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Sherritt Reports First Quarter 2025 Results; Completed Strategic Transactions to Strengthen Capital Structure; Moa JV Expansion Phase Two Commissioning Underway

TORONTO – May 13, 2025 – Sherritt International Corporation ("Sherritt", the "Corporation") (TSX: S), a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition – today reported its financial results for the three months ended March 31, 2025. All amounts are in Canadian dollars unless otherwise noted.

Leon Binedell, President and CEO of Sherritt commented, "We kicked off this year delivering key strategic initiatives that will drive significant long-term value and strengthen Sherritt's position as a leader in innovative processing solutions and critical minerals production. We successfully strengthened our balance sheet, reducing our outstanding debt obligations, decreasing our annual interest expense and extending our debt maturity to late 2031. We began commissioning phase two of our Moa JV expansion program that will ramp up later this year and increase our annual production of mixed sulphide precipitate. Once the ramp up is complete, we expect to see our refinery filled to nameplate capacity, maximizing profitability from the joint venture's own mine feed and opening up new opportunities to expand the refinery. We also advanced our midstream refinery MHP project focused on developing new refining capacity for the electric vehicle supply chain, leveraging Sherritt's differentiated technical processing expertise. Completion of these milestones enables us to deliver near-term growth and substantial long-term value creation."

Mr. Binedell added, "During the quarter, the operating environment in Cuba became more difficult due to increasing pressure from U.S. sanctions which impacted Cuba's foreign currency availability and adversely affected the provision of goods and services in the country and to the Moa JV. Operating in Cuba for over 30 years we have navigated these challenges in various ways including through our Cobalt Swap and Moa Swap transactions which mitigate foreign currency risk. We are continuing to work with our Cuban partners to successfully navigate the complex operating environment we face. We maintain our expectation for stronger operating results in the second half of the year and despite the near-term challenges, our sound liquidity management and low net direct cash cost demonstrates the sustainability of our Moa JV through the cyclical lows in nickel and cobalt prices."

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 press release, unless otherwise indicated, are to “Sherritt’s share” which is consistent with the Corporation’s definition of reportable segments for financial statement purposes. Sherritt’s share of “Metals” includes the Corporation’s 50% interest in the Moa JV, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan (“Fort Site”) and its 100% interests in subsidiaries established to buy, market and sell certain of the Moa JV’s nickel and cobalt production and the Corporation’s cobalt inventory received under the Cobalt Swap agreement (“Metals Marketing”). Sherritt’s share of Power includes the Corporation’s 33⅓% interest in Energas. 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 financial measures. For additional information see the Non-GAAP and other financial measures section of this press release.

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.

Q1 2025 FINANCIAL HIGHLIGHTS

$ millions, except as otherwise noted, for the three months ended March 31		2025		2024	Change
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%
Net loss for the period		**(40.6)**		(40.5)	-
Adjusted EBITDA[1]		**4.4**		(6.5)	168%
Adjusted net loss from continuing operations[1]		**(22.8)**		(24.6)	7%
Net loss from continuing operations ($ per share) (basic and diluted)		**(0.10)**		(0.10)	-
Adjusted loss from continuing operations ($ per share)[1]		**(0.06)**		(0.06)	-
Cash provided by continuing operations for operating activities		**1.0**		13.0	(92%)
Combined free cash flow[1]		**(6.6)**		15.8	(142%)
Average exchange rate (CAD/US$)		**1.435**		1.349	N/A

$ millions, as at		2025 March 31		2024 December 31	Change
Cash and cash equivalents					
Canada	$	**25.4**	$	32.0	(21%)
Cuba[2]		**109.6**		113.1	(3%)
Other		**0.6**		0.6	-
		135.6		145.7	(7%)
Loans and borrowings		**376.6**		372.5	1%
The Corporation's share of cash and cash equivalents in the Moa Joint Venture, not included in the above balances:	$	**11.8**	$	5.7	108%

(1) Non-GAAP financial measures. For additional information see the Non-GAAP and other financial measures section of this press release.
(2) As at March 31, 2025, $107.2 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2024 - $111.4 million).

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 the Management's Discussion and Analysis for the three months ended March 31, 2025 ("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 the 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 financial measures. For additional information see the Non-GAAP and other financial measures section of this press release.

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 VOLUMES (tonnes)					
Mixed sulphides ("MSP")[3]		**3,157**		4,052	(22%)
Finished nickel		**2,947**		3,597	(18%)
Finished cobalt		**323**		342	(6%)
Fertilizers		**55,820**		57,064	(2%)
NICKEL RECOVERY[4] (%)		**85%**		85%	-
SALES VOLUMES (tonnes)					
Finished nickel		**3,439**		4,023	(15%)
Finished cobalt		**456**		362	26%
Fertilizer		**33,120**		23,909	39%
AVERAGE-REFERENCE PRICES[5] (US$ per pound)					
Nickel	**$**	**7.06**	$	7.52	(6%)
Cobalt		**12.84**		13.89	(8%)
AVERAGE REALIZED PRICE[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 COSTS[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%
Tailings facility, Moa JV (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 press release.

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

(3) Mixed sulphides = mixed sulphide precipitate (MSP).

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

(5) Reference sources: Nickel – London Metal Exchange ("LME"). Cobalt - Average chemical-grade cobalt price published per Argus.

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 the 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 financial measures. For additional information see the Non-GAAP and other financial measures section of this press release.
(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 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	**$**	**0.9**	$	9.7	(91%)
Free cash flow(1)		**0.8**		7.1	(89%)
PRODUCTION AND SALES					
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)	**$**	**37.50**	$	17.12	119%
SPENDING ON CAPITAL(1)					
Sustaining	**$**	**0.1**	$	2.6	(96%)

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

(2) Gigawatt hours ("GWh"), Megawatt hours ("MWh").

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

OUTLOOK

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

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast May 14, 2025 at 10:00 a.m. Eastern Time to review its first quarter 2025 results. Dial-in and webcast details are as follows:

North American callers, please dial:	1 (800) 717-1738 Passcode: 94057
International callers, please dial:	1 (289) 514-5100 Passcode: 94057
Live webcast:	www.sherritt.com

Please dial in 15 minutes before the start of the call to secure a line. Alternatively, listeners can access the conference call and presentation via the webcast available on Sherritt's website.

An archive of the webcast and replay of the conference call will also be available on the website.

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Sherritt's condensed consolidated financial statements and MD&A for the three months ended March 31, 2025 are available at www.sherritt.com or on SEDAR+ at www.sedarplus.ca. and should be read in conjunction with this news release. Financial and operating data can also be viewed in the investor relations section of Sherritt's website.

NON-GAAP AND OTHER FINANCIAL MEASURES

Management uses the following non-GAAP and other financial measures in this press release 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, 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 ("IFRS") measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. 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 their most directly comparable IFRS measures in the Appendix below.

ABOUT SHERRITT

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

FORWARD-LOOKING STATEMENTS

This press release 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 JV; growing and increasing nickel and cobalt production, including increasing MSP production; the Moa JV expansion program update as it relates to the Processing Plant; statements set out in the “Outlook” section of this press release; 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 and timing for addressing the current supply interruption of gas 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; 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; nickel, cobalt and fertilizer production results and realized prices; current and future demand products produced by Sherritt; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; revenues and net operating results; environmental risks and liabilities; compliance with applicable environmental laws and regulations; advancements in environmental and greenhouse gas (“GHG”) reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to Environmental, Social and Governance (“ESG”) matters which are based on assumptions or developing standards; environmental rehabilitation provisions; risks related to the U.S. government policy toward Cuba; current and future economic conditions in Cuba; the level of liquidity and access to funding; Sherritt share price volatility; 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 press release 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, commodity risks related to the production and sale of nickel cobalt and fertilizers; security market fluctuations and price volatility; level of liquidity of Sherritt, including access to capital and financing; the ability of the Moa JV to pay dividends; the risk to Sherritt’s entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa JV; 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, including the impact of geopolitical events on global prices for nickel, cobalt, fertilizers, or certain other commodities; 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; 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 failures; uncertainty of gas supply for electrical generation; reliance on key personnel and skilled workers; growth opportunity risks; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies, including diesel; supplies quality issues; risks related to the Corporation’s corporate structure; foreign exchange and pricing risks; credit risks; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; legal contingencies; risks related to the Corporation’s accounting policies; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 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 JV, 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 “Managing Risk” section of the Management’s Discussion and Analysis for the three months ended March 31, 2025 and 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 press release 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 press release 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.

For further investor information contact:

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APPENDIX – 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 in the sections below to the most directly comparable IFRS Accounting Standards as presented in the condensed consolidated financial statements for the three months ended March 31, 2025.

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/Net direct cash cost

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					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:

For the three months ended March 31		2025 $ millions	2025 $/share	2024 $ millions	2024 $/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)

Spending on capital

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

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

Combined spending on capital is used by management, and management believes this information is used by investors, to analyze the Corporation and the Moa Joint Venture's investments in non-current assets that are held for use in the production of nickel, cobalt, fertilizers, oil and gas 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							**2025**
	Metals[1][2]	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	$ **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							2024
	Metals[(1)(2)]	Power	Oil and Gas	Corporate and Other	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	$ 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).