended March 31		2025		2024	Change
Sulphur (US$ per tonne)	**$**	**211.14**	$	182.01	16%
Diesel (US$ per litre)		**0.91**		1.08	(16%)
Fuel oil (US$ per tonne)		**459.60**		478.51	(4%)
Natural gas cost ($ per gigajoule)[1]		**2.49**		2.66	(6%)

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

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

Revenue

Metals revenue in Q1 2025 was $113.7 million compared to $115.1 million in Q1 2024.

Nickel revenue in Q1 2025 was $75.7 million compared to $87.8 million in Q1 2024 primarily due to lower nickel sales volumes as a result of lower nickel production volumes. Average-realized price[1] for nickel of $9.98/lb in Q1 2025 was relatively unchanged from Q1 2024.

Cobalt revenue in Q1 2025 was $13.4 million or 16% higher year-over-year primarily due to timing of receipts and sales by Sherritt under the Cobalt Swap agreement which were higher in the current year period, partially offset by the average-realized price[1] for cobalt of $13.29/lb which was 8% lower than Q1 2024.

Fertilizer revenue in Q1 2025 was $15.9 million compared to $9.9 million in Q1 2024. Fertilizer sales volume was 39% higher as a result of higher demand ahead of the spring planting season compared to Q1 2024. The average-realized price[1] of $478.84/tonne for fertilizers in Q1 2025 was 16% higher than Q1 2024.

Cobalt Swap

In Q1 2025, Sherritt sold 173 tonnes (100% basis) of finished cobalt that it received in Q4 2024 under the Cobalt Swap agreement recognizing revenue of $4.7 million compared to sales of 23 tonnes (100% basis) and revenue of $0.9 million in Q1 2024.

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

While the timing of the sales under the Cobalt Swap or by Moa JV directly results in variances in sales volumes, revenue and cost of sales, it does not have a material impact on earnings from operations, average-realized prices[1], cobalt by-product credits[2], or NDCC[1]. This is because the variance in revenue and costs of Sherritt's share of cobalt under the Cobalt Swap is offset by Sherritt's share of revenue and costs of the Moa JV and the cost of cobalt sold on volumes of cobalt redirected from GNC is determined based on the in-kind value of cobalt calculated as the cobalt reference price from the month preceding distribution less a mutually agreed selling cost adjustment.

At current spot nickel prices, and based on 2025 guidance for production volumes, NDCC[1] and spending on capital[1] disclosed in the Outlook section of this MD&A, the Corporation continues to expect that cobalt dividends and cash distributions under the Cobalt Swap agreement will commence in the second half of the year and will not meet the annual minimum amount in 2025. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2024 Annual Information Form for further information on risks related to distributions from the Moa JV.

Production

Mixed sulphides production at the Moa JV in Q1 2025 was 3,157 tonnes compared to 4,052 tonnes produced in Q1 2024 primarily as a result of supply chain delays, maintenance to the ore thickener, lower mining equipment availability and a further nationwide power outage in Cuba which was partly mitigated by the mine site's own power generating capabilities. Sherritt is engaging with the Cuban Government to further enhance protections to the Moa JV from broader domestic supply chain disruptions stemming from the impacts of limited foreign currency liquidity in Cuba following tightening US restrictions on Cuba.

Sherritt's share of finished nickel and cobalt production in Q1 2025 was 2,947 tonnes and 323 tonnes, compared to 3,597 tonnes and 342 tonnes, respectively, in Q1 2024. As previously disclosed, as a result of the external challenges during the fourth quarter of 2024, lower mixed sulphides inventory was available at the refinery to begin the year. In addition, lower mixed sulphides production and third-party feed availability during Q1 2025 resulted in lower finished nickel and cobalt production. Finished cobalt production also reflects the impact of a lower nickel-to-cobalt ratio in available feed processed.

Sherritt continues to expect MSP production in 2025 to be weighted towards the latter part of the year with increased MSP production expected to be delivered to the refinery in the fourth quarter benefitting from the ramp up of the Moa JV expansion and resulting in finished nickel and cobalt production increasing further in 2026.

Fertilizer production in Q1 2025 of 55,820 tonnes was 2% lower compared to Q1 2024 consistent with lower finished nickel production.

NDCC(1)

NDCC(1) per pound of nickel sold was US$5.95/lb in Q1 2025 compared to US$7.24/lb in Q1 2024. NDCC(1) was lower in Q1 2025 primarily as a result of higher net fertilizer and other by-product credits and lower third-party feed processed in Q1 2025 compared to Q1 2024 resulting in lower third-party feed cost. Mining, processing and refining costs per pound of nickel sold ("MPR/lb"), the largest cost component of NDCC(1), was relatively unchanged from Q1 2024. Input commodity costs were slightly higher than in Q1 2024. The average sulphur price in Q1 2025 was 16% higher while average diesel, natural gas and fuel oil prices were 16%, 6% and 4% lower, respectively. MPR/lb was positively impacted by lower opening inventory costs.

Spending on capital(1)

Sustaining spending on capital in Q1 2025 was $8.8 million, compared to $6.4 million in Q1 2024. The modestly higher spending during the current year quarter included the receipt of new mining trucks towards the end of the quarter that are expected to increase mixed sulphides production and support increased production resulting from the Moa JV expansion.

Sustaining spending on capital in Q1 2025 related to the tailings facility was $4.8 million with higher spending during the current year quarter as the project ramped up in line with guidance expectations.

Growth spending on capital in Q1 2025 was $1.7 million and related to the second phase of the Moa JV expansion. Final growth spending amounts have been committed and are expected to be incurred concurrent with commissioning activities with full ramp up in H2 2025.

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

(2) Cobalt by-product credits include Sherritt's share of cobalt revenue per pound of nickel sold only.

Expansion program and strategic developments

Moa JV expansion program

During the quarter, commissioning of phase two of the Moa JV expansion, the processing plant, commenced. All final spending amounts associated with phase two have been committed and are expected to be incurred concurrent with commissioning activities. The Moa JV is continuing work to remove minor processing bottlenecks to support the expected increase in MSP production. Additional MSP from the ramp up of phase two of the expansion is expected to begin to be processed at the refinery in the fourth quarter of this year.

The low capital intensity expansion program, which remains under budget, is expected to fill the refinery to nameplate capacity to maximize profitability from the joint venture's own mine feed, displacing lower margin third-party feeds and increasing overall finished nickel and cobalt production. The Moa JV could pursue further expansion opportunities at the refinery should sufficient positive margin third-party feeds be available to further expand finished nickel and cobalt production and expand cash flow generation capacity.

Strategic developments

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

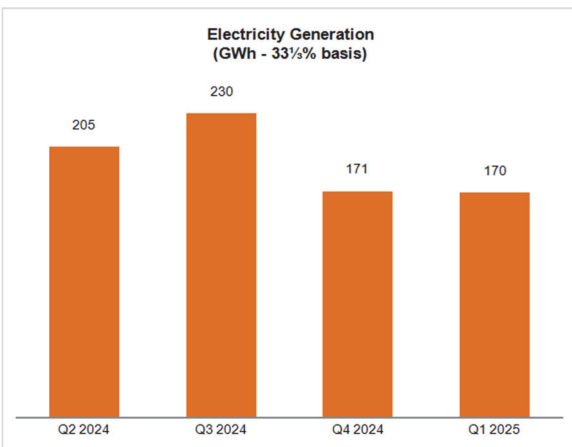
During the quarter, Sherritt continued to advance and derisk the MHP Project with additional laboratory test work, refinement of project economics, and project planning for the next phase of project development expected to commence in the second half of 2025. Sherritt also continued to engage with federal and provincial governments, potential customers and funding partners, including offtake partners for refinery products and by-products. These engagement activities will continue in 2025 with a focus on securing external partners and funding support. As part of the effort to secure funding to advance the MHP Project to feasibility, Sherritt was chosen to advance through the expression of interest phase of the Emissions Reduction Alberta ("ERA") Advanced Materials Challenge in Q1 and has submitted a final proposal, with the selection process expected to be completed by end of Q2. This grant would support funding of the integrated piloting and demonstration of an innovative refining flowsheet at our Fort Saskatchewan process technology site.

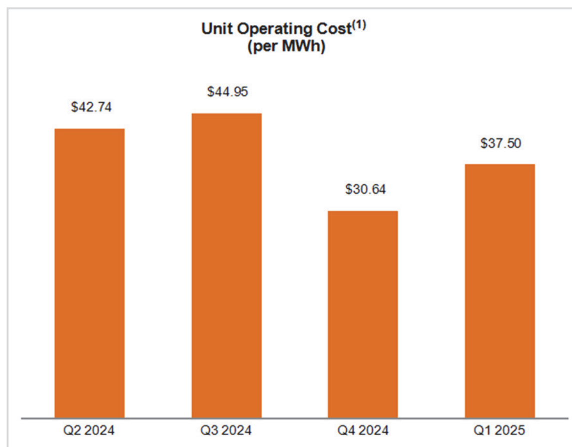
Additionally, Sherritt continues to selectively advance metallurgy research and flowsheet development programs on potential future sources of nickel and cobalt, in cooperation with third parties and via external technical services, towards ensuring sufficient future critical mineral processing capacity and supply is developed to meet the expected high demand in the medium to long term.

POWER

$ millions (Sherritt's share, 33⅓% basis), except as otherwise noted, for the three months ended March 31		2025		2024	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**11.4**	$	12.0	(5%)
Cost of sales		**6.9**		4.0	73%
Earnings from operations		**2.7**		7.1	(62%)
Adjusted EBITDA(1)		**3.4**		7.6	(55%)
CASH FLOW					
Cash provided by continuing operations for operating activities(1)	**$**	**0.9**	$	9.7	(91%)
Free cash flow(1)		**0.8**		7.1	(89%)
PRODUCTION AND SALES VOLUME					
Electricity (GWh(2))		**170**		210	(19%)
AVERAGE-REALIZED PRICE(1)					
Electricity (per MWh(2))	**$**	**54.54**	$	51.25	6%
UNIT OPERATING COST(1)					
Electricity (per MWh(2))	**$**	**37.50**		17.12	119%
SPENDING ON CAPITAL(1)					
Sustaining	**$**	**0.1**	$	2.6	(96%)

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





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

Power revenue is composed of the following:

$ millions (33⅓% basis), for the three months ended March 31		2025		2024	Change
Electricity sales	**$**	**9.3**	$	10.7	(13%)
Varadero frequency control revenue		**1.4**		-	-
By-products and other		**0.7**		1.3	(46%)
	$	**11.4**	$	12.0	(5%)

Frequency control at Varadero

In Q4 2024, as a result of the nationwide power outages in Cuba and challenges facing the national power grid, the government agency Unión Eléctrica (“UNE”) required Energas to operate the Varadero facility in frequency control to help support the stability of the power grid. Energas expects that the Varadero facility will operate in frequency control throughout most of 2025 with an estimated reduction in electricity volume of approximately 150 GWh (Sherritt’s share). Energas expects to be fully compensated for this reduction and therefore Sherritt expects there will be no impact to Power’s Adjusted EBITDA(1), earnings from operations or dividends from Energas to Sherritt in Canada. Energas’ other facilities are expected to continue operating as usual.

Revenue

Revenue in Q1 2025 was $11.4 million compared to $12.0 million in Q1 2024. Revenue includes the full compensation of $1.4 million for the Varadero facility operating in frequency control during the quarter. Lower revenue was largely attributable to lower production as discussed below, partially offset by the weakening of the Canadian dollar which had a positive impact on the U.S. dollar-denominated average-realized price(1) of electricity.

Production

Production volume in Q1 2025 was 170 GWh compared to 210 GWh in Q1 2024. Lower electricity production was primarily a result of the Varadero facility operating in frequency control and the loss of gas production from one of CUPET’s gas wells, partly offset by increased gas availability as a result of the new well that went into production at the beginning of fourth quarter of 2024. During the quarter, one of CUPET’s legacy gas wells experienced an increase in water production which limited the amount of gas provided to the power facility. The supply interruption is expected to be temporary and CUPET is currently assessing solutions to restore production. In addition, during the quarter a nationwide power outage occurred in Cuba which resulted in temporary downtime of Energas’ facilities in Boca de Jaruco and Varadero but did not have a material effect on electricity production. Similar to the power outages that occurred in 2024, Energas’ strategically important facilities played a crucial role in helping to quickly restore power to the national grid.

Unit operating cost(1)

Unit operating costs(1) in Q1 2025 were $37.50/MWh, compared to $17.12/MWh in Q1 2024 primarily as a result of the timing of planned maintenance, including the major inspection of a turbine which was completed during the quarter, and a weaker Canadian dollar on U.S. dollar-denominated costs and lower electricity volumes from the Varadero facility operating in frequency control. The impact of the planned maintenance in Q1 2025 is factored into the Corporation’s 2025 outlook for unit operating cost(1) which Sherritt continues to expect will be within a range of $23.00/MWh to $24.50/MWh.

Spending on capital(1)

Spending on capital(1) was $0.1 million in Q1 2025.

Dividends from Energas

Sherritt received $4.3 million of dividends in Canada from Energas in Q1 2025. Based on 2025 guidance estimates for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of this MD&A, Sherritt continues to expect total dividends from Energas in Canada in 2025 to be between $25.0 million and $30.0 million. Refer to the risks related to Sherritt’s corporate structure in the Corporation’s 2024 Annual Information Form for further information on risks related to dividends in Canada from Energas.

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

CORPORATE AND OTHER

$ millions, for the three months ended March 31		**2025**		2024	Change
EXPENSES					
Administrative expenses	**$**	**4.9**	$	7.0	(30%)

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

Administrative expenses at Corporate and Other for the three months ended March 31, 2025 were $2.1 million lower compared to the prior year primarily as a result of $0.9 million of severance expenses in 2024 related to the restructuring of Technologies to reduce scale in line with a narrower focus to deliver essential support and enhancements to internal operations and business development opportunities, with no comparable amounts in the current year. In addition, share-based compensation expense of $0.4 million compared to an expense of $1.2 million in the prior year period primarily as a result of a $0.01 decrease in the Corporation's share price in the current year period.

In April 2025, the Corporation's Senior Vice President, General Counsel and Corporate Secretary departed the organization to pursue other interests and the Corporation does not anticipate immediately filling the role. This reduces the executive management team from seven members at the start of 2024 to five members currently, aligning with ongoing efforts to optimize costs and improve efficiency.

Outlook

2025 guidance for production volumes, unit operating costs and spending on capital remains unchanged.

Production volumes, unit operating costs and spending on capital	Guidance for 2025 - Total	Year-to-date actuals - Total	Updated 2025 guidance - Total
Production volumes			
Moa Joint Venture (100% basis, tonnes)			
Finished nickel	31,000 – 33,000	5,894	No change
Finished cobalt	3,300 – 3,600	646	No change
Power - Electricity (33⅓% basis, GWh)	800 – 850	170	No change
Unit operating costs(1)			
Metals – NDCC(1) (US$ per pound)	$5.75 – $6.25	$5.95	No change
Electricity – unit operating cost ($ per MWh)	$23.00 – $24.50	$37.50	No change
Spending on capital(1)($ millions)			
Sustaining			
Moa JV (50% basis), Fort Site (100% basis)	$35.0	$8.8	No change
Moa JV – Tailings facility (50% basis)	$40.0	$4.8	No change
Power (33⅓% basis)	$2.0	$0.1	No change
Growth			
Moa JV (50% basis)	$5.0	$1.7	No change
Spending on capital(2)	$82.0	$15.4	No change

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

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

Liquidity

As at March 31, 2025, total available liquidity in Canada was $55.7 million, which is composed of cash and cash equivalents in Canada in major currencies of $25.4 million and $30.3 million of available credit facilities and excludes restricted cash of $1.4 million.

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

The Corporation’s liquidity requirements are met through a variety of sources, including cash and cash equivalents, cash generated from operations, the existing credit facility, leases and debt and equity capital markets. Refer to the Capital resources section for further details on the Second Lien Notes, PIK Notes and the Credit Facility.

Moa JV’s cash and cobalt distributions to the Corporation are determined based on available cash in excess of its liquidity requirements. Determinants of the Moa JV’s liquidity include anticipated nickel and cobalt prices and sales volumes, planned spending on capital at the Moa JV including growth capital, capital committed toward the new tailings facility net of financing, working capital needs, expected financing and other expected liquidity requirements. Available cash is also impacted by changes in working capital primarily related to changes in inventory, and timing of receipts and payments, including receipts on nickel and cobalt sales subsequent to shipment. During the three months ended March 31, 2025, the Moa JV had drawn US$15.0 million of its US$60.0 million (100% basis) equivalent credit facility in Cuba from a Cuban financial institution with a 5-year maturity to support spending on tailings management and working capital.

Consistent with the Corporation’s disclosure for the year ended December 31, 2024, at current spot prices, and based on 2025 guidance for production volumes, NDCC(1) and spending on capital(1) disclosed in the Outlook section, the Corporation continues to expect that cobalt dividends and cash distributions under the Cobalt Swap agreement will commence in the second half of the year and will not meet the annual minimum amount in 2025. As previously disclosed and as defined by the Cobalt Swap agreement, the shortfall in the annual minimum payment in 2025 will be added to the annual minimum payment in 2026. Refer to the risks related to Sherritt’s corporate structure in the Corporation’s 2024 Annual Information Form for further information on risks related to distributions from the Moa JV.

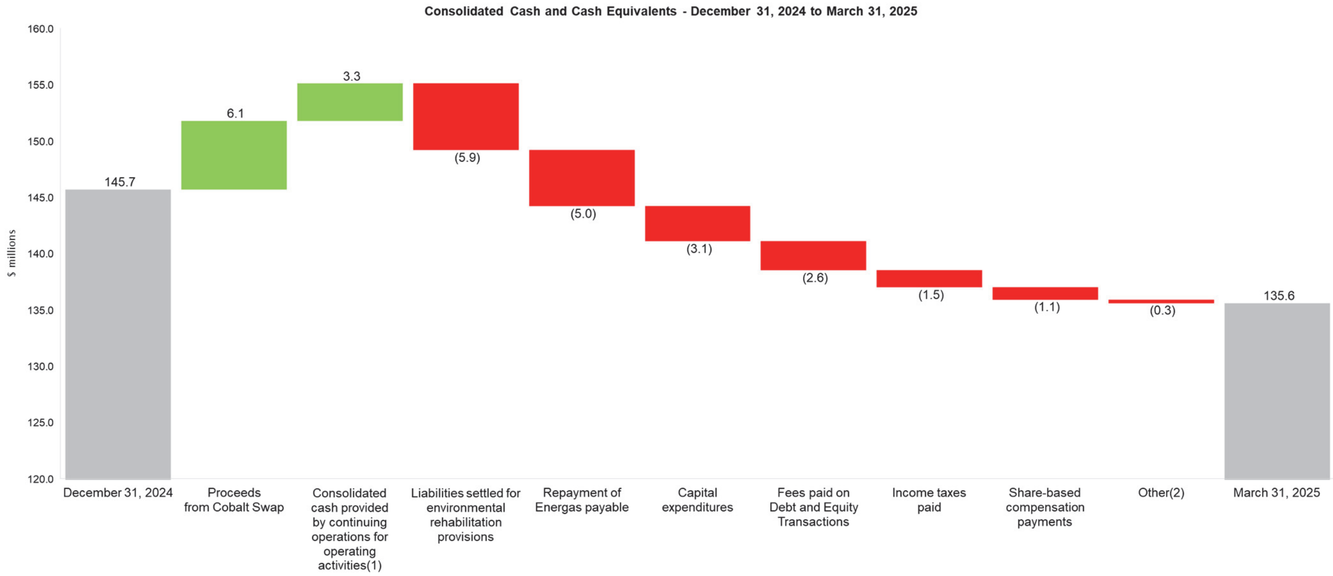
During the three months ended March 31, 2025, the Corporation received $4.3 million of dividends from Energas in Canada. With the completion of maintenance work in 2024, which brought online an additional turbine and improved equipment availability to process gas from the recently completed wells, and based on 2025 guidance for production volumes, unit operation costs(1) and spending on capital(1) disclosed in the Outlook section, total dividends in Canada from Energas in 2025 continue to be expected to be between $25.0 million and $30.0 million. Refer to the risks related to Sherritt’s corporate structure in the Corporation’s 2024 Annual Information Form for further information on risks related to dividends in Canada from Energas.

Subsequent to period end, the Second Lien Notes and PIK Notes were extinguished and Amended Senior Secured Notes were recognized with a principal amount of $266.1 million and maturity of November 30, 2031. Following the recognition of the Amended Senior Secured Notes, $17.1 million of Amended Senior Secured Notes were extinguished for 99 million common shares of the Corporation issued from treasury. Collectively, these transactions comprise the Corporation’s Debt and Equity Transactions and significantly improved the Corporation’s capital structure. In aggregate, the Debt and Equity Transactions reduced the Corporation’s outstanding debt by a principal amount of $42.6 million, eliminated the $25.0 million premium payable at maturity of the Second Lien Notes, resulted in the extension of the maturities of the Corporations’ notes obligations to November 2031 and will reduce annual interest expense by approximately $3 million. Refer to the Capital Resources section of the MD&A for further information on the Debt and Equity Transactions.

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

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

Cash and cash equivalents as at March 31, 2025 decreased by $10.1 million from December 31, 2024. The components of this change are shown below:



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

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

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

$ millions, as at March 31, 2025	Cash	Cash equivalents	Total
Canada	$ 25.2	$ 0.2	$ 25.4
Cuba[1]	109.6	-	109.6
Other	0.6	-	0.6
	$ 135.4	$ 0.2	$ 135.6
The Corporation's share of cash and cash equivalents in the Moa JV, not included in the above balances:			$ 11.8

(1) As at March 31, 2025, $107.2 million of the Corporation's cash and cash equivalents was held by Energas in Cuba (December 31, 2024 - $111.4 million).

SOURCES AND USES OF CASH

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

$ millions, for the three months ended March 31		**2025**		2024	Change
Cash provided by operating activities					
Cash provided (used) by operating activities[(1)]:					
Fort Site[(4)]	**$**	**7.8**	$	11.6	(33%)
Metals Marketing[(2)]		**5.0**		3.8	32%
Power[(4)]		**0.9**		9.7	(91%)
Oil and Gas[(3)]		**(4.3)**		3.5	(223%)
Corporate and Other[(4)]		**(7.6)**		(7.5)	(1%)
Distributions from Moa JV:					
Proceeds from Cobalt Swap - Sherritt share		**3.1**		0.5	520%
Proceeds from Cobalt Swap - GNC redirected share		**3.1**		0.5	520%
Share-based compensation payments		**(1.1)**		(1.7)	35%
Liabilities settled for environmental rehabilitation provisions		**(5.9)**		(7.4)	20%
Cash provided by continuing operations		**1.0**		13.0	(92%)
Cash used by discontinued operations		**(0.1)**		(0.1)	-
Cash provided by operating activities	**$**	**0.9**	$	12.9	(93%)
Cash used by investing activities	**$**	**(2.9)**	$	(0.6)	(383%)
Cash (used) provided by financing activities		**(8.0)**		10.5	(176%)
Effect of exchange rate changes on cash and cash equivalents		**(0.1)**		2.5	(104%)
(Decrease) increase in cash and cash equivalents		**(10.1)**		25.3	(140%)
Cash and cash equivalents:					
Beginning of the period	**$**	**145.7**	$	119.1	22%
End of the period	**$**	**135.6**	$	144.4	(6%)

(1) Non-GAAP financial measure. For additional information, see the Non-GAAP and other financial measures section.
(2) Excluding proceeds from the Cobalt Swap, presented separately above.
(3) Excluding liabilities settled for environmental rehabilitation provisions related to legacy Oil and Gas assets in Spain and share-based compensation payments, presented separately above.
(4) Excluding share-based compensation payments, presented separately above.

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

Cash provided by operating activities was lower for the three months ended March 31, 2025 compared to the same period in the prior year, primarily as a result of the following:

- Lower cash provided by operating activities at Fort Site primarily due to the timing of working capital payments, partly offset by higher operating earnings;
- Higher cash provided by operating activities at Metals Marketing primarily due to timing of customer receipts;
- Lower cash provided by operating activities at Power primarily due to higher maintenance costs, lower production from decreased gas availability at the electrical generating facilities in Boca de Jaruco and timing of working capital payments. Sherritt received dividends of $4.3 million in Canada from Energas during the three months ended March 31, 2025, which exceeded nil dividends received for the same period in the prior year, following the completion of maintenance work in 2024 to bring online an additional turbine and to improve equipment availability to process additional gas from completed wells. The dividends are not reflected in the above table due to eliminations required for joint operations for accounting purposes;
- Higher cash used by operating activities at Oil and Gas primarily due to lower customer receipts on oil and gas service revenue and timing of working capital payments;
- Higher proceeds from the Cobalt Swap from the sale of cobalt to customers, as a higher amount of finished cobalt was distributed at the end of the fourth quarter in the prior year and sold during the current period, with no comparable cobalt distributions and minimal sales in the comparative period; and
- Lower cash used for settlement of contractually obligated liabilities for environmental rehabilitation provisions for legacy Oil and Gas assets in Spain as a result of a lower amount of decommissioning work required to be performed in the current period.

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

RECONCILIATION OF ADJUSTED EBITDA TO CHANGE IN CASH AND CASH EQUIVALENTS

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

$ millions, for the three months ended March 31		2025
Adjusted EBITDA[1]	$	4.4
Add (deduct) non-cash items:		
Moa JV Adjusted EBITDA[1]		(2.6)
Oil and Gas loss from operations, net of depletion, depreciation and amortization		(18.7)
Finished cobalt cost of sales		4.7
Share-based compensation expense		0.4
Loss on environmental rehabilitation provisions		15.7
Net change in non-cash working capital		1.1
Interest received		0.6
Interest paid		(1.5)
Income taxes paid		(1.5)
Distributions from Moa JV:		
Proceeds from Cobalt Swap - Sherritt share		3.1
Proceeds from Cobalt Swap - GNC redirected share		3.1
Liabilities settled for environmental rehabilitation provisions		(5.9)
Share-based compensation payments		(1.1)
Other[2]		(0.8)
Cash provided by continuing operations for operating activities per financial statements		1.0
Add (deduct):		
Cash used by discontinued operations		(0.1)
Property, plant, equipment and intangible asset expenditures		(3.1)
Fees paid on Debt and Equity Transactions		(2.6)
Repayment of other financial liabilities		(5.4)
Other[2]		0.1
Change in cash and cash equivalents	$	(10.1)

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

(2) Other is primarily composed of receipts of finance lease receivables, other finance charges and effect of exchange rate changes on cash and cash equivalents.

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

Capital resources

CAPITAL RISK MANAGEMENT

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

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

Subsequent to period end, the Corporation issued 99.0 million shares from treasury in order to extinguish $17.1 million of notes obligations. Refer to Debt and Equity Transactions section below for further information on the transaction.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS[1]

The Corporation's significant contractual commitments, obligations, and interest and principal repayments in respect of its financial liabilities, income taxes payable, provisions and commitments for property, plant and equipment are presented in the following table on an undiscounted basis. For amounts payable that are not fixed, including mandatory redemptions discussed below, the amount disclosed is determined by reference to the conditions existing as at March 31, 2025.

Canadian $ millions, as at March 31, 2025	Total	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$ 136.7	$ 136.7	$ -	$ -	$ -	$ -	$ -
Income taxes payable	1.0	1.0	-	-	-	-	-
Second Lien Notes (includes principal, interest and premium)[2]	285.5	18.8	266.7	-	-	-	-
PIK Notes (includes principal and interest)[2]	112.6	-	-	-	-	-	112.6
Credit Facility	74.3	4.9	69.4	-	-	-	-
Other non-current financial liabilities	1.3	-	0.1	0.3	0.3	-	0.6
Provisions	204.6	10.2	5.3	13.3	10.5	17.4	147.9
Energas payable[3]	92.3	6.4	4.8	81.1	-	-	-
Lease liabilities	10.9	2.5	1.5	1.4	1.3	1.2	3.0
Property, plant and equipment commitments	6.1	6.1	-	-	-	-	-
Total	$ 925.3	$ 186.6	$ 347.8	$ 96.1	$ 12.1	$ 18.6	$ 264.1

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

(2) Refer to the Second Lien Notes and PIK Notes sections below for further information on the extinguishment of these notes subsequent to period end.

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

SECOND LIEN NOTES

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

As at March 31, 2025, the Corporation was in compliance with all Second Lien Notes covenants.

Subsequent to period end, the Corporation paid accrued interest of $8.7 million on the Second Lien Notes upon completion of the Debt and Equity Transactions, the Second Lien Notes were extinguished and Amended Senior Secured Notes were recognized, which have no premium payable at maturity. Refer to note 18 of the condensed consolidated financial statements and the section below for further information on the Debt and Equity Transactions. In addition, all potential events of default on the Second Lien Notes were permanently waived upon approval of the CBCA Plan by the Ontario Superior Court of Justice.

No mandatory redemptions were required to be made as the Second Lien Notes were extinguished prior to April 30, 2025.

PIK NOTES

As at March 31, 2025, the outstanding principal amount of the PIK Notes is $70.3 million (December 31, 2024 - $66.7 million).

During the three months ended March 31, 2025, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest of $3.6 million and added the payment-in-kind interest to the principal amount owed to noteholders.

As at March 31, 2025, the Corporation was in compliance with all PIK Notes covenants.

Subsequent to period end, the PIK Notes were extinguished and Amended Senior Secured Notes were recognized. Refer to note 18 of the condensed consolidated financial statements and the section below for further information on the Debt and Equity Transactions. In addition, all potential events of default on the PIK Notes were permanently waived upon approval of the CBCA Plan by the Ontario Superior Court of Justice.

CREDIT FACILITY

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

As at March 31, 2025, the Corporation was in compliance with all Credit Facility covenants. During the three months ended March 31, 2025, the Corporation received a waiver from the Credit Facility syndicate on potential events of default as a result of the proposed CBCA Plan.

DEBT AND EQUITY TRANSACTIONS

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

Subsequent to period end, in April 2025, the CBCA Plan received approval by noteholders and by the Ontario Superior Court of Justice and the Debt and Equity Transactions were completed.

As a result, all of the outstanding Second Lien Notes in the principal amount of $221.3 million and all of the outstanding PIK Notes in the principal amount of $70.3 million were exchanged and extinguished and the Corporation recognized Amended Senior Secured Notes with a fair value and principal amount of $266.1 million. In addition, accrued interest on the Second Lien Notes of $8.7 million was paid and no mandatory redemptions were required to be made as the Second Lien Notes were extinguished prior to April 30, 2025.

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

Following the recognition of the Amended Senior Secured Notes, $17.1 million of Amended Senior Secured Notes held by the Subsequent Exchange Noteholders were exchanged for 99 million common shares of the Corporation issued from treasury with a fair value of $13.9 million.

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

During the three months ended March 31, 2025, transaction costs of $4.9 million were incurred and additional transaction costs of $11.0 million were incurred subsequent to period end and will be recognized as part of the approximate $33.0 million gain on Debt and Equity Transactions, net of transaction costs.

On April 17, 2025, Sherritt received a copy of an Application for Review submitted by SC2 Inc. ("SC2") to the Ontario Capital Markets Tribunal. The application sought to overturn the Toronto Stock Exchange's decision to approve the listing of the common shares issuable by Sherritt pursuant to the Subsequent Exchange Transaction, along with other alternative relief. Sherritt considered SC2's position and the relief requested as being entirely without merit. On May 2, 2025, SC2 filed a notice of withdrawal and on May 5, 2025, the Ontario Securities Commission announced that the hearing scheduled for May 28 and 29, 2025 would not proceed. SC2 is affiliated with Seablinc Canada Inc., a significant supplier to Sherritt's Moa Joint Venture in Cuba.

COMMON SHARES

As at May 13, 2025, the Corporation had 496,288,680 common shares outstanding following the issuance of 99 million additional common shares from treasury subsequent to period end as a result of the Debt and Equity Transactions described above.

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

Managing risk

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

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

RISKS RELATED TO SHERRITT'S OPERATIONS IN CUBA

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

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

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

RISKS RELATED TO U.S. GOVERNMENT POLICY TOWARDS CUBA

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

The U.S. Embargo

In its current form, apart from the Helms-Burton Act, the embargo applies to most transactions or dealings directly or indirectly involving Cuba, its government, Cuban entities, goods derived from Cuban-origin, and Cuban nationals, and it bars all persons subject to the jurisdiction of the United States from participating or facilitating in such transactions or dealings unless authorized under general or specific licenses issued by the U.S. Department of the Treasury ("U.S. Treasury"). Persons "subject to the jurisdiction of the United States" include U.S. citizens and U.S. lawful permanent residents, regardless of where they reside or by whom they are employed; legal entities organized under U.S. laws; and entities wherever located that are owned or controlled by any of the foregoing; as well as individuals and entities located in the United States. The embargo also targets transactions or dealings directly or indirectly involving entities deemed to be owned or controlled by Cuba, including entities owned or controlled by the Cuban government, by entities organized under the laws of Cuba, or by Cuban nationals. Additionally, the embargo applies to persons and entities designated by the U.S. Treasury as specially designated nationals ("SDNs") pursuant to the U.S. embargo against Cuba. The three entities constituting the Moa Joint Venture in which Sherritt holds an indirect 50% interest have been designated as SDNs by the U.S. Treasury. Sherritt, however, is not an SDN. The U.S. embargo generally prohibits persons subject to the jurisdiction of the United States from engaging in transactions or dealings involving the Cuban-related businesses of the Corporation and may in certain circumstances restrict the ability of persons subject to the jurisdiction of the U.S. from engaging in transactions with Sherritt more generally. Furthermore, goods, technology and software ("items") that are subject to U.S. jurisdictions, including U.S.-origin items, non-U.S. items that include more than 10% U.S.-origin content by value, and certain non-U.S. direct products of specified U.S. technology or software, cannot under U.S. law be exported, re-exported, or otherwise supplied to Cuba or used in the Corporation's operations in Cuba. Additionally, the U.S. embargo generally prohibits imports into the United States of Cuban-origin goods, goods located in or transported from or through Cuba, or foreign goods made or derived, in whole or in part, from goods derived from Cuban-origin, including Cuban nickel and cobalt. In 1992, Canada issued an order pursuant to the *Foreign Extraterritorial Measures Act* (Canada) to block the application of the U.S. embargo under Canadian law to Canadian subsidiaries of U.S. entities. However, the U.S. embargo limits Sherritt's access to U.S. capital, financing sources, customers, and suppliers. Persons subject to the jurisdiction of the United States are advised to consult their independent advisors before acquiring common shares of Sherritt.

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

Basis of presentation and critical accounting judgments

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

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

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

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

Summary of quarterly results

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

$ millions, except per share amounts, for the three months ended		**2025 Mar 31**		2024 Dec 31		2024 Sept 30		2024 Jun 30		2024 Mar 31		2023 Dec 31		2023 Sept 30		2023 Jun 30
Revenue	**$**	**38.4**	$	45.7	$	32.9	$	51.4	$	28.8	$	34.8	$	36.4	$	93.5
Share of (loss) earnings of Moa Joint Venture, net of tax		**(11.4)**		(3.4)		(1.8)		(1.2)		(12.3)		(14.5)		(5.0)		11.5
Net (loss) earnings from continuing operations		**(40.6)**		(22.5)		1.8		(11.5)		(40.9)		(53.4)		(24.8)		0.3
(Loss) earnings from discontinued operations, net of tax(1)		**-**		(0.4)		0.3		-		0.4		-		-		-
Net (loss) earnings for the period	**$**	**(40.6)**	$	(22.9)	$	2.1	$	(11.5)	$	(40.5)	$	(53.4)	$	(24.8)	$	0.3
Net (loss) earnings per share, basic ($ per share)																
Net (loss) earnings from continuing operations	**$**	**(0.10)**	$	(0.06)	$	0.00	$	(0.03)	$	(0.10)	$	(0.13)	$	(0.06)	$	0.00
Net (loss) earnings		**(0.10)**		(0.06)		0.01		(0.03)		(0.10)		(0.13)		(0.06)		0.00

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

In general, net earnings or losses of the Corporation are primarily affected by production and sales volumes, commodity prices, maintenance and operating costs, and exchange rates. The average Canadian dollar cost to purchase one U.S. dollar for the above quarters ranged from $1.3414 (Q3 2023) to $1.4352 (Q1 2025) and period-end rates ranged between $1.3226 (Q4 2023) to $1.4389 (Q4 2024).

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

- Q1 2025: $15.7 million non-cash loss on environmental rehabilitation provisions on legacy Oil and Gas assets in Spain and $4.9 million of transaction costs as a result of the Corporation's Debt and Equity Transactions. In addition, the Corporation's net loss includes a non-cash unrealized gain of $3.5 million on natural gas swaps and a net non-cash gain on revaluation of the GNC receivable and Energas payable of $1.9 million;
- Q4 2024: $8.4 million non-cash loss on impairment of intangible assets in the Oil and Gas reportable segment and a $6.9 million non-cash loss on legacy environmental rehabilitation provisions partially offset by a $2.5 million realized gain on nickel put options. In addition, the Corporation's net loss includes a net non-cash gain on revaluation of the GNC receivable and Energas payable of $3.5 million pursuant to the Cobalt Swap;
- Q3 2024: $1.1 million gain on repurchase of notes and a $1.8 million non-cash gain on environmental rehabilitation provisions. In addition, the Corporation's net earnings includes a net non-cash gain on revaluation of the GNC receivable and Energas payable of $11.5 million pursuant to the Cobalt Swap;
- Q2 2024: $3.4 million unrealized gain on nickel put options and $1.6 million (50% basis) inventory write-down/obsolescence at the Moa JV. In addition, the Corporation's net loss includes a net non-cash loss on revaluation of the GNC receivable and Energas payable of $5.3 million pursuant to the Cobalt Swap;
- Q1 2024: $3.6 million non-cash loss on environmental rehabilitation provisions and $3.5 million of severance expense related to the restructuring (Sherritt's share). In addition, the Corporation's net loss includes a net non-cash loss on revaluation of the GNC receivable and Energas payable of $9.1 million pursuant to the Cobalt Swap;
- Q4 2023: $20.0 million loss on environmental rehabilitation provisions. The net impact of the Cobalt Swap on the Corporation's net loss was not material;
- Q3 2023: $7.3 million write-down of inventory, $6.8 million non-cash loss on environmental rehabilitation provisions and $0.9 million unrealized foreign exchange gains in continuing operations. The net impact of the Cobalt Swap on the Corporation's net loss was not material; and
- Q2 2023: $2.2 million gain on repurchase of notes. The net impact of the Cobalt Swap on the Corporation's net earnings was not material.

Off-balance sheet arrangements

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

Transactions with related parties

The Corporation enters into transactions related to its joint arrangements. For further detail, refer to notes 7 and 17 of the Corporation's condensed consolidated financial statements for the three months ended March 31, 2025.

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

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

As at March 31, 2025, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the three months ended March 31, 2025, the Corporation did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Supplementary information

SENSITIVITY ANALYSIS

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

Factor		Increase	Approximate change in quarterly net earnings (CAD$ millions) Increase/ (decrease)	Approximate change in quarterly basic earnings per share (EPS) Increase/ (decrease)
Prices				
Nickel - LME price per pound[1]	US$	1.00	$ 8	$ 0.02
Cobalt - Argus price per pound[1]	US$	5.00	5	0.01
Fertilizers - price per tonne[1]	$	50.00	2	-
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	(1)	-
Operating costs[1]				
Natural gas - cost per gigajoule (Moa JV and Fort Site)[2]	$	1.00	(1)	-
Fuel oil - cost per tonne (Moa JV and Fort Site)	US$	50.00	(1)	-
Sulphur - cost per tonne (Moa JV and Fort Site)	US$	25.00	(1)	-

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

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

INVESTMENT IN MOA JOINT VENTURE

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

Statements of financial position

Canadian $ millions, 100% basis, as at		2025 March 31		2024 December 31	Variance	
Assets						
Cash and cash equivalents	$	**23.5**	$	11.3	12.2	Increase is primarily due to drawings on a credit facility from a Cuban financial institution to support spending on capital for tailings management and working capital and cash provided by operating activities, partially offset by spending on capital.
Income taxes receivable		**7.0**		7.0	-	
Other current assets		**32.7**		40.9	(8.2)	Decrease is primarily due to the extinguishment of a receivable for cash and cobalt distributions from the Corporation pursuant to the Cobalt Swap upon declaration as dividends during the quarter, partially offset by an increase in prepaid expenses.
Trade accounts receivable, net		**66.1**		90.3	(24.2)	Decrease is primarily due to lower nickel sales volumes sold.
Inventories		**376.3**		382.3	(6.0)	
Other non-current assets		**15.9**		17.9	(2.0)	
Property, plant and equipment		**1,140.6**		1,136.6	4.0	
Deferred income taxes		**10.3**		10.3	-	
Total assets		**1,672.4**		1,696.6	(24.2)	
Liabilities						
Trade accounts payable and accrued liabilities		**112.1**		111.9	0.2	
Income taxes payable		**0.8**		1.0	(0.2)	
Other current financial liabilities		**0.2**		0.2	-	
Deferred revenue		**16.2**		21.0	(4.8)	
Loans and borrowings		**71.0**		40.5	30.5	Increase is primarily due to $21.6 million (US$15.0 million) of drawings on a credit facility denominated in CUP from a Cuban financial institution to support spending on capital for tailings management and working capital, as well as financing received for mining equipment.
Environmental rehabilitation provisions		**93.4**		86.9	6.5	
Other non-current financial liabilities		**2.8**		2.9	(0.1)	
Deferred income taxes		**10.7**		11.2	(0.5)	
Total liabilities		**307.2**		275.6	31.6	
Net assets of Moa Joint Venture	**$**	**1,365.2**	$	1,421.0	(55.8)	
Proportion of Sherritt's ownership interest		**50%**		50%		
Total		**682.6**		710.5		
Intercompany capitalized interest elimination		**(44.8)**		(45.1)		
Investment in Moa Joint Venture	**$**	**637.8**	$	665.4		

Foreign currency translation differences are included in the financial information of the Moa JV presented in the financial statements and MD&A, as the Corporation's presentation currency is the Canadian dollar, while the functional currency of certain of the operating companies within the Moa JV is the U.S. dollar. As at March 31, 2025, the period-end U.S. dollar decreased in value relative to the Canadian dollar, resulting in lower assets and liabilities reported in Canadian dollars as compared to December 31, 2024.

Statements of comprehensive loss

Canadian $ millions, 100% basis, for the three months ended March 31		2025		2024	Variance	
Revenue	$	**179.3**	$	208.5	(29.2)	Decrease is primarily due to a decrease in nickel and cobalt revenue. Nickel revenue decreased primarily due to lower nickel sales volumes. Cobalt revenue decreased due to lower average-realized cobalt price and lower sales volume.
Cost of sales		**(193.8)**		(231.8)	38.0	Decrease is primarily due to a decrease in nickel and cobalt sales volumes.
Administrative expenses		**(3.1)**		(2.8)	(0.3)	
Loss from operations		**(17.6)**		(26.1)	8.5	
Financing income		**0.1**		0.2	(0.1)	
Financing expense		**(5.9)**		(1.6)	(4.3)	Increase is primarily due to a foreign exchange loss during the current period due to the strengthening of the average U.S. dollar compared to the Canadian dollar.
Net finance expense		**(5.8)**		(1.4)	(4.4)	
Loss before income tax		**(23.4)**		(27.5)	4.1	
Income tax expense		**(1.5)**		(0.7)	(0.8)	
Net loss and comprehensive loss of Moa Joint Venture	$	**(24.9)**	$	(28.2)	3.3	
Proportion of Sherritt's ownership interest		**50%**		50%		
Total		**(12.5)**		(14.1)		
Intercompany elimination		**1.1**		1.8		
Share of loss of Moa Joint Venture, net of tax	$	**(11.4)**	$	(12.3)		

For the three months ended March 31, 2025, Moa JV's revenue was positively impacted and cost of sales and other expenses were negatively impacted by a stronger average U.S. dollar relative to the Canadian dollar compared to the same period in the prior year.

Moa JV commitments

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

- Environmental rehabilitation commitments of $141.8 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of $56.1 million;
- Loans and borrowings of $35.5 million; and
- Property, plant and equipment commitments of $21.9 million, which includes $3.1 million of commitments for growth spending on capital for materials, equipment and construction and commissioning activities, and an additional $35.6 million of property, plant and equipment commitments in 2025 and 2026 for tailings management.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

Combined revenue

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

Revenue at Oil and Gas is excluded from Combined revenue as the segment is not currently exploring for or producing oil and gas and its revenue relate to ancillary drilling services, provided to a customer and agencies of the Government of Cuba, which is not reflective of the Corporation's core operating activities or revenue generation potential.

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

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

$ millions, for the three months ended March 31		**2025**		2024	Change
Revenue by reportable segment					
Metals[1]	**$**	**113.7**	$	115.1	(1%)
Power		**11.4**		12.0	(5%)
Corporate and Other		**0.6**		0.6	-
Combined revenue	**$**	**125.7**	$	127.7	(2%)
Adjustment for Moa Joint Venture		**(89.6)**		(104.2)	
Adjustment for Oil and Gas		**2.3**		5.3	(57%)
Revenue per financial statements	**$**	**38.4**	$	28.8	33%

(1) Revenue of Metals for the three months ended March 31, 2025 is composed of revenue recognized by the Moa JV of $89.6 million (50% basis), which is equity-accounted and included in share of earnings of Moa JV, net of tax, coupled with revenue recognized by Fort Site of $18.5 million and revenue recognized by Metals Marketing of $5.6 million, which are included in consolidated revenue (for the three months ended March 31, 2024 - $104.2 million, $8.9 million and $2.0 million, respectively).

Adjusted EBITDA

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

Earnings/loss from operations at Oil and Gas (net of depletion, depreciation and amortization and impairment, if applicable) is deducted from/added back to Adjusted EBITDA as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and agencies of the Government of Cuba, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or cash generation potential.

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

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

$ millions, for the three months ended March 31						**2025**
	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
(Loss) earnings from operations and joint venture per financial statements	**$ (8.6)**	**$ 2.7**	**$ (18.7)**	**$ (4.8)**	**$ (2.4)**	**$ (31.8)**
Add:						
Depletion, depreciation and amortization	**2.3**	**0.7**	**-**	**0.3**	**-**	**3.3**
Oil and Gas loss from operations, net of depletion, depreciation and amortization	**-**	**-**	**18.7**	**-**	**-**	**18.7**
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	**11.8**	**-**	**-**	**-**	**-**	**11.8**
Net finance expense	**-**	**-**	**-**	**-**	**1.6**	**1.6**
Income tax expense	**-**	**-**	**-**	**-**	**0.8**	**0.8**
Adjusted EBITDA	**$ 5.5**	**$ 3.4**	**$ -**	**$ (4.5)**	**$ -**	**$ 4.4**

$ millions, for the three months ended March 31						2024
	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
(Loss) earnings from operations and joint venture per financial statements	$ (21.0)	$ 7.1	$ (2.3)	$ (7.0)	$ 0.8	$ (22.4)
Add (deduct):						
Depletion, depreciation and amortization	2.4	0.5	-	0.4	-	3.3
Oil and Gas earnings from operations, net of depletion, depreciation and amortization	-	-	2.3	-	-	2.3
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	11.1	-	-	-	-	11.1
Net finance income	-	-	-	-	(1.2)	(1.2)
Income tax expense	-	-	-	-	0.4	0.4
Adjusted EBITDA	$ (7.5)	$ 7.6	$ -	$ (6.6)	$ -	$ (6.5)

(1) Adjusted EBITDA of Metals for the three months ended March 31, 2025 is composed of Adjusted EBITDA at Moa JV of $2.6 million (50% basis), Adjusted EBITDA at Fort Site of $4.0 million, and Adjusted EBITDA at Metals Marketing of $(1.1) million (for the three months ended March 31, 2024 - $(2.0) million, $(4.9) million and $(0.6) million, respectively).

Average-realized price

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

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

$ millions, except average-realized price and sales volume, for the three months ended March 31							**2025**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 75.7**	**$ 13.4**	**$ 15.9**	**$ 11.4**	**$ 11.6**	**$ (89.6)**	**$ 38.4**
Adjustments to revenue:							
Frequency control, by-product and other revenue	**-**	**-**	**-**	**(2.1)**			
Revenue for purposes of average-realized price calculation	**75.7**	**13.4**	**15.9**	**9.3**			
Sales volume for the period	**7.6**	**1.0**	**33.1**	**170**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	**$ 9.98**	**$ 13.29**	**$ 478.84**	**$ 54.54**			

$ millions, except average-realized price and sales volume, for the three months ended March 31							2024
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 87.8	$ 11.6	$ 9.9	$ 12.0	$ 11.7	$ (104.2)	$ 28.8
Adjustments to revenue:							
By-product and other revenue	-	-	-	(1.4)			
Revenue for purposes of average-realized price calculation	87.8	11.6	9.9	10.6			
Sales volume for the period	8.9	0.8	23.9	210			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	$ 9.90	$ 14.51	$ 412.05	$ 51.25			

(1) Other revenue includes other revenue from the Metals reportable segment, revenue from the Oil and Gas reportable segment, a non-core reportable segment, and revenue from the Corporate and Other reportable segment.
(2) Average-realized price may not calculate exactly based on amounts presented due to foreign exchange and rounding.
(3) Power, average-realized price per MWh.
(4) Fertilizer, average-realized price per tonne.

Unit operating cost/NDCC

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

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

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

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

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

$ millions, except unit cost and sales volume, for the three months ended March 31					**2025**
	Metals	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 119.1**	**$ 6.9**	**$ 21.5**	**$ (96.8)**	**$ 50.7**
Less:					
Depletion, depreciation and amortization in cost of sales	**(14.1)**	**(0.6)**			
	105.0	**6.3**			
Adjustments to cost of sales:					
Cobalt by-product revenue - Moa JV and Cobalt Swap	**(13.4)**	**-**			
Fertilizer by-product revenue	**(15.9)**	**-**			
Other revenue	**(8.7)**	**-**			
Cobalt loss	**0.3**	**-**			
Realized gain on natural gas swaps	**(0.1)**	**-**			
Royalties/territorial contributions and other non-cash costs[2]	**(4.2)**	**-**			
Changes in inventories and other non-cash adjustments[3]	**1.9**	**-**			
Cost of sales for purposes of unit cost calculation	**64.9**	**6.3**			
Sales volume for the period	**7.6**	**170**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[4][5]	**$ 8.56**	**$ 37.50**			
Unit operating cost (US$ per pound) (NDCC)[6]	**$ 5.95**				

$ millions, except unit cost and sales volume, for the three months ended March 31				Adjustment for Moa Joint Venture	2024
	Metals	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 131.1	$ 4.0	$ 8.3	$ (115.9)	$ 27.5
Less:					
Depletion, depreciation and amortization in cost of sales	(13.5)	(0.5)			
	117.6	3.5			
Adjustments to cost of sales:					
Cobalt by-product revenue - Moa JV and Cobalt Swap	(11.6)	-			
Fertilizer by-product revenue	(9.9)	-			
Other revenue	(5.8)	-			
Royalties/territorial contributions and other non-cash costs[2]	(6.8)	-			
Changes in inventories and other non-cash adjustments[3]	3.4	-			
Cost of sales for purposes of unit cost calculation	86.9	3.5			
Sales volume for the period	8.9	210			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[4][5]	$ 9.80	$ 17.12			
Unit operating cost (US$ per pound) (NDCC)[6]	$ 7.24				

(1) Other cost of sales is composed of the cost of sales of Oil and Gas, a non-core reportable segment, and cost of sales of the Corporate and Other reportable segment.

(2) Royalties/territorial contributions and other non-cash costs are included in cost of sales but are excluded from NDCC.

(3) Changes in inventories and other non-cash adjustments is primarily composed of changes in inventories, the effect of average exchange rate changes and other non-cash items. These amounts are excluded from cost of sales but included in NDCC.

(4) Unit operating cost/NDCC may not calculate exactly based on amounts presented due to foreign exchange and rounding.

(5) Power, unit operating cost price per MWh.

(6) Unit operating costs in US$ are converted at the average exchange rate for the period.

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

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

Net earnings/loss from continuing operations at Oil and Gas is deducted from/added back to adjusted earnings/loss from continuing operations as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and agencies of the Government of Cuba, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or future operational performance.

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

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

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

		2025		2024
For the three months ended March 31	**$ millions**	**$/share**	$ millions	$/share
Net loss from continuing operations	**$ (40.6)**	**$ (0.10)**	$ (40.9)	$ (0.10)
Adjusting items:				
Sherritt - Unrealized foreign exchange loss - continuing operations	**0.1**	**-**	-	-
Sherritt's share - Severance related to restructuring	**-**	**-**	3.5	0.01
Corporate and Other - Transaction costs on Debt and Equity Transactions	**4.9**	**0.01**	-	-
Metals - Moa JV - Inventory write-down/obsolescence	**0.2**	**-**	0.9	-
Metals - Fort Site - Unrealized gain on natural gas swaps	**(3.5)**	**(0.01)**	-	-
Metals - Fort Site - Realized gain on natural gas swaps	**(0.1)**	**-**	-	-
Metals - Fort Site - Inventory write-down/obsolescence	**-**	**-**	0.9	-
Metals - Metals Marketing - Cobalt loss	**(0.3)**	**-**	-	-
Power - (Gain) loss on revaluation of GNC receivable	**(2.6)**	**(0.01)**	10.5	0.02
Power - Loss (gain) on revaluation of Energas payable	**0.7**	**-**	(1.4)	-
Oil and Gas - Net loss from continuing operations, net of unrealized foreign exchange gain/loss	**18.7**	**0.05**	2.3	0.01
Total adjustments, before tax	**$ 18.1**	**$ 0.04**	$ 16.7	$ 0.04
Tax adjustments	**(0.3)**	**-**	(0.4)	-
Adjusted net loss from continuing operations	**$ (22.8)**	**$ (0.06)**	$ (24.6)	$ (0.06)

Combined spending on capital

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

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

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

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

$ millions, for the three months ended March 31							**2025**
		Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	$	**10.5**	$ **0.1**	$ **0.1**	$ **10.7**	$ **(7.6)**	$ **3.1**
Intangible asset expenditures[2]		**-**	**-**	**-**	**-**	**-**	**-**
		10.5	**0.1**	**0.1**	**10.7**	$ **(7.6)**	$ **3.1**
Adjustments:							
Accrual adjustment		**4.8**	**-**	**-**	**4.8**		
Spending on capital	$	**15.3**	$ **0.1**	$ **0.1**	$ **15.5**		

$ millions, for the three months ended March 31							2024
		Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	$	9.5	$ 2.6	$ -	$ 12.1	$ (8.4)	$ 3.7
Intangible asset expenditures[2]		-	-	0.2	0.2	-	0.2
		9.5	2.6	0.2	12.3	$ (8.4)	$ 3.9
Adjustments:							
Accrual adjustment		(0.1)	-	(0.1)	(0.2)		
Spending on capital	$	9.4	$ 2.6	$ 0.1	$ 12.1		

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

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

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

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

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

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

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

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

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

$ millions, for the three months ended March 31	Metals[1][2]	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
							2025
Cash provided (used) by continuing operations for operating activities	**$ 21.9**	**$ 0.9**	**$ (10.3)**	**$ (8.4)**	**$ 4.1**	**$ (3.1)**	**$ 1.0**
Less:							
Property, plant and equipment expenditures	**(10.5)**	**(0.1)**	**(0.1)**	**-**	**(10.7)**	**7.6**	**(3.1)**
Free cash flow	**$ 11.4**	**$ 0.8**	**$ (10.4)**	**$ (8.4)**	**$ (6.6)**	**$ 4.5**	**$ (2.1)**

$ millions, for the three months ended March 31	Metals[1][2]	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
							2024
Cash provided (used) by continuing operations for operating activities	$ 31.2	$ 9.7	$ (4.0)	$ (8.8)	$ 28.1	$ (15.1)	$ 13.0
Less:							
Property, plant and equipment expenditures	(9.5)	(2.6)	-	-	(12.1)	8.4	(3.7)
Intangible expenditures	-	-	(0.2)	-	(0.2)	-	(0.2)
Free cash flow	$ 21.7	$ 7.1	$ (4.2)	$ (8.8)	$ 15.8	$ (6.7)	$ 9.1

(1) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $3.2 million, $7.6 million and $11.1 million, respectively, for the three months ended March 31, 2025 (for the three months ended March 31, 2024 - $15.1 million, $11.3 million and $4.8 million, respectively).

(2) Property, plant and equipment expenditures for the Moa JV, Fort Site and Metals Marketing was $7.6 million, $2.9 million and nil, respectively, for the three months ended March 31, 2025 (for the three months ended March 31, 2024 - $8.5 million, $1.0 million and nil, respectively).

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as “believe”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “likely”, “may”, “will”, “could”, “should”, “suspect”, “outlook”, “potential”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture; growing and increasing nickel and cobalt production, including increasing MSP production; the Moa Joint Venture expansion program update as it relates to the Processing Plant; statements set out in the “Outlook” section of this MD&A; certain expectations regarding production volumes and increases, inventory levels, operating costs, capital spending and intensity, including amount and timing of spending on tailings management, sales volumes; revenue, costs and earnings; significant liquidity improvement following completion of debt and equity transactions reducing outstanding debt and extending maturities; the ongoing effect of power outages on the operating environment in Cuba, including challenges with foreign currency constraints; the availability of additional gas supplies to be used for power generation; the amount and timing of dividend distributions from the Moa JV, including in the form of finished cobalt or cash under the Cobalt Swap; associated receipts related to cobalt received pursuant to the Cobalt Swap; the amount and timing of dividend distributions from Energas; growing shareholder value; expected annualized savings from organizational restructurings and cost reduction initiatives; sufficiency of working capital management and capital project funding; strengthening the Corporation's capital structure and amounts of certain other commitments.

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

The Corporation cautions readers of this MD&A not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, security market fluctuations and price volatility; level of liquidity and the related ability of the Moa Joint Venture to pay dividends; access to capital; access to financing; the risk to Sherritt's entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa Joint Venture, the impact of global conflicts; changes in the global price for nickel, cobalt, fertilizers or certain other commodities; risks related to Sherritt's operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; political, economic and other risks of foreign operations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; risk of future non-compliance with debt restrictions and covenants; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations; maintaining social license to grow and operate; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; risks to information technologies systems and cybersecurity; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; the possibility of equipment and other failure; potential interruptions in transportation; identification and management of growth opportunities; the ability to replace depleted mineral reserves; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba; risks associated with mining, processing and refining activities; uncertainty of gas supply for electrical generation; reliance on key personnel and skilled workers; growth opportunity risks; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies, including diesel; supplies quality issues; risks related to the Corporation's corporate structure; foreign exchange and pricing risks; credit risks; shortage of equipment and supplies; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; legal contingencies; risks related to the Corporation's accounting policies; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2025; and the ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents.

The Corporation, together with its Moa Joint Venture is pursuing a range of growth and expansion opportunities, including without limitation, process technology solutions, development projects, commercial implementation opportunities, life of mine extension opportunities and the conversion of mineral resources to reserves. In addition to the risks noted above, factors that could, alone or in combination, prevent the Corporation from successfully achieving these opportunities may include, without limitation: identifying suitable commercialization and other partners; successfully advancing discussions and successfully concluding applicable agreements with external parties and/or partners; successfully attracting required financing; successfully developing and proving technology required for the potential opportunity; successfully overcoming technical and technological challenges; successful environmental assessment and stakeholder engagement; successfully obtaining intellectual property protection; successfully completing test work and engineering studies, prefeasibility and feasibility studies, piloting, scaling from small scale to large scale production, procurement, construction, commissioning, ramp-up to commercial scale production and completion; and securing regulatory and government approvals. There can be no assurance that any opportunity will be successful, commercially viable, completed on time or on budget, or will generate any meaningful revenues, savings or earnings, as the case may be, for the Corporation. In addition, the Corporation will incur costs in pursuing any particular opportunity, which may be significant. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in the Corporation's other documents filed with the Canadian securities authorities, including without limitation the Annual Information Form of the Corporation dated March 24, 2025 for the period ending December 31, 2024, which is available on SEDAR+ at www.sedarplus.ca.

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statements of comprehensive loss

Unaudited, Canadian $ millions, except per share amounts, for the three months ended March 31	Note		2025		2024
Revenue	5	**$**	**38.4**	$	28.8
Cost of sales	6		**(50.7)**		(27.5)
Administrative expenses	6		**(8.1)**		(11.4)
Share of loss of Moa Joint Venture, net of tax	7		**(11.4)**		(12.3)
Loss from operations and joint venture			**(31.8)**		(22.4)
Interest income on financial assets measured at amortized cost	8		**0.3**		0.6
Other financing items	8		**1.3**		(9.2)
Financing expense	8		**(9.6)**		(9.3)
Net finance expense			**(8.0)**		(17.9)
Loss before income tax			**(39.8)**		(40.3)
Income tax expense			**(0.8)**		(0.6)
Net loss from continuing operations			**(40.6)**		(40.9)
Earnings from discontinued operations, net of tax			**-**		0.4
Net loss for the period		**$**	**(40.6)**	$	(40.5)
Other comprehensive (loss) income					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations, net of tax			**(2.4)**		16.0
Items that will not be subsequently reclassified to profit or loss:					
Actuarial loss on pension plans, net of tax			**-**		(0.1)
Other comprehensive (loss) income			**(2.4)**		15.9
Total comprehensive loss		**$**	**(43.0)**	$	(24.6)
Net loss from continuing operations per common share:					
Basic and diluted	9	**$**	**(0.10)**	$	(0.10)
Net loss per common share:					
Basic and diluted	9	**$**	**(0.10)**	$	(0.10)

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

Condensed consolidated statements of financial position

Unaudited, Canadian $ millions, as at	Note		2025 March 31		2024 December 31
ASSETS					
Current assets					
Cash and cash equivalents	10	**$**	**135.6**	$	145.7
Restricted cash			**1.4**		1.4
Advances, loans receivable and other financial assets	11		**22.7**		33.6
Trade accounts receivable, net	10		**114.7**		151.4
Inventories			**42.4**		43.3
Prepaid expenses			**7.1**		9.4
			323.9		384.8
Non-current assets					
Investment in Moa Joint Venture	7		**637.8**		665.4
Advances, loans receivable and other financial assets	11		**188.3**		171.6
Property, plant and equipment			**154.5**		152.1
Intangible assets			**7.0**		7.1
Other non-financial assets			**0.9**		0.7
Deferred income taxes			**1.1**		1.1
			989.6		998.0
Total assets		**$**	**1,313.5**	$	1,382.8
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Loans and borrowings	12	**$**	**67.5**	$	67.2
Trade accounts payable and accrued liabilities			**136.7**		172.5
Other financial liabilities	12		**9.2**		34.9
Deferred revenue			**26.2**		11.9
Provisions			**10.2**		4.8
Income taxes payable			**1.0**		1.7
			250.8		293.0
Non-current liabilities					
Loans and borrowings	12		**309.1**		305.3
Other financial liabilities	12		**75.7**		72.3
Other non-financial liabilities			**8.3**		9.2
Provisions			**114.2**		104.7
Deferred income taxes			**0.9**		0.9
			508.2		492.4
Total liabilities			**759.0**		785.4
Shareholders' equity					
Capital stock			**2,894.9**		2,894.9
Deficit			**(3,013.0)**		(2,972.4)
Reserves			**235.0**		234.9
Accumulated other comprehensive income			**437.6**		440.0
			554.5		597.4
Total liabilities and shareholders' equity		**$**	**1,313.5**	$	1,382.8

Commitments for expenditures (note 13)

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

Condensed consolidated statements of cash flow

Unaudited, Canadian $ millions, for the three months ended March 31	Note	2025	2024
Operating activities			
Net loss from continuing operations		**$ (40.6)**	$ (40.9)
Add (deduct) non-cash items:			
Finished cobalt cost of sales	6	**4.7**	0.8
Depletion, depreciation and amortization	5, 6	**3.3**	3.3
Share-based compensation expense	6	**0.4**	0.3
Share of loss of Moa Joint Venture, net of tax	7	**11.4**	12.3
Inventory write-down/obsolescence	6	**-**	0.9
Net finance expense	8	**8.0**	17.9
Income tax expense		**0.8**	0.6
Loss on environmental rehabilitation provisions	6	**15.7**	3.6
Net change in non-cash working capital	14	**1.1**	23.0
Interest received		**0.6**	1.6
Interest paid		**(1.5)**	(1.8)
Income taxes paid		**(1.5)**	(0.3)
Proceeds from Cobalt Swap	5	**6.1**	1.0
Share-based compensation payments		**(1.1)**	(1.7)
Liabilities settled for environmental rehabilitation provisions		**(5.9)**	(7.4)
Other operating items		**(0.5)**	(0.2)
Cash provided by continuing operations		**1.0**	13.0
Cash used by discontinued operations		**(0.1)**	(0.1)
Cash provided by operating activities		**0.9**	12.9
Investing activities			
Property, plant and equipment expenditures	5	**(3.1)**	(3.7)
Intangible asset expenditures	5	**-**	(0.2)
Receipts of advances, loans receivable and other financial assets		**0.2**	3.3
Cash used by continuing operations		**(2.9)**	(0.6)
Cash used by investing activities		**(2.9)**	(0.6)
Financing activities			
Fees paid on Debt and Equity Transactions	18	**(2.6)**	-
Repayment of other financial liabilities		**(5.4)**	(0.5)
Increase in loans and borrowings		**-**	11.0
Cash (used) provided by continuing operations		**(8.0)**	10.5
Cash (used) provided by financing activities		**(8.0)**	10.5
Effect of exchange rate changes on cash and cash equivalents		**(0.1)**	2.5
(Decrease) increase in cash and cash equivalents		**(10.1)**	25.3
Cash and cash equivalents at beginning of the period		**145.7**	119.1
Cash and cash equivalents at end of the period	10	**$ 135.6**	$ 144.4

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

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian $ millions

	Capital stock	Deficit	Reserves	Accumulated other comprehensive income	Total
Balance as at December 31, 2023	**$ 2,894.9**	**$ (2,899.6)**	**$ 234.1**	**$ 384.2**	**$ 613.6**
Total comprehensive loss:					
Net loss for the period	-	(40.5)	-	-	(40.5)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	16.0	16.0
Actuarial losses on pension plans, net of tax	-	-	-	(0.1)	(0.1)
	-	(40.5)	-	15.9	(24.6)
Stock option plan expense	-	-	0.3	-	0.3
Balance as at March 31, 2024	**$ 2,894.9**	**$ (2,940.1)**	**$ 234.4**	**$ 400.1**	**$ 589.3**
Total comprehensive income:					
Net loss for the period	-	(32.3)	-	-	(32.3)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	40.0	40.0
Actuarial losses on pension plans, net of tax	-	-	-	(0.1)	(0.1)
	-	(32.3)	-	39.9	7.6
Stock option plan expense	-	-	0.5	-	0.5
Balance as at December 31, 2024	**$ 2,894.9**	**$ (2,972.4)**	**$ 234.9**	**$ 440.0**	**$ 597.4**
Total comprehensive loss:					
Net loss for the period	-	(40.6)	-	-	(40.6)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(2.4)	(2.4)
	-	(40.6)	-	(2.4)	(43.0)
Stock option plan expense	-	-	0.1	-	0.1
Balance as at March 31, 2025	**$ 2,894.9**	**$ (3,013.0)**	**$ 235.0**	**$ 437.6**	**$ 554.5**

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

Notes to the condensed consolidated financial statements

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

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

The Corporation is domiciled in Ontario, Canada and its registered office is 22 Adelaide Street West, Toronto, Ontario, M5H 4E3. These consolidated financial statements were approved and authorized for issuance by the Board of Directors of Sherritt on May 13, 2025. The Corporation is listed on the Toronto Stock Exchange under the symbol “S”.

2. BASIS OF PRESENTATION

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

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

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

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

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

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

Lack of Exchangeability (Amendments to IAS 21)

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

The amendments are effective for annual periods beginning on or after January 1, 2025. Effective January 1, 2025, the Corporation adopted these amendments. The application of these amendments did not have a material impact on the Corporation’s condensed consolidated financial statements. Refer to notes 11 and 15 for further details on the lack of exchangeability of the Cuban peso. Additional disclosures related to the lack of exchangeability of the Cuban peso will be provided in the Corporation’s annual consolidated financial statements.

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

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

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

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

On May 15, 2024, the Government of Barbados enacted the Corporation Top-up Tax Act, 2024 for fiscal years commencing on or after January 1, 2024, and every subsequent fiscal year, which will result in a DMTT of 15% being levied on Qualifying Multinational Enterprises with annual revenue surpassing €750 million. Based on the currently applicable revenue thresholds, the Corporation was not in scope of the rules for the period ended March 31, 2025.

Accounting pronouncements issued but not yet effective

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

Presentation and Disclosure in Financial Statements (“IFRS 18”)

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

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

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

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

The amendments specify:

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

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

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

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

5. SEGMENTED INFORMATION

Canadian $ millions, for the three months ended March 31	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV(1)	Total 2025
Revenue	$ 113.7	$ 11.4	$ 2.3	$ 0.6	$ (89.6)	$ 38.4
Cost of sales	(119.1)	(6.9)	(21.0)	(0.5)	96.8	(50.7)
Cobalt loss	(0.3)	-	-	-	0.3	-
Administrative expenses	(2.9)	(1.8)	-	(4.9)	1.5	(8.1)
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	(11.4)	(11.4)
(Loss) earnings from operations and joint venture	(8.6)	2.7	(18.7)	(4.8)	(2.4)	(31.8)
Interest income on financial assets measured at amortized cost						0.3
Other financing items						1.3
Financing expense						(9.6)
Net finance expense						(8.0)
Loss before income tax						(39.8)
Income tax expense						(0.8)
Net loss from continuing operations						(40.6)
Net loss for the period						$ (40.6)

Supplementary information	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV(1)	Total
Depletion, depreciation and amortization	$ 14.1	$ 0.7	$ -	$ 0.3	$ (11.8)	$ 3.3
Property, plant and equipment expenditures	10.5	0.1	0.1	-	(7.6)	3.1

Canadian $ millions, as at March 31	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV(1)	2025
Non-current assets(2)	$ 663.4	$ 18.2	$ 0.6	$ 4.8	$ (525.5)	$ 161.5
Total assets	1,053.7	374.9	11.6	26.7	(153.4)	1,313.5

Canadian $ millions, for the three months ended March 31	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV(1)	Total 2024
Revenue	$ 115.1	$ 12.0	$ 5.3	$ 0.6	$ (104.2)	$ 28.8
Cost of sales	(131.1)	(4.0)	(7.7)	(0.6)	115.9	(27.5)
Administrative (expenses) recoveries	(5.0)	(0.9)	0.1	(7.0)	1.4	(11.4)
Share of loss of Moa Joint Venture, net of tax	-	-	-	-	(12.3)	(12.3)
(Loss) earnings from operations and joint venture	(21.0)	7.1	(2.3)	(7.0)	0.8	(22.4)
Interest income on financial assets measured at amortized cost						0.6
Other financing items						(9.2)
Financing expense						(9.3)
Net finance expense						(17.9)
Loss before income tax						(40.3)
Income tax expense						(0.6)
Net loss from continuing operations						(40.9)
Earnings from discontinued operations, net of tax						0.4
Net loss for the period						$ (40.5)

Supplementary information	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV(1)	Total
Depletion, depreciation and amortization	$ 13.5	$ 0.5	$ -	$ 0.4	$ (11.1)	$ 3.3
Property, plant and equipment expenditures	9.5	2.6	-	-	(8.4)	3.7
Intangible asset expenditures	-	-	0.2	-	-	0.2

Canadian $ millions, as at December 31	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV(1)	2024
Non-current assets(2)	$ 658.0	$ 18.8	$ 0.5	$ 5.1	$ (523.2)	$ 159.2
Total assets	1,097.0	375.8	10.2	37.4	(137.6)	1,382.8

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

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

Disaggregation of revenue by product and service type

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

Canadian $ millions, for the three months ended March 31	**2025** Total revenue	2024 Total revenue
Cobalt	**4.7**	0.9
Fertilizer(1)	**$ 11.9**	$ 5.4
Power generation(2)	**9.3**	10.7
Sulphuric acid	**6.3**	3.2
Oil and gas service revenue	**2.3**	5.3
Other	**3.9**	3.3
	$ 38.4	$ 28.8

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

(2) Included in power generation revenue for the three months ended March 31, 2025 is $8.4 million of revenue from service concession arrangements ($8.4 million for the three months ended March 31, 2024).

Cobalt revenue

Cobalt revenue relates to cobalt sold by the Corporation to customers from the cobalt volumes received through distributions from the Moa JV pursuant to the Cobalt Swap (note 7). $4.7 million of revenue was recognized during the three months ended March 31, 2025 following the sale of all of the finished cobalt inventories of $5.0 million as at December 31, 2024. The Corporation received $6.1 million of cash during the three months ended March 31, 2025 from cobalt sales pursuant to the Cobalt Swap (March 31, 2024 - $1.0 million). Refer to note 12 of the Corporation's annual consolidated financial statements for the year ended December 31, 2024 for further details on the Cobalt Swap.

Changes in reportable segments

In the comparative period, the Corporation revised the presentation of its segmented information commencing with the three months ended March 31, 2024 as a result of a change in the information reviewed by the chief operating decision maker ("CODM"). Following the Corporation's restructuring during the comparative period, the former Corporate reportable segment and Technologies reportable segment were combined into a single Corporate and Other reportable segment reviewed by the CODM, which includes the Corporation's management of its joint operations and subsidiaries and general corporate activities related to public companies, including business and market development, and growth and external technical services activities as well as management of cash, publicly-traded debt and government relations.

6. EXPENSES

Cost of sales includes the following:

Canadian $ millions, for the three months ended March 31		2025		2024
Employee costs	$	**14.5**	$	14.8
Severance		**0.1**		0.5
Depletion, depreciation and amortization of property, plant and equipment and intangible assets		**3.0**		2.9
Raw materials and consumables		**11.5**		12.3
Finished cobalt[1]		**4.7**		0.8
Repairs and maintenance		**12.1**		11.3
Shipping and treatment costs		**0.9**		0.7
Inventory write-down/obsolescence		**-**		0.9
Loss on environmental rehabilitation provisions		**15.7**		3.6
Share-based compensation expense (recovery)		**0.1**		(0.1)
Changes in inventories and other		**(11.9)**		(20.2)
	$	**50.7**	$	27.5

(1) Finished cobalt relates to the cost of finished cobalt distributed to the Corporation pursuant to the Cobalt Swap and sold to customers. The value is based on an in-kind value of cobalt, calculated as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and General Nickel Company ("GNC") in consideration of selling costs incurred by the Corporation. Refer to note 12 of the Corporation's annual consolidated financial statements for the year ended December 31, 2024 for further details on the Cobalt Swap.

Loss on environmental rehabilitation provisions

During the three months ended March 31, 2025, the Corporation recognized a $15.7 million loss on environmental rehabilitation provisions primarily due to change in estimates for the Corporation's legacy Spanish Oil and Gas operations. The change in estimates primarily relates to an increase in estimated rehabilitation costs for decommissioning work to be completed in 2025.

Administrative expenses include the following:

Canadian $ millions, for the three months ended March 31		2025		2024
Employee costs	$	**6.3**	$	7.5
Severance[1]		**-**		1.7
Depreciation		**0.3**		0.4
Share-based compensation expense		**0.3**		0.4
Consulting services and audit fees		**0.8**		1.4
Other		**0.4**		-
	$	**8.1**	$	11.4

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

7. JOINT ARRANGEMENTS

Investment in Moa Joint Venture

During the three months ended March 31, 2025 and March 31, 2024, the Moa Joint Venture distributed nil tonnes of finished cobalt and paid nil cash distributions to the Corporation pursuant to the Cobalt Swap.

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

Statements of financial position

Canadian $ millions, 100% basis, as at	**2025 March 31**	2024 December 31
Assets		
Cash and cash equivalents	**$ 23.5**	$ 11.3
Income taxes receivable	**7.0**	7.0
Other current assets[1]	**32.7**	40.9
Trade accounts receivable, net	**66.1**	90.3
Inventories	**376.3**	382.3
Other non-current assets	**15.9**	17.9
Property, plant and equipment	**1,140.6**	1,136.6
Deferred income taxes	**10.3**	10.3
Total assets	**1,672.4**	1,696.6
Liabilities		
Trade accounts payable and accrued liabilities	**112.1**	111.9
Income taxes payable	**0.8**	1.0
Other current financial liabilities	**0.2**	0.2
Deferred revenue	**16.2**	21.0
Loans and borrowings[2]	**71.0**	40.5
Environmental rehabilitation provisions	**93.4**	86.9
Other non-current financial liabilities	**2.8**	2.9
Deferred income taxes	**10.7**	11.2
Total liabilities	**307.2**	275.6
Net assets of Moa Joint Venture	**$ 1,365.2**	$ 1,421.0
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**682.6**	710.5
Intercompany capitalized interest elimination	**(44.8)**	(45.1)
Investment in Moa Joint Venture	**$ 637.8**	$ 665.4

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

(2) Included in loans and borrowings is $32.8 million of current financial liabilities (December 31, 2024 - $27.7 million) and $38.2 million of non-current financial liabilities (December 31, 2024 - $12.8 million). As at March 31, 2025, the Moa Joint Venture had drawn $21.6 million (US$15.0 million) on a US$60.0 million equivalent credit facility denominated in Cuban pesos from a Cuban financial institution to support spending on capital related to tailings management and working capital, which is included in non-current financial liabilities.

Statements of comprehensive loss

Canadian $ millions, 100% basis, for the three months ended March 31	**2025**	2024
Revenue	**$ 179.3**	$ 208.5
Cost of sales[1]	**(193.8)**	(231.8)
Administrative expenses	**(3.1)**	(2.8)
Loss from operations	**(17.6)**	(26.1)
Financing income	**0.1**	0.2
Financing expense	**(5.9)**	(1.6)
Net finance expense	**(5.8)**	(1.4)
Loss before income tax	**(23.4)**	(27.5)
Income tax expense[2]	**(1.5)**	(0.7)
Net loss and comprehensive loss of Moa Joint Venture	**$ (24.9)**	$ (28.2)
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**(12.5)**	(14.1)
Intercompany elimination	**1.1**	1.8
Share of loss of Moa Joint Venture, net of tax	**$ (11.4)**	$ (12.3)

(1) Included in cost of sales for the three months ended March 31, 2025 is depreciation and amortization of $23.5 million ($22.2 million for the three months ended March 31, 2024).

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

Joint operation

During the three months ended March 31, 2025, Energas declared and paid dividends of $4.3 million to the Corporation in Canada (nil for the three months ended March 31, 2024).

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

Canadian $ millions, 33⅓% basis, as at		2025 March 31		2024 December 31
Current assets[1]	**$**	**132.3**	$	139.2
Non-current assets		**15.1**		15.6
Current liabilities		**3.4**		15.5
Non-current liabilities		**67.2**		61.5
Net assets	**$**	**76.8**	$	77.8

(1) Included in current assets is $107.2 million of cash and cash equivalents (December 31, 2024 - $111.4 million).

Canadian $ millions, 33⅓% basis, for the three months ended March 31		2025		2024
Revenue	**$**	**11.4**	$	12.0
Expenses		**(8.0)**		(2.3)
Net earnings	**$**	**3.4**	$	9.7

8. NET FINANCE EXPENSE

Canadian $ millions, for the three months ended March 31	Note		2025		2024
Interest income on financial assets measured at amortized cost			**0.3**		0.6
Gain (loss) on revaluation of GNC receivable	10		**2.6**		(10.5)
(Loss) gain on revaluation of Energas payable	10		**(0.7)**		1.4
Unrealized gain on natural gas swaps			**3.5**		-
Realized gain on natural gas swaps			**0.1**		-
Transaction costs on Debt and Equity Transactions[1]			**(4.9)**		-
Other interest income and gains on financial instruments			**0.7**		(0.1)
Other financing items			**1.3**		(9.2)
Interest expense and accretion on loans and borrowings			**(8.8)**		(9.2)
Unrealized foreign exchange loss			**(0.1)**		-
Realized foreign exchange loss			**(0.5)**		-
Other interest expense and finance charges			**(0.1)**		-
Accretion expense on environmental rehabilitation provisions			**(0.1)**		(0.1)
Financing expense			**(9.6)**		(9.3)
Net finance expense		**$**	**(8.0)**	$	(17.9)

(1) During the three months ended March 31, 2025, transaction costs on debt and equity transactions represents fees incurred up to March 31, 2025 related to the Corporation's debt and equity transactions ("Debt and Equity Transactions") completed subsequent to period end. Refer to note 18 for further information on the Debt and Equity Transactions.

9. LOSS PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars, for the three months ended March 31		2025		2024
Net loss from continuing operations	$	(40.6)	$	(40.9)
Earnings from discontinued operations, net of tax		-		0.4
Net loss for the period - basic and diluted	$	**(40.6)**	$	(40.5)
Weighted-average number of common shares - basic and diluted(1)		**397.3**		397.3
Net loss from continuing operations per common share:				
Basic and diluted	$	**(0.10)**	$	(0.10)
Net loss per common share:				
Basic and diluted	$	**(0.10)**	$	(0.10)

(1) The determination of the weighted-average number of common shares - diluted excludes 9.6 million shares related to stock options that were anti-dilutive for the three months ended March 31, 2025 (10.2 million for the three months ended March 31, 2024).

10. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents of the Corporation held in Canada was $25.4 million as at March 31, 2025 (December 31, 2024 - $32.1 million) and is held in major currencies.

The Corporation's cash balances are deposited with major financial institutions rated investment grade by independent rating agencies, except for cash deposited with financial institutions located in Cuba that are not rated. Of the Corporation's cash and cash equivalents of $135.6 million, total cash held in Cuban bank deposit accounts was $109.6 million as at March 31, 2025 (December 31, 2024 - $113.0 million).

Total cash denominated in Cuban pesos was $109.6 million as at March 31, 2025 (December 31, 2024 - $113.0 million), which is not exchangeable into other currencies unless sufficient foreign currency reserves exist in Cuba. Refer to note 15 for further details on the lack of exchangeability of the Cuban peso.

As at March 31, 2025, $107.2 million of the Corporation's cash and cash equivalents was held by Energas in Cuban bank deposit accounts (December 31, 2024 - $111.4 million). These funds are for use locally by the joint operation, including repayment of Energas' payable to GNC (note 12) in Cuban pesos ("CUP") pursuant to the Cobalt Swap and for payments under the Energas Payment Agreement ("Moa Swap"). Refer to note 16 for further details on the Cobalt Swap and Moa Swap.

Trade accounts receivable, net

Canadian $ millions, as at		2025 March 31		2024 December 31
Trade accounts receivable	$	**82.6**	$	112.5
Allowance for expected credit losses		**(20.4)**		(20.3)
Accounts receivable from Moa Joint Venture		**30.0**		37.6
Other		**22.5**		21.6
	$	**114.7**	$	151.4

Aging of trade accounts receivable, net

Canadian $ millions, as at		2025 March 31		2024 December 31
Not past due	$	**105.7**	$	132.6
Past due no more than 30 days		**3.5**		12.2
Past due for more than 30 days but no more than 60 days		**0.2**		1.3
Past due for more than 60 days		**5.3**		5.3
	$	**114.7**	$	151.4

Fair value measurement

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

Canadian $ millions, as at	Note	Hierarchy level	2025 March 31 Carrying value	2025 March 31 Fair value	2024 December 31 Carrying value	2024 December 31 Fair value
Liabilities:						
8.50% second lien secured notes due 2026(1)(2)	12	1	**$ 239.7**	**$ 121.7**	$ 238.8	$ 111.8
10.75% unsecured PIK option notes due 2029(1)(2)	12	1	**69.4**	**21.1**	66.5	25.0

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

(2) Subsequent to period end, the 8.50% second lien secured notes due 2026 and 10.75% unsecured PIK option notes due 2029 were extinguished and new 9.25% senior secured notes due 2031 ("Amended Senior Secured Notes") were recognized as part of the Debt and Equity Transactions. Refer to note 18 for further information on the Debt and Equity Transactions.

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

Canadian $ millions, as at	Note	Hierarchy level	2025 March 31	2024 December 31
Fair value through profit or loss				
Assets:				
GNC receivable	11	3	**$** 205.9	$ 203.3
Natural gas swap receivable	11	2	4.3	0.8
Liabilities:				
Energas payable	12	3	70.9	75.2

Fair value hierarchy

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

The following significant unobservable inputs were used to determine the fair value of the GNC receivable as at March 31, 2025:

- Forecast in-kind nominal cobalt prices from US$10/lb to US$12/lb (December 31, 2024 - US$9/lb to US$12/lb). A US$10/lb increase in forecast in-kind nominal cobalt prices would increase the fair value by $2.2 million (December 31, 2024 - $9.1 million), while a US$10/lb decrease in forecast in-kind nominal cobalt prices would decrease the fair value by $2.2 million (December 31, 2024 - $9.2 million). When the GNC receivable is settled with cobalt, settlement is based on an in-kind value of cobalt, calculated as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and GNC in consideration of selling costs incurred by the Corporation.
- Nominal discount rate of 12% (December 31, 2024 - 12%). A 5 percentage point increase in the discount rate would decrease the fair value by $24.1 million (December 31, 2024 - $23.4 million), while a 5 percentage point decrease in the discount rate would increase the fair value by $27.5 million (December 31, 2024 - $26.8 million).

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

Canadian $ millions, for the three months ended	**Note**	**2025 March 31**	2024 March 31
Balance, beginning of the period		**$ 203.3**	$ 217.8
Gain (loss) on revaluation of GNC receivable in net finance expense	8	**2.6**	(10.5)
Balance, end of the period	11	**$ 205.9**	$ 207.3

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

Canadian $ millions, for the three months ended	Note		**2025 March 31**		2024 March 31
Balance, beginning of the period		**$**	**75.2**	$	75.4
Loss (gain) on revaluation of Energas payable in net finance expense	8		**0.7**		(1.4)
Settlements			**(5.0)**		-
Balance, end of the period	12	**$**	**70.9**	$	74.0

11. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	Note		**2025 March 31**		2024 December 31
Advances and loans receivable					
GNC receivable(1)	10	**$**	**205.9**	$	203.3
Other financial assets					
Natural gas swap receivable	10		**4.3**		0.8
Finance lease receivables			**0.8**		1.1
			211.0		205.2
Current portion of advances, loans receivable and other financial assets(2)			**(22.7)**		(33.6)
Non-current portion of advances, loans receivable and other financial assets		**$**	**188.3**	$	171.6

(1) As at March 31, 2025, the non-current portion of the GNC receivable agreement is $188.3 million (December 31, 2024 - $170.8 million).

(2) Included in the current portion of advances, loans receivable and other financial assets as at March 31, 2025 is the current portion of the GNC receivable of $17.6 million (December 31, 2024 - $32.5 million) and the current portion of the natural gas swap receivable of $4.3 million (December 31, 2024 - nil).

GNC receivable

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

No interest accrues on the GNC receivable over the five-year period of the Cobalt Swap. In the event that the total outstanding receivable is not fully repaid by December 31, 2027, interest will accrue retroactively at 8.0% from January 1, 2023 on the unpaid principal amount as at December 31, 2027, and the unpaid principal and interest amounts will become due and payable by GNC to the Corporation. Refer to note 12 of the Corporation's annual consolidated financial statements for the year ended December 31, 2024 for further details on the Cobalt Swap.

12. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

				For the three months ended March 31, 2025				
				Cash flows		**Non-cash changes**		
Canadian $ millions	Note		As at 2024 December 31	**Increase in other loans and borrowings**		**Other**		**As at 2025 March 31**
8.50% second lien secured notes due 2026	10	$	238.8	**$ -**	**$**	**0.9**	**$**	**239.7**
10.75% unsecured PIK option notes due 2029	10		66.5	**-**		**2.9**		**69.4**
Credit Facility			67.2	**-**		**0.3**		**67.5**
		$	372.5	**$ -**	**$**	**4.1**	**$**	**376.6**
Current portion of loans and borrowings			(67.2)					**(67.5)**
Non-current portion of loans and borrowings		$	305.3				**$**	**309.1**

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

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

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

Subsequent to period end, the Corporation paid accrued interest of $8.7 million on the Second Lien Notes upon completion of the Debt and Equity Transactions, the Second Lien Notes were extinguished and Amended Senior Secured Notes were recognized, which have no premium payable at maturity. Refer to note 18 for further information on the Debt and Equity Transactions.

No mandatory redemptions were required to be made as the Second Lien Notes were extinguished prior to April 30, 2025.

10.75% unsecured PIK option notes due 2029 (“PIK Notes”)

As at March 31, 2025, the outstanding principal amount of the PIK Notes is $70.3 million (December 31, 2024 - $66.7 million).

During the three months ended March 31, 2025, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest of $3.6 million and added the payment-in-kind interest to the principal amount owed to noteholders.

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

Subsequent to period end, the PIK Notes were extinguished and Amended Senior Secured Notes were recognized. Refer to note 18 for further information on the Debt and Equity Transactions.

Credit Facility

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

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

Other financial liabilities

Canadian $ millions, as at	Note	**2025 March 31**	2024 December 31
Energas payable[1]	10	**$ 70.9**	$ 75.2
Lease liabilities		**9.3**	9.8
Share-based compensation liability		**2.3**	3.2
Other financial liabilities		**2.4**	19.0
		84.9	107.2
Current portion of other financial liabilities[2]		**(9.2)**	(34.9)
Non-current portion of other financial liabilities		**$ 75.7**	$ 72.3

(1) As at March 31, 2025, the non-current portion of the Energas payable is $65.0 million (December 31, 2024 - $59.3 million).

(2) As at March 31, 2025, the current portion of other financial liabilities includes the current portions of the Energas payable of $5.9 million (December 31, 2024 - $15.9 million), a share-based compensation liability of $1.4 million (December 31, 2024 - $2.0 million) and an other financial liability of nil (December 31, 2024 - $14.9 million to the Moa JV for distributions received that had not yet been declared as dividends as at December 31, 2024 and was extinguished upon declaration during the three months ended March 31, 2025).

Energas payable

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

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

13. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at March 31		2025
Property, plant and equipment commitments	$	6.1
Moa Joint Venture[1]:		
Property, plant and equipment commitments - Sustaining and growth		21.9
Property, plant and equipment commitments - Tailings facility[2]		35.6

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

(2) The Moa Joint Venture’s property, plant and equipment commitments for the tailings facility are in part funded by a US$60.0 million (100% basis) equivalent credit facility in CUP from a Cuban financial institution, of which $21.6 million (US$15.0 million) was drawn as at March 31, 2025 (note 7).

14. SUPPLEMENTAL CASH FLOW INFORMATION

Working capital is defined as the Corporation's current assets less current liabilities and was $73.1 million as at March 31, 2025 ($91.8 million - December 31, 2024).

Net change in non-cash working capital

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

Canadian $ millions, for the three months ended March 31		2025		2024
Trade accounts receivable, net[1]	$	32.0	$	24.7
Inventories[2]		(4.0)		(6.8)
Prepaid expenses		2.3		(0.6)
Trade accounts payable and accrued liabilities		(42.7)		(13.3)
Deferred revenue		13.5		19.0
	$	1.1	$	23.0

(1) Trade accounts receivable, net includes adjustments of $(6.1) million for the three months ended March 31, 2025 for Proceeds from Cobalt Swap presented separately in the condensed consolidated statements of cash flow ($(1.0) million for the three months ended March 31, 2024).

(2) Inventories include adjustments of $(4.7) million for the three months ended March 31, 2025 for non-cash finished cobalt cost of sales presented separately in the condensed consolidated statements of cash flow ($(0.8) million for the three months ended March 31, 2024).

15. SHAREHOLDERS’ EQUITY

Capital stock

The Corporation’s common shares have no par value and the authorized share capital is composed of an unlimited number of common shares. There were no changes in the Corporation’s outstanding common shares during the three months ended March 31, 2025 or during the year ended December 31, 2024.

Subsequent to period end, the Corporation issued 99 million common shares from treasury as part of the Debt and Equity Transactions. Refer to note 18 for further details on the Debt and Equity Transactions.

16. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Lack of exchangeability of the Cuban peso

Upon adoption of the Amendments to IAS 21, the Corporation determined that the Cuban peso is not exchangeable into other currencies unless sufficient foreign currency reserves exist in Cuba. The Corporation continues to use the 24 CUP:1 USD observable exchange rate without adjustment published by the Central Bank of Cuba as this is the exchange rate to which the Corporation is subject. The Corporation’s primary risk is related to its cash and cash equivalents of $109.8 million as at March 31, 2025 denominated in CUP, which is primarily held by Energas in the Power segment.

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

Financial obligation maturity analysis

The Corporation's significant contractual commitments, obligations, and interest and principal repayments in respect of its financial liabilities, income taxes payable and provisions are presented in the following table on an undiscounted basis. For amounts payable that are not fixed, including mandatory redemptions of the Second Lien Notes (note 12), the amount disclosed is determined by reference to the conditions existing as at March 31, 2025.

Canadian $ millions, as at March 31, 2025	Total	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due in more than 5 years
Trade accounts payable and accrued liabilities	$ 136.7	$ 136.7	$ -	$ -	$ -	$ -	$ -
Income taxes payable	1.0	1.0	-	-	-	-	-
Second Lien Notes (includes principal, interest and premium)(1)	285.5	18.8	266.7	-	-	-	-
PIK Notes (includes principal and interest)(1)	112.6	-	-	-	-	-	112.6
Credit Facility	74.3	4.9	69.4	-	-	-	-
Other non-current financial liabilities	1.3	-	0.1	0.3	0.3	-	0.6
Provisions	204.6	10.2	5.3	13.3	10.5	17.4	147.9
Energas payable(2)	92.3	6.4	4.8	81.1	-	-	-
Lease liabilities	10.9	2.5	1.5	1.4	1.3	1.2	3.0
Total	$ 919.2	$ 180.5	$ 347.8	$ 96.1	$ 12.1	$ 18.6	$ 264.1

(1) Subsequent to period end, the Second Lien Notes and PIK Notes were extinguished as a result of the Corporation's Debt and Equity Transactions and Amended Senior Secured Notes with a principal amount of $266.1 million were recognized with a maturity of November 30, 2031, which falls due in more than 5 years from March 31, 2025. In addition, the Amended Senior Secured Notes do not include the $25.0 million premium that was due at maturity in 2026 on the Second Lien Notes. The Amended Senior Secured Notes have an annual interest rate of 9.25% paid in cash semi-annually in April and October. Refer to note 18 for further information on the Debt and Equity Transactions.

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

17. RELATED PARTY TRANSACTIONS

The Corporation enters into related party transactions with its joint arrangements (note 7). Transactions between related parties are generally based on standard commercial terms. All amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received on the outstanding amounts. No expense has been recognized in the current or prior periods for bad debts in respect of amounts owed by related parties.

18. SUBSEQUENT EVENTS

Debt and Equity Transactions

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

Subsequent to period end, in April 2025, the CBCA Plan received approval by noteholders and by the Ontario Superior Court of Justice and the Debt and Equity Transactions were completed.

As a result, all of the outstanding Second Lien Notes in the principal amount of $221.3 million and all of the outstanding PIK Notes in the principal amount of $70.3 million were exchanged and extinguished and the Corporation recognized Amended Senior Secured Notes with a fair value and principal amount of $266.1 million. In addition, accrued interest on the Second Lien Notes of $8.7 million was paid and no mandatory redemptions were required to be made as the Second Lien Notes were extinguished prior to April 30, 2025.

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

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

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

During the three months ended March 31, 2025, transaction costs of $4.9 million were incurred and are presented within transaction costs on Debt and Equity Transactions within net finance expense (note 8). These transaction costs and additional transaction costs of $11.0 million were incurred subsequent to period end and will be recognized as part of the approximate $33.0 million gain on Debt and Equity Transactions, net of transaction costs, to be recognized within net finance expense during the three months ended June 30, 2025.

sherritt

Sherritt International Corporation
22 Adelaide Street West, Suite 4220
Toronto, ON M5H 4E3

For further investor information contact:
Telephone: 416.935.2451
Toll-free 1.800.704.6698
www.sherritt.com