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2026 FIRST QUARTER REPORT

Sherritt International Corporation

For the three months ended March 31, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2026

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 June 25, 2026, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three months ended March 31, 2026, Sherritt's audited consolidated financial statements and the MD&A for the year ended December 31, 2025. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR+ at www.sedarplus.ca or on the Corporation's website at www.sherritt.com.

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

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

Overview of the business

Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Leveraging its technical expertise and decades of experience in critical minerals processing, Sherritt is committed to expanding domestic refining capacity and reducing reliance on foreign sources. The Corporation operates a strategically important refinery in Alberta, Canada, recognized as the only significant cobalt refinery and one of just three nickel refineries in North America.

The Corporation's Power division, through its ownership in Energas, processes domestically sourced raw natural gas to generate electricity for sale to the Cuban national electrical grid.

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.

Subsequent to the quarter end, on May 7, 2026, Sherritt announced that as a result of the Executive Order issued by the U.S. administration on May 1, 2026 expanding its sanctions against Cuba (the "Executive Order"), Sherritt suspended its direct participation in both its Moa and Energas joint venture activities in Cuba. Refer to the Developments subsequent to the quarter for further disclosure of subsequent events.

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 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, 2026.

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 33.

Highlights

FIRST QUARTER 2026 SELECTED DEVELOPMENTS[1]

Operational update

During the first quarter, mining operations were impacted by fuel supply constraints affecting Cuba. Lower-than-expected production of mixed sulphides at Moa impacted feed availability at the refinery and resulted in reduced operating rates. Energas, which processes domestically sourced raw natural gas to generate electricity, was not affected by fuel supply constraints to Cuba. Due to the fuel supply constraints, Sherritt announced greater certainty around the resumption of full operations would be required before issuing updated 2026 guidance.

Subsequent to the end of the first quarter, on May 7, 2026, Sherritt announced that it suspended its direct participation in both its Moa and Energas joint venture activities in Cuba in response to the Executive Order issued by the U.S. administration on May 1, 2026.

Feed inventory at the refinery in Fort Saskatchewan, Alberta was depleted on June 22, 2026 and the refinery is now in the process of shutting down. The shutdown will continue until mining and processing activities at Moa resume and the refinery feed pipeline is rebuilt. At this time, the Corporation is unable to provide a timeline for the restoration of feed to the refinery. During the downtime, the Corporation will complete necessary maintenance activities that do not require significant capital investment. The Corporation continues to produce fertilizers and sulphuric acid for resale.

For additional information, see developments subsequent to the quarter, below.

Operational performance to March 31, 2026

- **Finished nickel and cobalt production** at the Moa JV was 1,885 tonnes and 213 tonnes, respectively (Sherritt's share[1]).
- **Finished nickel and cobalt sales** were 2,244 tonnes and 203 tonnes, respectively[1].
- **Net direct cash cost ("NDCC")**[2] was US$7.00/lb. NDCC[2] was primarily impacted by the higher sulphur prices and allocation of fixed costs over lower nickel sales volume.
- **Electricity production** was 209 GWh.
- **Electricity unit operating cost**[2] was $16.81/MWh reflecting lower planned maintenance and the impact of higher power production.

Financial performance to March 31, 2026

- **Net loss from continuing operations** was $9.2 million, or $(0.02) per share.
- **Adjusted net loss from continuing operations**[2] was $11.9 million or $(0.02) per share which primarily excludes a $12.3 million non-cash net gain on revaluation of the GNC[3] receivable and Energas payable pursuant to the Cobalt Swap agreement[4] and $6.9 million loss from Oil and Gas division operations (primarily due to valuation assumption updates to contractually obligated environmental rehabilitation costs on legacy assets in Spain).
- **Adjusted EBITDA**[2] was $7.6 million.
- **Available liquidity in Canada** as at March 31, 2026 was $23.3 million.
- **Power division dividends in Canada from Energas** were $5.5 million.

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

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

(3) General Nickel Company S.A. ("GNC").

DEVELOPMENTS SUBSEQUENT TO THE QUARTER

- On April 7, 2026, the Corporation completed a non-brokered private placement of common shares, issuing approximately 207 million shares at $0.21 per share for total gross proceeds of $43.6 million.
- In April 2026, foreign currency payments from the Moa JV to Energas pursuant to the Moa Swap ceased as a result of reduced operations at the Moa JV which reduced the Moa JV's cash available in major foreign currencies. Dividends from Energas to the Corporation in Canada ceased.
- On May 1, 2026, the Executive Order was issued by the U.S. administration expanding its sanctions against persons and companies conducting business in Cuba. Sherritt International Corporation, the legal entity, has not, nor has any of its officers or directors, been sanctioned following issuance of the Executive Order.
- On May 7, 2026 Sherritt announced:
  - It suspended its direct participation in both its Moa and Energas joint venture activities in Cuba, and that it took steps to repatriate Sherritt's expatriate employees on assignment in Cuba and requested that partners repatriate their expatriate personnel on assignment in Canada.
  - Brian Imrie, Richard Moat and Brett Richards resigned from its board of directors (the "Board").
- On May 13, 2026, Sherritt announced:
  - Deloitte LLP resigned as the Corporation's external auditor, effective May 12, 2026. The resignation was not the result of any disagreement between the Corporation and Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure. Deloitte's reports on the Corporation's previously issued financial statements did not contain any adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope, or accounting principles. Sherritt commenced a request for proposal process for external audit services to identify a successor auditor.
  - Yasmin Gabriel resigned as Chief Financial Officer.
- On May 14, 2026, Sherritt announced that pursuant to its application in the Ontario Superior Court of Justice, Commercial List, it was granted (i) an order under the *Canada Business Corporations Act* (the "CBCA") permitting the Corporation's Board to continue to act with two directors until no later than September 30, 2026, (ii) an order under the CBCA permitting the Corporation to continue to operate without an external auditor until no later than September 30, 2026, and (iii) an order extending the time for Sherritt to call its annual meeting of shareholders to not later than September 30, 2026.
- On May 15, 2026, Sherritt announced that in light of the May 1, 2026 Executive Order, it intended to invoke its dissolution rights under the Moa Shareholders' Agreement and Energas Association Agreement and seek relief from the Alberta Court of King's Bench to facilitate accelerated dissolution to the extent possible. The intended outcome was to allow Sherritt to most definitively address the Executive Order by eliminating Sherritt's Cuban interests. Further, the separation from Cuba was intended to assist Sherritt in addressing issues that could arise from the Executive Order such as difficulties in obtaining an auditor or banking services.
- On May 19, 2026, following further and ongoing consultation with its advisors, stakeholders and relevant governmental authorities, and in light of additional information available to the Corporation, it would no longer proceed with the dissolution and disclaimer steps relating to its interests in Cuba and would not proceed with its application to the Alberta Court of King's Bench.

- On May 20, 2026, Sherritt announced that it had entered into a non-binding term sheet with Gillon Capital, LLC ("Gillon Capital") with respect to a proposed private placement of a common share purchase warrant (the "Warrant"), exercisable for up to that number of common shares of the Corporation such that, immediately upon exercise in full of the Warrant, Gillon Capital would own 55% of the common shares then issued and outstanding (the "Gillon Private Placement"). The Warrant will be exercisable at a price to be agreed by the parties for a period ending nine months from the closing date, subject to satisfaction of certain conditions precedent, including compliance with the Corporation's existing contractual arrangements and debt agreements. Given the current circumstances of the Corporation, management expects that such exercise price will be at a discount to the closing price of the common shares on May 15, 2026. The Gillon Private Placement remains subject to the execution of definitive documentation and the transaction is expected to be subject to the satisfaction of customary conditions and the receipt of all required regulatory approvals, including approval of the Toronto Stock Exchange. In connection with the Gillon Private Placement, Sherritt engaged constructively with the United States Department of State, which confirmed that the Department of State and Department of Treasury do not object to Gillon Capital's engagement in negotiations with the Corporation and, based on the information provided to date, do not consider such negotiations to be contrary to U.S. law. Any subsequent transaction will be subject to approval of the Department of State and Department of Treasury.
- On May 22, 2026, Sherritt announced that its principal regulator, the Ontario Securities Commission, issued a failure-to-file cease trade order ("FFCTO") against the Corporation, effective May 21, 2026, as a result of the Corporation's failure to file its first quarter 2026 interim financial statements, management's discussion and analysis and related officer certifications by the filing deadline on May 15, 2026. The Corporation was unable to complete the filings as a result of operational and governance disruptions following the Executive Order.
- In respect of the Corporation's Credit Facility:
  - With the Executive Order on May 1, 2026, a material adverse change to the Corporation's business occurred as a result of the issuance of an Executive Order on May 1, 2026 by the United States government expanding sanctions against persons and companies conducting business in Cuba, that gives the administrative agent (on behalf of the lenders) under the Credit Facility agreement the ability to call an event of default and demand repayment of all indebtedness currently owing under such agreement in the principal amount of $79.5 million. As of June 25, 2026, the administrative agent under the Credit Facility has not issued a demand for repayment. If a demand for repayment of all or a portion of the current amounts outstanding under the Credit Facility were made, the Corporation's current cash balance in Canada would be insufficient to pay such amount and meet the Corporation's working capital requirements and the Corporation would be required to seek alternative sources of financing. Borrowings under the Credit Facility are secured by all of the assets and property of the Corporation and its material subsidiaries, and the eligible receivables and inventories of the International Cobalt Company Inc., The Cobalt Refinery Company Inc., New Providence Metals Marketing Inc. and New Providence Metals Sales Inc., that form the borrowing base collateral.

    An acceleration of the indebtedness owing under the Credit Facility would permit the holders of at least 25% of the outstanding notes of the Corporation to also declare all of the Corporation's notes to be due and payable.

    The Corporation is currently in discussions with its lenders, noteholders and equity holders to address the issues above and find a comprehensive long-term solution to these matters. The Corporation does not have existing liquidity or alternative financing sources at this time to repay all or a material portion of its indebtedness if it becomes due earlier than its current stated maturity as a result of an acceleration by one or more of its creditors; and while it has had a history of being able to refinance or extend its indebtedness in the past, its ability to do so in the current circumstances remains uncertain.
  - Effective May 29, 2026, the interest rate on the Credit Facility changed from Adjusted CORRA plus 4.0% to the Prime Rate plus 3.0%. There were no other significant changes to the terms, financial covenants or restrictions of the Credit Facility.
  - On May 31, 2026, the borrowing base of the Credit Facility was $76.3 million, which was below the amount of current borrowings of $79.5 million. As a result of this deficiency, the lenders have the ability to issue a notice of excess borrowing and require the Corporation to repay the difference of $3.2 million. If such notice is received, the Corporation would be obligated to repay that amount within two business days. The Corporation does not anticipate the ability to make further draws on the Credit Facility at this time.
  - Refer to the Liquidity section of this MD&A for further details on the Corporation's liquidity.

- On June 3, 2026, Sherritt announced it had appointed Fitzroy Richardson as Interim Chief Financial Officer to provide experienced financial leadership as the Corporation works to complete its outstanding quarterly filings, an important step toward seeking a revocation of the FFCTO. Mr. Richardson is a seasoned finance executive with nearly 30 years of experience at Sherritt, where he has held a range of senior finance and treasury roles.
- On June 12, 2026, Sherritt appointed Tabrez Khan as an independent director, bringing deep M&A, financial and strategic advisory experience to the Board. Mr. Khan was nominated to the Board by Kyma Capital Opportunities Master Fund Limited ("Kyma"), pursuant to Kyma's nomination right under the investor rights agreement dated as of April 22, 2025 between the Corporation and Kyma. Concurrent with Mr. Khan's appointment to the Board, he was appointed to the audit committee of the Board (the "Audit Committee"). Following Mr. Khan's appointment, the Audit Committee consists of Dr. Peter Hancock, Chih-Ting Lo, and Mr. Khan. As Dr. Hancock is the interim Chief Executive Officer of Sherritt, he is not considered independent under National Instrument 52-110 – *Audit Committees* ("NI 52-110"). Sherritt is relying on the temporary exemption provided in Section 3.5 of NI 52-110 for Dr. Hancock's membership on the Audit Committee. Following Mr. Khan's appointment, the Audit Committee is compliant with the requirements of NI 52-110 and the rules of the Toronto Stock Exchange.
- On June 15, 2026, Sherritt announced it had entered into an exclusivity agreement with Gillon Capital providing for a 120-day period of exclusive negotiations with respect to the non-binding term sheet regarding the Gillon Private Placement. The period of exclusivity was entered into to allow the parties to complete their respective due diligence reviews and negotiate a definitive agreement with respect to the Gillon Private Placement.

Financial results

$ millions, except as otherwise noted, for the three months ended March 31		2026		2025	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**34.0**	$	38.4	(11%)
Combined revenue[1]		**106.6**		125.7	(15%)
Loss from operations and joint venture		**(12.1)**		(31.8)	62%
Net loss from continuing operations		**(9.2)**		(40.6)	77%
Net loss for the period		**(9.2)**		(40.6)	77%
Adjusted net loss from continuing operations[1]		**(11.9)**		(22.8)	48%
Adjusted EBITDA[1]		**7.6**		4.4	73%
Net loss from continuing operations ($ per share) (basic and diluted)	**$**	**(0.02)**	$	(0.10)	80%
Net loss ($ per share) (basic and diluted)		**(0.02)**		(0.10)	80%
Adjusted loss from continuing operations[1] ($ per share)		**(0.02)**		(0.06)	67%
Cash (used) provided by continuing operations for operating activities		**(13.1)**		1.0	nm[2]
Combined free cash flow[1]		**(4.7)**		(6.6)	29%
OPERATIONAL DATA					
PRODUCTION VOLUMES					
Mixed sulphides (MSP) (50% basis, tonnes)		**1,811**		3,157	(43%)
Finished nickel (50% basis, tonnes)		**1,885**		2,947	(36%)
Finished cobalt (50% basis, tonnes)		**213**		323	(34%)
Fertilizer (tonnes)		**53,004**		55,820	(5%)
Electricity (33⅓% basis, gigawatt hours)		**209**		170	23%
SALES VOLUMES					
Finished nickel (50% basis, tonnes)		**2,244**		3,439	(35%)
Finished cobalt (50% basis, tonnes)		**203**		456	(55%)
Fertilizer (tonnes)		**27,372**		33,120	(17%)
Electricity (33⅓% basis, gigawatt hours)		**209**		170	23%
AVERAGE EXCHANGE RATE (CAD/US$)		**1.372**		1.435	(4%)
AVERAGE-REALIZED PRICES (CAD)[1]					
Nickel ($ per pound)	**$**	**10.68**	$	9.98	7%
Cobalt ($ per pound)		**32.74**		13.29	146%
Fertilizer ($ per tonne)		**494.59**		478.84	3%
Electricity ($ per megawatt hour)		**52.13**		54.54	(4%)
UNIT OPERATING COSTS[1]					
Nickel (NDCC) (US$ per pound)	**$**	**7.00**	$	5.95	18%
Electricity ($ per megawatt hour)		**16.81**		37.50	(55%)
COMBINED SPENDING ON CAPITAL[1]	**$**	**5.6**	$	15.5	(64%)

(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.
(2) Not meaningful ("nm")

FINANCIAL RESULTS

For the three months ended March 31, 2026

Consolidated revenue which excludes revenue from the Moa JV as it is accounted for under the equity method, was $34.0 million, compared to $38.4 million in Q1 2025. At Metals, revenue from Sherritt's wholly-owned Fort Site utility and fertilizer operations of $20.2 million was higher than the prior year period of $18.5 million. Sherritt did not recognize any revenue related to the Cobalt Swap agreement compared to $4.7 million in Q1 2025. Power revenue was $12.6 million compared to $11.4 million in the prior year period. Oil and Gas service revenue of $0.3 million compared to $2.3 million in the prior year period.

Combined revenue(1) which includes the Corporation's consolidated revenue and the revenue of its 50% share of revenue of the Moa JV and excludes Oil and Gas revenue was $106.6 million in Q1 2026 compared to $125.7 million in the prior year period.

For more information regarding sales volumes and average realized prices(1) of nickel, cobalt and fertilizers, refer to the Metals Review of operations section on page 11.

Net loss from continuing operations of $9.2 million compared to a net loss of $40.6 million in the prior year period. Power earnings from operations of $7.4 million was higher than the prior year period of $2.7 million primarily due to higher electricity production and sales and lower planned maintenance. Oil and Gas loss from operations of $6.9 million compared to a loss of $2.7 million in the prior year period. The higher loss in Q1 2025 included 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 compared to a loss on revaluation assumptions in Q1 2026 of $3.7 million. In addition, in Q1 2026, the change net revaluation gains on the GNC receivable and Energas payable pursuant to the Cobalt Swap was $12.3 million compared to $1.9 million in Q1 2025.

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

CONSOLIDATED FINANCIAL POSITION

Cash and cash equivalents were $123.6 million as at March 31, 2026 compared to $124.9 million at December 31, 2025. As at March 31, 2026, total available liquidity in Canada was $23.3 million, composed of cash and cash equivalents in Canada of $10.9 million and available credit facilities of $12.4 million.

During the quarter, significant cash inflows included $5.5 million of dividends in Canada from Energas and drew an additional $10.0 million on its Credit Facility to support the $13.1 million cash used by continuing operations which primarily reflected timing of working capital receipts and payments.

Subsequent to the quarter-end, Sherritt received $43.6 million in gross proceeds from the common share private placement completed on April 7, 2026.

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

Significant factors influencing revenue

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 2026, the price of nickel on the London Metal Exchange ("LME") closed at US$7.65/lb, up from a closing price of US$7.48/lb at the end of 2025. The average nickel price during the quarter of US$7.87/lb was 17% above the average price in Q4 2025 of US$6.75/lb. In reaction to Indonesia's announced plans on December 19, 2025 to cut production quotas for 2026, prices increased in January 2026, reaching a quarter high price of US$8.50/lb on January 29, 2026, but thereafter, modestly declined to trade in the range of US$7.50/lb to US$8.05/lb for the balance of the quarter.

The global nickel market remains in a surplus, driven primarily by supply from Indonesia. The Indonesian government's efforts to impact nickel market balance through intervention, including the implementation of an export tax announced March 25, 2026 and continued stricter enforcement of annual ore mining quotas and environmental policies have the potential to slow the pace of supply growth and increasing the cost of Indonesian supply.

Subsequent to the quarter end, in April 2026, nickel prices increased as a result of Indonesia's revision of its mineral benchmark price formula for nickel ore. The new policy substantially increased ore costs particularly for high-pressure acid leach ("HPAL") operations directly impacting the global nickel market. In addition, due to ongoing geopolitical conflicts and developments, prices of sulphur, a key input, have surged amid widespread lack of availability and expectations are that they will remain elevated for the balance of the year.

Nickel demand is expected to outpace supply over the long term. This outlook depends on several factors, including the pace and extent of Indonesian supply expansion or government intervention measures, global EV adoption rates and battery technology developments, global economic conditions, geopolitical developments and the strength of climate policy commitments.

COBALT

In Q1 2026, Argus Standard Grade cobalt price closed at US$26.45/lb, 9% higher than the 2025 closing price of US$24.38/lb. The average cobalt price during the quarter of US$25.98/lb was 12% higher than in Q4 2025 which averaged US$23.10/lb.

Export restrictions imposed by the Democratic Republic of the Congo ("DRC") in 2025 continue to have a stabilizing impact on the supply of cobalt with annual quotas for 2026 and 2027 capped at 96,600 tonnes, approximately half of 2024 export levels. With indications of strict enforcement, this has the potential to lead to cobalt market deficits in 2026 and 2027 with quota adjustments thereafter leading to a tightly balanced market.

FERTILIZER

In Q1 2026, overall fertilizer reference prices moved slightly higher compared to Q4 2025. Sulphur prices continued to surge in 2026. Tighter sulphur feedstock availability continued to support ammonium sulphate prices. Geopolitical risks, particularly disruption risks to nitrogen supply and distribution assets continue to affect pricing sentiment. Due to ongoing geopolitical conflicts and developments, prices of fertilizer increased and are expected to remain elevated.

Review of operations

METALS

$ millions (Sherritt's share), except as otherwise noted, for the three months ended March 31		**2026**		2025	Change
FINANCIAL HIGHLIGHTS(1)					
Revenue	**$**	**93.8**	$	113.7	(18%)
Cost of sales		**101.7**		119.1	(15%)
Loss from operations		**(9.2)**		(8.6)	(7%)
Adjusted EBITDA(2)		**5.7**		5.5	4%
CASH FLOW(1)					
Cash (used) provided by continuing operations for operating activities(2)	**$**	**(1.7)**	$	21.9	(108%)
Free cash flow(2)		**(7.1)**		11.4	(162%)
PRODUCTION VOLUMES (tonnes)					
Mixed sulphides (MSP)		**1,811**		3,157	(43%)
Finished nickel		**1,885**		2,947	(36%)
Finished cobalt		**213**		323	(34%)
Fertilizer		**53,004**		55,820	(5%)
NICKEL RECOVERY(3) (%)		**82%**		85%	(4%)
SALES VOLUMES (tonnes)					
Finished nickel		**2,244**		3,439	(35%)
Finished cobalt		**203**		456	(55%)
Fertilizer		**27,372**		33,120	(17%)
AVERAGE REFERENCE PRICE(4) (US$ per pound)					
Nickel	**$**	**7.87**	$	7.06	11%
Cobalt		**25.98**		12.84	102%
AVERAGE-REALIZED PRICE(2)					
Nickel ($ per pound)	**$**	**10.68**	$	9.98	7%
Cobalt ($ per pound)		**32.74**		13.29	146%
Fertilizer ($ per tonne)		**494.59**		478.84	3%
UNIT OPERATING COST(2) (US$ per pound)					
Nickel - net direct cash cost(2)	**$**	**7.00**	$	5.95	18%
SPENDING ON CAPITAL(2)					
Sustaining					
Moa JV (50% basis), Fort Site (100% basis)	**$**	**0.7**	$	8.8	(92%)
Moa JV - Tailings facility (50% basis)		**4.7**		4.8	(2%)
Growth - Moa JV (50% basis)(5)		**-**		1.7	(100%)
	$	**5.4**	$	15.3	(65%)

(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 sources: Nickel - LME. Cobalt - Average standard-grade cobalt price published by Argus.

(5) Growth spending on capital: – 2026 relates to improvement debottlenecking projects, 2025 relates to the Moa JV expansion.

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	2026	2025	Change
REVENUE			
Nickel	**$ 52.8**	$ 75.7	(30%)
Cobalt - Moa JV	**14.6**	8.7	68%
Cobalt - Cobalt Swap	**-**	4.7	(100%)
Fertilizers	**13.5**	15.9	(15%)
Other	**12.9**	8.7	48%
	$ 93.8	$ 113.7	(18%)
COST OF SALES[(2)]			
Mining, processing and refining (MPR)[(3)]	**$ 56.4**	$ 73.5	(23%)
Third-party feed costs	**1.9**	1.8	6%
Finished cobalt cost[(4)]	**-**	4.7	(100%)
Fertilizers	**10.6**	10.9	(3%)
Selling costs	**3.5**	4.9	(29%)
Royalties/territorial contributions and other non-cash costs[(5)]	**4.0**	4.1	(2%)
Other by-product costs and other	**10.4**	5.1	104%
	$ 86.8	$ 105.0	(17%)
NET DIRECT CASH COST[(1)] (US$ per pound of nickel)			
Mining, processing and refining costs[(6)]	**$ 8.31**	$ 6.97	19%
Third-party feed costs	**0.28**	0.17	65%
Cobalt by-product credits[(7)]	**(2.15)**	(1.01)	(113%)
Net fertilizer by-product credits	**(0.43)**	(0.46)	7%
Selling costs	**0.52**	0.45	16%
Changes in inventories and other adjustments[(8)]	**0.83**	0.16	419%
Net other by-products credits and other	**(0.36)**	(0.33)	(9%)
	$ 7.00	$ 5.95	18%
AVERAGE EXCHANGE RATE (CAD/US$)	**1.372**	1.435	

(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.
(2) Excludes non-cash depletion, depreciation and amortization and impairment of property, plant and equipment.
(3) MPR costs in cost of sales exclude the cost of cobalt volumes sold in accordance with the Cobalt Swap which is included in finished cobalt cost.
(4) Finished cobalt cost in cost of sales is based on the settlement value of the cobalt sold. The settlement value is based on an in-kind value of cobalt, calculated at the time of distribution as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and GNC in consideration of selling costs incurred by the Corporation.
(5) Royalties and territorial contributions are included in cost of sales but are excluded from NDCC as these costs are not direct mine cash costs. Other non-cash costs consist of inventory write-downs and other costs that are included in cost of sales but are excluded from NDCC as the costs are non-cash.
(6) MPR costs for the purposes of NDCC includes Sherritt's share of the Moa JV's costs of nickel and cobalt sold during the period plus Sherritt's 50% share of cobalt received and sold under the Cobalt Swap during the period per pound of nickel sold.
(7) Cobalt by-product credit includes Sherritt's share of cobalt revenue sold by the Moa JV during the period per pound of nickel sold plus Sherritt's 50% share of cobalt received and sold under the Cobalt Swap during the period per pound of nickel sold.
(8) Changes in inventories and other adjustments are excluded from cost of sales but included in NDCC.

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

For the three months ended March 31	2026	2025	Change
Sulphur (US$ per tonne)	**$ 413.62**	$ 211.14	96%
Diesel (US$ per litre)	**1.57**	0.91	73%
Fuel oil (US$ per tonne)	**363.82**	459.60	(21%)
Natural gas cost ($ per gigajoule)	**2.32**	2.49	(7%)

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

For the quarter ended March 31, 2026

Revenue

Metals revenue was $93.8 million compared to $113.7 million in Q1 2025.

Nickel revenue was $52.8 million compared to $75.7 million in Q1 2025. Nickel revenue was lower due to lower sales volume partly offset by higher average-realized price(1) of nickel. Sales volume was 2,244 tonnes compared to 3,439 tonnes in Q1 2025 primarily due to lower finished production outlined below. The average-realized price(1) of nickel was $10.68/lb compared to $9.98/lb in Q1 2025.

Cobalt revenue was $14.6 million compared to $13.4 million in Q1 2025. Cobalt revenue was slightly higher as the higher average-realized price(1) of cobalt more than offset the lower sales volume. Sales volume was 203 tonnes compared to 456 tonnes in Q1 2025 primarily due to lower finished production outlined below and the inclusion of Cobalt Swap tonnage in Q1 2025. The average-realized price(1) of cobalt was $32.74/lb compared to $13.29/lb in Q1 2025. Sherritt did not recognize any revenue related to the Cobalt Swap agreement compared to $4.7 million in Q1 2025.

Fertilizer revenue was $13.5 million compared to $15.9 million in Q1 2025. Fertilizer revenue was lower as the marginally higher average-realized price(1) of fertilizers was more than offset by lower sales volume. The average-realized price(1) of fertilizers was $494.59/tonne compared to $478.84/tonne in Q1 2025 while sales volume of 27,372 tonnes compared to 33,120 tonnes due to timing of spring season sales and lower metals production in the current year period.

Production

Mixed sulphides production at the Moa JV was negatively impacted due to fuel supply constraints affecting Cuba. As a result, operations at the mine site were significantly reduced and refocused on essential maintenance activities. Mixed sulphides production was 1,811 tonnes of contained nickel and cobalt compared to 3,157 tonnes in Q1 2025.

Lower-than-expected production of mixed sulphides at Moa impacted feed availability at the refinery. The refinery had sufficient mixed sulphides feed to maintain production at reduced rates during the quarter. Sherritt did not acquire additional third-party feed given high payabilities in the intermediate market. As a result, Sherritt’s share of finished nickel and cobalt production of 1,885 tonnes and 213 tonnes, respectively, compared to 2,947 tonnes and 323 tonnes in Q1 2025.

Fertilizer production of 53,004 tonnes was lower compared to 55,820 tonnes in Q1 2025. The impact of lower metal production on fertilizer production was partly offset by initiatives to maximize fertilizer production.

NDCC(1)

NDCC(1) per pound of nickel sold was US$7.00/lb compared to US$5.95/lb in Q1 2025.

Mining, processing and refining costs per pound of nickel sold (“MPR/lb”) was higher primarily as a result of higher input commodity prices driven by sulphur and diesel which were 96% and 73% higher, respectively, compared to Q1 2025. Fuel oil and natural gas prices were 21% and 7% lower, respectively, in the current year period. MPR/lb was negatively impacted by the higher allocation of fixed costs over the significantly lower nickel sales volume. With the significantly reduced production in Q1 2026, Sherritt did not make significant sulphur purchases during the quarter and therefore was not subject to the surge in prices since the year end.

Cobalt by-product credits were higher primarily as a result of higher cobalt revenue discussed above. Fertilizer net by-product credits were marginally lower as a result of lower net contribution from fertilizer sales during the quarter compared to Q1 2025.

Higher NDCC(1), and its components, were, in part, impacted by significantly lower nickel sales volume compared to the prior year period.

Spending on capital(1)

Sustaining spending on capital of $0.7 million was lower compared to $8.8 million in Q1 2025 2025 due to deferrals of non-essential capital spending to manage liquidity.

Sustaining spending on capital related to the tailings facility was $4.7 million compared to $4.8 million in Q1 2025.

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

POWER

$ millions (Sherritt's share, 33⅓% basis), except as otherwise noted, for the three months ended March 31		2026		2025	Change
FINANCIAL HIGHLIGHTS					
Revenue	**$**	**12.6**	$	11.4	11%
Cost of sales		**4.0**		6.9	(42%)
Earnings from operations		**7.4**		2.7	174%
Adjusted EBITDA(1)		**8.0**		3.4	135%
CASH FLOW					
Cash provided by continuing operations for operating activities(1)	**$**	**12.9**	$	0.9	nm(3)
Free cash flow(1)		**12.7**		0.8	nm(3)
PRODUCTION AND SALES VOLUME					
Electricity (GWh(2))		**209**		170	23%
AVERAGE-REALIZED PRICE(1)					
Electricity (per MWh(2))	**$**	**52.13**	$	54.54	(4%)
UNIT OPERATING COST(1)					
Electricity (per MWh)	**$**	**16.81**		37.50	(55%)
SPENDING ON CAPITAL(1)					
Sustaining	**$**	**0.2**	$	0.1	100%

(1) Non-GAAP and other financial measures. For additional information see the Non-GAAP and other financial measures section.
(2) Gigawatt hours (GWh), Megawatt hours (MWh).
(3) Not meaningful ("nm").

Power revenue is composed of the following:

$ millions (33⅓% basis), for the three months ended March 31		2026		2025	Change
Electricity sales	**$**	**10.9**	$	9.3	17%
Frequency control revenue		**0.7**		1.4	(50%)
By-products and other		**1.0**		0.7	43%
	$	**12.6**	$	11.4	11%

For the quarter ended March 31, 2026

Revenue

Revenue of $12.6 million compared to $11.4 million in the prior year period primarily due to higher electricity production as discussed below.

Production

Energas, which processes domestically sourced raw natural gas to generate electricity, was not affected by fuel supply constraints to Cuba during the quarter. Electricity production of 209 GWh compared to 170 GWh in Q1 2025 primarily as a result of lower planned maintenance activities with a major turbine inspection having been undertaken and completed in Q1 2025.

Unit operating cost(1)

Unit operating cost(1) of $16.81/MWh compared to $37.50/MWh in Q1 2025 primarily as a result of lower planned maintenance costs.

Spending on capital(1)

Spending on capital(1) was $0.2 million.

Dividends from Energas

Sherritt received $5.5 million of dividends in Canada from Energas compared to $4.3 million in Q1 2025.

(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		**2026**		2025	Change
EXPENSES					
Administrative expenses	**$**	**6.7**	$	4.9	37%

Corporate and Other's administrative expenses are primarily composed of employee costs, severance expenses, share-based compensation expenses, legal fees, third-party consulting services and audit fees incurred to support head office activities, corporate action and joint venture management.

For the quarter ended March 31, 2026

Administrative expenses at Corporate and Other were $1.8 million higher compared to the prior year period primarily as a result of an increase in severance expense and the acceleration of share-based compensation expense due to the departure of the former Chief Commercial Officer and increase in share-based compensation expense resulting from increase in the Corporation's share price; partially offset by a decrease in employee costs as a result of workforce reduction measures.

Consistent with the Corporation's strategic focus on core operations and cost reduction, Sherritt eliminated the position of Chief Commercial Officer, which resulted in Sherritt's executive management team being streamlined from the seven members at the beginning of 2024 to four.

Subsequent to period end, on May 7, 2026, Brian Imrie, Richard Moat and Brett Richards resigned from the Corporation's Board of Directors. On May 13, 2026, the Corporation's Chief Financial Officer resigned from the organization. On June 3, 2026, the Corporation appointed an Interim Chief Financial Officer to provide experienced financial leadership and on June 12, 2026, the Corporation appointed Tabrez Khan as an independent director, bringing deep M&A, financial and strategic advisory experience to the Board. Concurrent with Mr. Khan's appointment to the Board, he was appointed to the Audit Committee. Following Mr. Khan's appointment, the Audit Committee consists of Dr. Peter Hancock, Chih-Ting Lo, and Mr. Khan.

In addition, the Corporation terminated its previous Toronto office lease and subsequent to period end, the Corporation signed a more economical office lease.

Liquidity

Liquidity update

During the three months ended March 31, 2026, the Corporation received $5.5 million of dividends from Energas in Canada and drew an additional $10.0 million on the Credit Facility.

As at March 31, 2026, the Corporation had available credit facilities of $12.4 million (December 31, 2025 - $30.3 million) and the Corporation had Net Available Cash of $23.3 million, which was below the minimum of $25.0 million as required by the financial covenants in the Credit Facility agreement. Notwithstanding the above, there was no event of default under the Credit Facility agreement as subsequent to period end, the Corporation completed an issuance of common shares and receipt of gross cash proceeds therefrom of $43.6 million, resulting in Net Available Cash of $62.7 million, on April 7, 2026 within the seven-business day cure period for any breach of the financial covenants under the Credit Facility agreement.

On May 1, 2026, a material adverse change to the Corporation's business occurred as a result of the issuance of an Executive Order by the United States government expanding sanctions against persons and companies conducting business in Cuba, that gives the administrative agent (on behalf of the lenders) under the Credit Facility agreement the ability to call an event of default and demand repayment of all indebtedness currently owing under such agreement in the principal amount of $79.5 million. As of June 25, 2026, the administrative agent under the Credit Facility has not issued a demand for repayment. If a demand for repayment of all or a portion of the current amounts outstanding under the Credit Facility were made, the Corporation's current cash balance in Canada would be insufficient to pay such amount and meet the Corporation's working capital requirements and the Corporation would be required to seek alternative sources of financing. Borrowings under the Credit Facility are secured by all of the assets and property of the Corporation and its material subsidiaries, and the eligible receivables and inventories of the International Cobalt Company Inc., The Cobalt Refinery Company Inc., New Providence Metals Marketing Inc. and New Providence Metals Sales Inc., that form the borrowing base collateral.

Additionally, on May 31, 2026, the borrowing base of the Credit Facility was $76.3 million, which was below the amount of current borrowings of $79.5 million. As a result of this deficiency, the lenders have the ability to issue a notice of excess borrowing and require the Corporation to repay the difference of $3.2 million. If such notice is received, the Corporation would be obligated to repay that amount within two business days.

The Corporation does not anticipate the ability to make further draws on the Credit Facility at this time.

An acceleration of the indebtedness owing under the Credit Facility would permit the holders of at least 25% of the outstanding notes of the Corporation to also declare all of the Corporation's notes to be due and payable.

The Corporation is currently in discussions with its lenders, noteholders and equity holders to address the issues above and find a comprehensive long-term solution to these matters. The Corporation does not have existing liquidity or alternative financing sources at this time to repay all or a material portion of its indebtedness if it becomes due earlier than its current stated maturity as a result of an acceleration by one or more of its creditors; and while it has had a history of being able to refinance or extend its indebtedness in the past, its ability to do so in the current circumstances remains uncertain.

Subsequent to period end, foreign currency payments from the Moa JV to Energas pursuant to the Moa Swap ceased as of April 2026 as a result of reduced operations at the Moa JV which have reduced the Moa JV's cash available in major foreign currencies and resulted in the cessation of dividends from Energas to the Corporation in Canada. In addition, effective May 7, 2026, the Corporation suspended its direct participation in joint venture activities in Cuba following the issuance of an Executive Order by the U.S. administration expanding U.S. sanctions against Cuba, which may impact the receipt of dividends from Energas to the Corporation in Canada.

Furthermore, on April 7, 2026, the Corporation issued 207.4 million common shares at a price of $0.21 per common share for gross cash proceeds of $43.6 million.

In addition, on May 20, 2026, Sherritt announced that it had entered into a non-binding term sheet with Gillon Capital with respect to a proposed private placement of a Warrant, exercisable for up to that number of common shares of the Corporation such that, immediately upon exercise in full of the Warrant, Gillon Capital would own 55% of the common shares then issued and outstanding. The Warrant will be exercisable at a price to be agreed by the parties for a period ending nine months from the closing date, subject to satisfaction of certain conditions precedent, including compliance with the Corporation's existing contractual arrangements and debt agreements. Given the current circumstances of the Corporation, management expects that such exercise price will be at a discount to the closing price of the common shares on May 15, 2026.

The Gillon Private Placement remains subject to the execution of definitive documentation and the transaction is expected to be subject to the satisfaction of customary conditions and the receipt of all required regulatory approvals, including approval of the Toronto Stock Exchange. In connection with the Gillon Private Placement, Sherritt engaged constructively with the United States Department of State, which confirmed that the Department of State and Department of Treasury do not object to Gillon Capital's engagement in negotiations with the Corporation and, based on the information provided to date, do not consider such negotiations to be contrary to U.S. law. Any subsequent transaction will be subject to approval of the Department of State and Department of Treasury.

On June 15, 2026, Sherritt announced it had entered into an exclusivity agreement with Gillon Capital providing for a 120-day period of exclusive negotiations with respect to the non-binding term sheet regarding the Gillon Private Placement. The period of exclusivity was entered into to allow the parties to complete their respective due diligence reviews and negotiate a definitive agreement with respect to the Gillon Private Placement.

Lastly, the Corporation is pursuing additional debt financing and other financing arrangements in order to improve its liquidity.

Cost reduction measures to improve the Corporation's liquidity

During the three months ended March 31, 2026, consistent with the Corporation's strategic focus on core operations and cost reduction, Sherritt eliminated the position of Chief Commercial Officer. In addition, the Corporation terminated its previous Toronto office lease and subsequent to period end, the Corporation signed a more economical office lease.

Moa JV liquidity factors and update

Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of its liquidity requirements and differ from the Moa JV's Adjusted EBTIDA, which is based on revenue, cost of sales and other expenses recognized by the Moa JV based on the accrual method. Determinants of the Moa JV's liquidity include anticipated nickel and cobalt prices and sales volumes, planned spending on capital at the Moa JV including growth capital, capital committed toward the new tailings facility net of financing, working capital needs, expected financing and other expected liquidity requirements. Available cash is also impacted by changes in working capital primarily related to changes in inventory, and timing of receipts and payments, including receipts on nickel and cobalt sales subsequent to shipment. Subsequent to period end, effective May 7, 2026, the Corporation suspended its direct participation in joint venture activities in Cuba following the issuance of an Executive Order by the U.S. administration expanding U.S. sanctions against Cuba on May 1, 2026, which may impact the receipt of distributions from the Moa JV to the Corporation.

As at March 31, 2026, the Moa JV had drawn $83.6 million (US$60.0 million) on a US$60.0 million (100% basis) (December 31, 2025 - drawn $82.2 million (US$60.0 million)) Cuban credit facility to support spending on tailings management and working capital. No amounts on the Cuban credit facility are due in 2026 and the loan will be repaid from 2027 to 2029.

In early 2026, Venezuela ceased oil exports to Cuba as a result of U.S. government intervention. Venezuela has historically been a major supplier of oil to Cuba and this supply disruption has further exacerbated Cuba's existing economic challenges. In addition, on January 29, 2026, the U.S. government issued an Executive Order declaring a national emergency with respect to the government of Cuba and authorized the imposition of tariffs on countries supplying oil to Cuba, which has imposed a de facto embargo of oil and fuel supply to Cuba. As a result, during the three months ended March 31, 2026 and during the subsequent events period, the Moa JV mine and refinery and Fort Site were operating at significantly reduced production rates which have reduced the Moa JV's cash available in major foreign currencies and subsequent to period, as of April 2026, resulted in the cessation of foreign currency payments pursuant to the Moa Swap.

Inventory of feed at the refinery in Fort Saskatchewan, Alberta was depleted on June 22, 2026 and the refinery is in the process of shutting down. The shutdown will continue until mining and processing activities at Moa resume and the refinery feed pipeline is rebuilt. At this time, the Corporation is unable to provide a timeline for the restoration of feed to the refinery. During the downtime, the Corporation will complete necessary maintenance activities that do not require significant capital investment. The Corporation continues to produce fertilizers and sulphuric acid for resale.

Liquidity factors

In normal course, the main factors that affect the Corporation's liquidity in Canada include realized sales prices, timing of collection of receivables, production volumes, cash production costs, working capital requirements, capital and environmental rehabilitation expenditure requirements, the timing of distributions from the Moa JV (including pursuant to the Cobalt Swap), advances from/to the Moa JV, the timing of cobalt sales and receipts pursuant to the Cobalt Swap, the timing of dividends from Energas in Canada (as facilitated by the Moa Swap), repayments of non-current loans and borrowings, credit capacity and debt and equity capital market conditions. The Corporation discloses further information regarding the material uncertainty regarding the Corporation's ability to continue as a going concern and its application of significant judgment in the assessment of the Corporation's ability to continue as a going concern in the critical accounting judgments section of this MD&A.

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 Amended Senior Secured Notes and the Credit Facility.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. Liquidity risk arises from the Corporation's financial obligations and in the management of its assets, liabilities and capital structure. The Corporation manages this risk by regularly evaluating its liquidity and using cash provided by operating activities and liquid assets to ensure its ability to fund current and non-current financial obligations and capital commitments for the foreseeable future in a cost-effective manner. Significant adverse changes to one, or a combination of these factors, without offsetting changes to others, would have a negative impact on the Corporation's liquidity position and may affect its ability to satisfy current and non-current obligations as they become due and/or comply with covenant requirements pursuant to its arrangements with its creditors and lenders.

Cash in CUP

Cash in Cuba is denominated in Cuban pesos ("CUP") and not exchangeable into other currencies unless sufficient foreign currency reserves exist in Cuba and is primarily held by Energas for use locally by the joint operation. To facilitate the conversion of CUP to Canadian dollars, the Corporation has in place the Moa Swap. The Moa Swap facilitates the payment of the equivalent of approximately US$50.0 million in Canadian currency annually from the Moa JV to Energas, which Energas uses to facilitate foreign currency payments in support of its business and to pay dividends to the Corporation in Canada. Energas, in turn, pays an equivalent amount to the Moa JV in CUP.

Refer to the Liquidity update section above for disclosure of subsequent events related to the Moa Swap.

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

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

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

$ millions, as at March 31, 2026	Cash	Cash equivalents	Total
Canada	$ 10.7	$ 0.2	$ 10.9
Cuba[1]	109.2	-	109.2
Other	3.5	-	3.5
	$ 123.4	$ 0.2	$ 123.6
The Corporation's 50% share of cash and cash equivalents in the Moa JV, not included in the above balances:			$ 10.9

(1) As at March 31, 2026, $104.0 million of the Corporation's cash and cash equivalents was held by Energas in Cuba (December 31, 2025 - $103.3 million).

SOURCES AND USES OF CASH

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

$ millions, for the three months ended March 31		2026		2025	Change
Cash (used) provided by operating activities					
Cash (used) provided by operating activities[1]:					
Metals - Fort Site[2]	**$**	**(16.1)**	$	7.8	(306%)
Metals - Metals Marketing[3]		**0.5**		5.0	(90%)
Power		**12.9**		0.9	nm[6]
Oil and Gas[4]		**(1.2)**		(4.3)	72%
Corporate and Other[5]		**(6.2)**		(7.6)	18%
Distributions from Moa JV:					
Proceeds from Cobalt Swap - Sherritt share		**-**		3.1	(100%)
Proceeds from Cobalt Swap - GNC redirected share		**-**		3.1	(100%)
Liabilities settled for environmental rehabilitation provisions		**-**		(5.9)	100%
Share-based compensation payments		**(0.5)**		(1.1)	55%
Purchase of nickel put options		**(2.4)**		-	-
Cash (used) provided by continuing operations		**(13.1)**		1.0	nm[6]
Cash used by discontinued operations		**-**		(0.1)	100%
Cash (used) provided by operating activities	**$**	**(13.1)**	$	0.9	nm[6]
Cash provided (used) by investing activities	**$**	**0.1**	$	(2.9)	103%
Cash provided (used) by financing activities		**9.8**		(8.0)	223%
Effect of exchange rate changes on cash and cash equivalents		**1.9**		(0.1)	nm[6]
Decrease in cash and cash equivalents		**(1.3)**		(10.1)	87%
Cash and cash equivalents:					
Beginning of the period	**$**	**124.9**	$	145.7	(14%)
End of the period	**$**	**123.6**	$	135.6	(9%)

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

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, 2026 compared to the same periods in the prior year, primarily as a result of the following:

- Higher cash used by operating activities at Fort Site primarily due to the timing of fertilizer cash receipts and working capital payments;
- Lower cash provided by operating activities at Metals Marketing primarily due to timing of customer receipts;
- Higher cash provided by operating activities at Power primarily due to lower maintenance costs and timing of working capital payments in the current year period. Sherritt received dividends of $5.5 million in Canada from Energas during the three months ended March 31, 2026, which exceeded the $4.3 million of dividends received during the same period in the prior year, primarily due to the timing of maintenance. Energas dividends are not reflected in the above table due to eliminations required for joint operations for accounting purposes;
- Lower cash used by operating activities at Oil and Gas primarily due to timing of working capital payments;
- Lower cash used by operating activities at Corporate and Other primarily due to lower administrative costs and timing of working capital payments, partially offset by higher severance costs;
- Nil proceeds from the Cobalt Swap from the sale of cobalt to customers during the three months ended March 31, 2026. In the prior year period, finished cobalt was sold from the distribution received at the end of the fourth quarter of 2024; and
- Lower cash used for the settlement of contractually obligated liabilities for environmental rehabilitation provisions for legacy Oil and Gas assets in Spain.

Minimal investing activities for the three months ended March 31, 2026 reflect reductions and deferrals of property, plant and equipment expenditures to preserve liquidity and financing activities primarily consist of a $10.0 million increase in loans and borrowings resulting from an additional draw on the Credit Facility.

Capital resources

CAPITAL RISK MANAGEMENT

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

Subject to the limitations within the indenture governing the Amended Senior Secured Notes 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 207,425,508 common shares at a price of $0.21 per common share and gross cash proceeds of $43.6 million.

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, lease liabilities and commitments for property, plant and equipment are presented in the following table on an undiscounted basis.

Canadian $ millions, as at March 31, 2026	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(2)	$ 169.4	$ 169.4	$ -	$ -	$ -	$ -	$ -
Income taxes payable	1.3	1.3	-	-	-	-	-
Amended Senior Secured Notes (includes principal, interest and Scheduled Repurchases)	373.0	35.7	39.6	35.5	18.9	18.9	224.4
Credit Facility	84.6	5.2	79.4	-	-	-	-
Other non-current financial liabilities	1.4	0.1	-	0.3	-	0.4	0.6
Provisions	196.8	10.4	13.4	10.4	17.1	25.9	119.6
Energas payable(3)	92.4	-	92.4	-	-	-	-
Lease liabilities	3.8	0.9	0.8	0.7	0.6	0.5	0.3
Property, plant and equipment commitments	1.9	1.9	-	-	-	-	-
Total	$ 924.6	$ 224.9	$ 225.6	$ 46.9	$ 36.6	$ 45.7	$ 344.9

(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) Included in trade accounts payable and accrued liabilities falling due within one year is $7.6 million of trade accounts payable related to environmental rehabilitation costs for the Corporation's legacy Spanish Oil and Gas operations.

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

AMENDED SENIOR SECURED NOTES

As at March 31, 2026, the outstanding principal amount of the Amended Senior Secured Notes is $249.0 million (December 31, 2025 - $249.0 million) and the Corporation was in compliance with all Amended Senior Secured Notes covenants.

Subsequent to period end, the Corporation paid interest of $11.5 million on the Amended Senior Secured Notes.

CREDIT FACILITY

As at March 31, 2026, $79.0 million (December 31, 2025 - $69.0 million) was drawn on the Credit Facility, which matures on April 30, 2027.

As at March 31, 2026, the Corporation had Net Available Cash of $23.3 million, which was below the minimum of $25.0 million as required by the financial covenants in the Credit Facility agreement. Notwithstanding the above, there was no event of default under the Credit Facility agreement as subsequent to period end, the Corporation completed an issuance of common shares and receipt of gross cash proceeds therefrom of $43.6 million, resulting in Net Available Cash of $62.7 million, on April 7, 2026 within the seven-business day cure period for any breach of the financial covenants under the Credit Facility agreement.

Subsequent to period end, a material adverse change to the Corporation's business occurred as a result of the issuance of an Executive Order by the United States government expanding sanctions against persons and companies conducting business in Cuba. This would give the administrative agent (on behalf of the lenders) the ability to call an event of default under the Credit Facility and demand repayment of all indebtedness currently owing thereunder. As of June 25, 2026, the administrative agent has not issued such a demand.

Effective May 29, 2026, the interest rate on the Credit Facility changed from Adjusted CORRA plus 4.0% to the Prime Rate plus 3.0%. There were no other significant changes to the terms, financial covenants or restrictions of the Credit Facility.

Additionally, on May 31, 2026, the borrowing base of the Credit Facility was $76.3 million, which was below the amount of current borrowings of $79.5 million. As a result of this deficiency, the lenders have the ability to issue a notice of excess borrowing and require the Corporation to repay the difference of $3.2 million. If such notice is received, the Corporation would be obligated to repay that amount within two business days.

The Corporation does not anticipate the ability to make further draws on the Credit Facility at this time.

An acceleration of the indebtedness owing under the Credit Facility would permit the holders of at least 25% of the outstanding notes of the Corporation to also declare all of the Corporation’s notes to be due and payable.

The Corporation is currently in discussions with its lenders, noteholders and equity holders to address the issues above and find a comprehensive long-term solution to these matters. The Corporation does not have existing liquidity or alternative financing sources at this time to repay all or a material portion of its indebtedness if it becomes due earlier than its current stated maturity as a result of an acceleration by one or more of its creditors; and while it has had a history of being able to refinance or extend its indebtedness in the past, its ability to do so in the current circumstances remains uncertain.

COMMON SHARES

As at June 25, 2026, the Corporation had 703,967,424 common shares outstanding following the issuance of 207,425,508 common shares subsequent to period end. An additional 11,021,954 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 2025 Annual Information Form for the year ended December 31, 2025, dated March 23, 2026.

Refer to the below risks related to Sherritt's operations at the Moa JV and in Cuba, risks related to U.S. government policy towards Cuba and risks related to the input commodity price and availability of sulphur.

OPERATIONS AT THE MOA JV

On February 17, 2026, the Corporation disclosed that operations at the Moa JV mine in Cuba had been reduced due to country-wide fuel supply constraints and expected to pause operations if fuel supplies could not be restored. More recently, as a result of the U.S. administration's issuance of Executive Order 14404 ("E.O. 14404") on May 1, 2026, Sherritt suspended its direct participation in joint venture activities in Cuba, effective May 7, 2026. Further, on May 7, 2026, the U.S. Secretary of State redesignated Moa Nickel SA ("Moa Nickel"), the Cuban joint venture in which Sherritt holds a 50 percent interest, to the List of Specially Designated Nationals and Blocked Persons ("SDN List") maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") pursuant to E.O. 14404. The order authorizes the designation to the SDN List of persons determined to own or control, directly or indirectly, any person whose property or interests in property are blocked pursuant to the order.

For further information on the risks related to the Moa JV, refer to the Corporation's 2025 Annual Information Form, as well as the risk factor entitled "Risks Related to Sherritt's Operations in Cuba" and "Risks Related to U.S. Government Policy Towards Cuba" immediately below.

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 are affected by economic and other pressures on Cuba. Additionally, the continued general economic decline in Cuba has had an adverse impact on the Corporation and the Cuban businesses. Risks include, but are not limited to, fluctuations in official or convertible currency exchange rates, access to foreign currency, repatriation of foreign currency, and high rates of inflation. In addition, Cuba has experienced increased hardships as a result of the impact of COVID-19 and continued U.S. sanctions, impacting the country's tourism and other industries, hampering the country's foreign currency liquidity and resulting in prolonged border closures, fuel, food and medicine shortages, electricity outages and skilled worker retention and shortages. The first term of the current U.S. administration increased its sanctions against Cuba and its trading partners and these measures had an adverse impact on Cuba and its economy, as well as its ability to conduct international trade. In addition, with resulting additional adverse impacts, on January 12, 2021, that administration designated Cuba as a State Sponsor of Terrorism. On June 30, 2025, the current U.S. administration released a National Security Presidential Memorandum ("NSPM") reaffirming its hardline stance towards Cuba, outlining a strengthened sanctions framework aimed at curbing Cuba's access to international financing and restricting entities engaging in trade or investment in Cuban state-run industries. The NSPM signaled a continuation of the U.S. government's hardline economic and geopolitical policy related to Cuba and increased the risks related to Sherritt's operations in Cuba.

On May 1, 2026, the U.S. administration issued E.O. 14404, which significantly expands the scope of U.S. sanctions against Cuba. E.O. 14404 authorizes the imposition of property-blocking sanctions against persons, including companies outside of Cuba, determined to operate or have operated in certain sectors of the Cuban economy, including the metals and mining and energy sectors, determined to own or control persons whose property is blocked under the order, or determined to have materially assisted or provided goods, services or support, including financial support, to persons (including the Government of Cuba and its agencies) whose property is blocked under the order. Further context on E.O. 14404 is discussed in the risk factor entitled “Risks Related to U.S. Government Policy Towards Cuba”. As a result of E.O. 14404, Sherritt suspended its direct participation in joint venture activities in Cuba, effective May 7, 2026. The refinery operations in Fort Saskatchewan, Alberta continue to produce finished nickel and cobalt for sale and have inventory of feed available for such production until approximately late June 2026. With regard to Sherritt’s Moa JV in Cuba, as noted above, the U.S. Secretary of State redesignated Moa Nickel to the SDN List on May 7, 2026 pursuant to E.O. 14404. Moa Nickel was already designated to the SDN List pursuant to existing Cuba-related authorities. Moa Nickel’s redesignation pursuant to E.O. 14404 has had, and will likely continue to have, a material adverse effect on Sherritt’s operations in Cuba and on Sherritt more generally. The designation of Moa Nickel, as well as Sherritt’s now-suspended operations in the Cuba metals and mining sector, provide a basis on which Sherritt itself could be at risk for designation for property-blocking sanctions under E.O. 14404.

In addition, in early 2026, Venezuela ceased oil exports to Cuba as a result of recent geopolitical turmoil in the country. Venezuela has historically been a major supplier of oil to Cuba, and this supply disruption exacerbated Cuba’s existing economic challenges. On January 29, 2026, the U.S. government issued an Executive Order declaring a national emergency with respect to the government of Cuba and authorized the imposition of tariffs on countries that supply oil to Cuba, which could further restrict Cuba’s ability to access international fuel supplies. While the Moa JV mine typically has the ability to source fuel oil from international suppliers to continue its operations, there can be no assurance that it will be successful in maintaining the continuity of operations.

Changes in regulations and political attitudes related to Cuba are beyond the control of Sherritt and may adversely affect its business. In addition, operations may be affected by the Cuban government’s domestic regulations with respect to currency conversion, repatriation of foreign currency, production, project approval and execution, price controls, import and export controls, income taxes or reinvestment credits, expropriation of property, environmental legislation, land use, water use and mine and plant safety. During December 2025, Cuba announced a series of regulations that modify the access to foreign currency within Cuba. Sherritt has not experienced any material changes or additional risks to its operations as a result of this change and will continue to monitor developments and assess potential impacts of the transition as it evolves. Cuba may also be adversely impacted by risks associated with the imposition by other countries globally of additional economic restrictions or sanctions, or the indirect impact on Cuba of sanctions imposed on other countries (such as Russia and Belarus, for example) that could have a material adverse effect on Cuba or on Sherritt’s ability to operate in Cuba.

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

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

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

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

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

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

For further information on the risks related to Sherritt's operations in Cuba, refer to the Corporation's 2025 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. On May 1, 2026, the United States significantly expanded the scope of the U.S. sanctions against Cuba, through E.O. 14404 issued by the current U.S. administration. As discussed below, this significant expansion of the U.S. sanctions against Cuba, including the designation of Moa Nickel to the SDN List, has had and will continue to have a significant adverse effect on Sherritt.

The U.S. Embargo

Apart from the Helms-Burton Act, the historic U.S. sanctions prohibit most transactions or dealings directly or indirectly involving Cuba, its government, Cuban entities, Cuban-origin goods, foreign goods derived from Cuban-origin, and Cuban nationals by "persons subject to the jurisdiction of the United States," unless authorized under general or specific licenses issued by OFAC. Persons "subject to the jurisdiction of the United States" include U.S. citizens and U.S. lawful permanent residents, regardless of where they reside or by whom they are employed; legal entities organized under U.S. laws; and entities wherever located that are owned or controlled by any of the foregoing; as well as individuals and entities located in the United States. The embargo also prohibits transactions or dealings by persons subject to U.S. jurisdiction 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 unblocked Cuban nationals. Additionally, the embargo applies to persons and entities designated by OFAC to the SDN list pursuant to the U.S. embargo against Cuba, as well as entities owned 50% or more, directly or indirectly, by one or more persons on the SDN List. The three entities constituting the Moa JV in which Sherritt holds an indirect 50% interest were designated to the SDN List by OFAC under these long-standing sanctions against Cuba. Sherritt has not been designated to the 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 United States from engaging in transactions with Sherritt more generally. Furthermore, goods, technology and software ("items") that are subject to U.S. jurisdiction, including U.S.-origin items, non-U.S. items that include more than 10% U.S.-origin content by value, and certain non-U.S. direct products of specified U.S. technology or software, cannot under U.S. law be exported, re-exported, or otherwise supplied to Cuba. Additionally, the U.S. embargo generally prohibits imports into the United States of Cuban-origin goods, goods located in or transported from or through Cuba, and foreign goods made or derived, in whole or in part, from Cuban-origin goods, including Cuban nickel and cobalt. In 1992, Canada issued an order pursuant to the Foreign Extraterritorial Measures Act (Canada) to block the application of the U.S. embargo under Canadian law to Canadian subsidiaries of U.S. entities. However, the U.S. embargo limits Sherritt's access to U.S. capital, financing sources, customers, and suppliers. Persons subject to the jurisdiction of the United States are advised to consult their independent advisors before acquiring common shares of Sherritt.

E.O. 14404 issued by the current U.S. administration significantly expanded the scope of the U.S. sanctions against Cuba by authorizing the imposition of property-blocking sanctions on any person determined by the U.S. Secretary of the Treasury or the U.S. Secretary of State to operate or have operated in specified sectors of the Cuban economy, including the metals and mining sector and the energy sector. The three entities constituting the Moa JV in which Sherritt owns a 50 percent interest operate in Cuba's metals and mining sector. Sherritt's joint venture with two agencies of the Cuban government for the generation and distribution of power operates in the Cuban energy sector through Energas S.A., in which Sherritt holds a one-third interest. Sherritt and its joint venture partners thus risk exposure to property-blocking sanctions under the E.O. 14404 for operating under the metals and mining or energy sectors of Cuba and, as noted in the risk factor entitled "Risks Related to Sherritt's Operations in Cuba," one of them, Moa Nickel, was redesignated to the SDN List pursuant to E.O. 14404 on May 7, 2026. As a result of the issuance of E.O. 14404, Sherritt suspended its direct participation in joint venture activities in Cuba, effective May 7, 2026.

E.O. 14404 also authorizes the imposition of property-blocking sanctions against persons determined to own or control persons whose property is blocked pursuant to the order, and persons determined to have materially assisted or provided financial, material, or technological support for, or goods or services to or in support of, persons whose property is blocked under the order, including the Government of Cuba and its agencies. Thus, even if Sherritt itself is not determined to operate in the metals and mining or energy sectors of Cuba, it risks exposure to property-blocking sanctions as a result of Moa Nickel's redesignation to the SDN List under E.O. 14404 and any future designation of its other joint venture partners. The issuance of E.O. 14404 and Moa Nickel's redesignation to the SDN List pursuant to the order have had, and will likely continue to have, a material adverse effect on Sherritt's operations in Cuba and on Sherritt more generally.

Persons determined to be senior executive officers or members of the Board of Directors of any entity whose property is blocked under the order also may be designated for such property-blocking sanctions, along with adult members of their families; and they and such adult family members may be excluded from entry into the United States as immigrants or non-immigrants.

For further information on the risks related to The Helms-Burton Act, refer to the Corporation's 2025 Annual Information Form.

SULPHUR - INPUT COMMODITY PRICE AND AVAILABILITY RISK

Sherritt's operations are dependent on sulphur as a key commodity input, and costs and production are sensitive to changes in sulphur prices and availability, over which the Corporation has no control. Sulphur is one of the Corporation's significant commodity inputs and is critical to the hydrometallurgical process used at the Moa JV's mining and processing facility in Cuba and at the Fort Saskatchewan refinery. The price of sulphur is impacted by global supply and demand for sulphur, oil, gas and refining activity and agricultural fertilizer demand. Fluctuations in sulphur prices or a disruption to its availability could materially increase operating costs and, if sulphur cannot be procured on a timely or competitive basis, could adversely affect production at the Moa JV and refinery operations in Fort Saskatchewan. Significant or sustained increases in sulphur costs, or an inability to secure adequate supply, could have a material adverse effect on the Corporation's business, results of operations and financial performance.

For further information on the risks related to the input commodity price and availability of sulphur, refer to Commodity risk in the Corporation's 2025 Annual Information Form.

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

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

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

Assessing the ability of the Corporation to continue as a going concern requires judgment that includes considering whether conditions or events, including those at any of its investees, joint operations and subsidiaries, impact the going concern assumption. In conducting this assessment, management identified adverse events impacting the Moa Joint Venture and the Energas S.A. joint operation, as well as environment rehabilitation expenditures for its legacy Spanish Oil and Gas operations, and an event regarding compliance with, ongoing accessibility to and ability to repay its revolving-term credit facility ("Credit Facility"). The aforementioned adverse events impact both production and liquidity and result in significant obligations that will require repayment or refinancing. Consequently, the Corporation is required to evaluate the impact of these adverse events on its ability to continue as a going concern.

As at March 31, 2026, the Corporation had Net Available Cash of $23.3 million, which was below the minimum of $25.0 million as required by the financial covenants in the Credit Facility agreement. There was no event of default related to the Net Available Cash covenant under the Credit Facility agreement as subsequent to period end, the Corporation completed an issuance of common shares and receipt of gross cash proceeds therefrom of $43.6 million, resulting in Net Available Cash of $62.7 million, on April 7, 2026 within the seven-business day cure period for any breach of the financial covenants under the Credit Facility agreement.

In addition to the above matter, subsequent to period end, a material adverse change to the Corporation's business occurred as a result of the issuance of an Executive Order on May 1, 2026 by the United States government expanding sanctions against persons and companies conducting business in Cuba, that gives the administrative agent (on behalf of the lenders) under the Credit Facility agreement the ability to call an event of default and demand repayment of all indebtedness currently owing under such agreement in the principal amount of $79.5 million. As of June 25, 2026, the administrative agent under the Credit Facility has not issued a demand for repayment. If a demand for repayment of all or a portion of the current amounts outstanding under the Credit Facility were made, the Corporation's current cash balance in Canada would be insufficient to pay such amount and meet the Corporation's working capital requirements and the Corporation would be required to seek alternative sources of financing. Borrowings under the Credit Facility are secured by all of the assets and property of the Corporation and its material subsidiaries, and the eligible receivables and inventories of the International Cobalt Company Inc., The Cobalt Refinery Company Inc., New Providence Metals Marketing Inc. and New Providence Metals Sales Inc., that form the borrowing base collateral.

Additionally, on May 31, 2026, the borrowing base of the Credit Facility was $76.3 million, which was below the amount of current borrowings of $79.5 million. As a result of this deficiency, the lenders have the ability to issue a notice of excess borrowing and require the Corporation to repay the difference of $3.2 million. If such notice is received, the Corporation would be obligated to repay that amount within two business days. The Corporation does not anticipate the ability to make further draws on the Credit Facility at this time.

An acceleration of the indebtedness owing under the Credit Facility would permit the holders of at least 25% of the outstanding notes of the Corporation to also declare all of the Corporation's notes to be due and payable.

The Corporation is currently in discussions with its lenders, noteholders and equity holders to address the issues above and find a comprehensive long-term solution to these matters. The Corporation does not have existing liquidity or alternative financing sources at this time to repay all or a material portion of its indebtedness if it becomes due earlier than its current stated maturity as a result of an acceleration by one or more of its creditors; and while it has had a history of being able to refinance or extend its indebtedness in the past, its ability to do so in the current circumstances remains uncertain.

The Executive Order on May 1, 2026 expanding sanctions against persons and companies conducting business in Cuba also resulted in the Corporation suspending its direct participation in its joint venture activities in Cuba and may also result in financial or other providers being unable or unwilling to continue to support Sherritt's operation or other business activities. Sherritt International Corporation, the legal entity, has not, nor has any of its officers or directors, been sanctioned following issuance of the Executive Order.

Significantly reduced operations and production of mixed sulphides at the Moa JV mine resulting from fuel supply constraints due to the imposition of tariffs by the U.S. on countries that provide oil to Cuba; the cessation of refining of mixed sulphides into finished nickel and cobalt at the Moa JV refinery due to a lack of feed from the Moa mine; the cessation of dividends from Energas to Sherritt in Canada resulting from a lack of foreign currency availability at the Moa JV due to fuel supply constraints at the Moa JV; ongoing volatility in commodity prices for the Corporation's finished products and input commodities; and environmental rehabilitation expenditures for legacy Spanish Oil and Gas operations have adversely impacted the Corporation's financial position.

The Corporation has and will undertake numerous initiatives available to it to continue to strengthen its financial position and enhance liquidity. Among the initiatives undertaken, the Corporation has completed significant cost reduction measures in 2024, 2025 and 2026, including workforce reductions, operational and capital spending cost reductions and deferrals, reductions in key management personnel and receipt of advance payments from customers at the Moa JV, which are expected to increase the Corporation's liquidity in the next twelve months as the Corporation realizes the full benefit of these measures. In addition, the Corporation completed an equity financing subsequent to period end with gross cash proceeds of $43.6 million, which improved the Corporation's liquidity, and the Corporation is currently pursuing additional equity financing. Lastly, the Corporation is also pursuing debt financing and other financing arrangements and continues to evaluate and pursue additional measures to increase the Corporation's liquidity.

The uncertainties related to the matters described above result in material uncertainty which may cast significant doubt about the Corporation's ability to continue as a going concern. If the Corporation is unable to meet its obligations when due or comply with the terms of its debt agreements, the assumption of preparing these consolidated financial statements on a going concern basis may no longer be appropriate. These condensed consolidated financial statements for the three months ended March 31, 2026 do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate, and such adjustments could be material.

The condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as disclosed in note 2 of the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2025, except for the adoption of the Amendments to IFRS 9 and IFRS 7, which were adopted effective January 1, 2026. For further information on the adoption of the Amendments to IFRS 9 and IFRS 7, see note 4 of the condensed consolidated financial statements for the three months ended March 31, 2026.

The critical accounting estimates and judgments used in the preparation of the condensed consolidated financial statements are consistent with those disclosed in note 3 of the Corporation's annual consolidated financial statements as at and for the year ended December 31, 2025, except for the critical accounting judgment noted below.

Critical accounting judgment - Going concern

The assessment of the Corporation's ability to continue as a going concern, including its ability to complete financing arrangements, satisfy current and non-current obligations as they become due and comply with the financial covenants pursuant to its arrangements with its lenders involves significant judgment based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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	**2026 Mar 31**	2025 Dec 31	2025 Sep 30	2025 Jun 30	2025 Mar 31	2024 Dec 31	2024 Sept 30	2024 Jun 30
Revenue	**$ 34.0**	$ 55.5	$ 39.7	$ 43.7	$ 38.4	$ 45.7	$ 32.9	$ 51.4
Share of loss of Moa Joint Venture, net of tax	**(6.3)**	(3.5)	(15.7)	(18.7)	(11.4)	(3.4)	(1.8)	(1.2)
Net (loss) earnings from continuing operations	**(9.2)**	(15.7)	(19.5)	10.4	(40.6)	(22.5)	1.8	(11.5)
Net (loss) earnings for the period	**(9.2)**	(15.8)	(19.5)	10.2	(40.6)	(22.9)	2.1	(11.5)
Net (loss) earnings per share, basic ($ per share)								
Net (loss) earnings from continuing operations	**$ (0.02)**	$ (0.03)	$ (0.04)	$ 0.02	$ (0.10)	(0.06)	$ 0.00	$ (0.03)
Net (loss) earnings	**(0.02)**	(0.03)	(0.04)	0.02	(0.10)	(0.06)	0.01	(0.03)

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

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

- Q1 2026: $3.7 million non-cash loss on environmental rehabilitation provisions on legacy Oil and Gas assets in Spain and $1.7 million of share-based compensation expense within cost of sales and administrative expenses. The Corporation's net loss includes a net non-cash gain on revaluation of the GNC receivable and Energas payable of $12.3 million pursuant to the Cobalt Swap;
- Q4 2025: $4.4 million non-cash loss on environmental rehabilitation provisions on legacy Oil and Gas assets in Spain and $2.2 million of severance expense, partially offset by a $1.3 million non-cash gain on revaluation of the GNC receivable and Energas payable pursuant to the Cobalt Swap;
- Q3 2025: $3.6 million of severance expense related to the Corporation's 10% workforce reduction (Sherritt's share) and $2.4 million loss on natural gas swaps. The Corporation's net loss includes a net non-cash gain on revaluation of the GNC receivable and Energas payable of $5.0 million pursuant to the Cobalt Swap;
- Q2 2025: $32.4 million gain on Debt and Equity Transactions, net of transaction costs, which included $4.9 million of transaction costs on the Debt and Equity Transactions recognized in Q1 2025 that were reclassified to the gain on Debt and Equity Transactions in Q2 2025 and a $2.4 million non-cash gain on environmental rehabilitation provisions on legacy Oil and Gas assets in Spain, partially offset by a $5.3 million non-cash unrealized loss on natural gas swaps and higher consulting services fees. In addition, the Corporation's net earnings include a net non-cash gain on revaluation of the GNC receivable and Energas payable of $3.5 million pursuant to the Cobalt Swap;
- Q1 2025: $15.7 million non-cash loss on environmental rehabilitation provisions on legacy Oil and Gas assets in Spain and $4.9 million of transaction costs as a result of the Corporation's Debt and Equity Transactions. In addition, the Corporation's net loss includes a non-cash unrealized gain of $3.5 million on natural gas swaps and a net non-cash gain on revaluation of the GNC receivable and Energas payable of $1.9 million;
- Q4 2024: $8.4 million non-cash loss on impairment of intangible assets in the Oil and Gas reportable segment and a $6.9 million non-cash loss on legacy environmental rehabilitation provisions partially offset by a $2.5 million realized gain on nickel put options. In addition, the Corporation's net loss includes a net non-cash gain on revaluation of the GNC receivable and Energas payable of $3.5 million pursuant to the Cobalt Swap;
- Q3 2024: $1.1 million gain on repurchase of notes and a $1.8 million non-cash gain on environmental rehabilitation provisions. In addition, the Corporation's net earnings includes a net non-cash gain on revaluation of the GNC receivable and Energas payable of $11.5 million pursuant to the Cobalt Swap; and

- 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.

Off-balance sheet arrangements

As at March 31, 2026, 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, 2026.

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, 2026, the Corporation's Interim CEO and Interim CFO have certified that the disclosure controls and procedures are effective and that during the three months ended March 31, 2026, 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 loss and loss per share from continuing operations for the three months ended March 31, 2026 from a change in selected key variables. The impact is measured changing one variable at a time and may not necessarily be indicative of sensitivities on future results.

Factor		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	$ 5	$ 0.01
Cobalt - Argus price per pound[1]	US$	5.00	2	-
Fertilizers - price per tonne[1]	$	50.00	1	-
Operating costs[1]				
Natural gas - cost per gigajoule (Moa JV and Fort Site)	$	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/loss and basic EPS representing the Corporation's 50% interest in the Moa JV.

INVESTMENT IN MOA JOINT VENTURE

Explanations for the significant changes in the statements of financial position and statements of comprehensive loss line items to the respective comparative period for the Moa JV are included below. The statements of financial position and comprehensive loss are presented on a 100% basis and included in the Corporation's investment in Moa Joint Venture and share of loss of Moa Joint Venture, net of tax on a 50% basis due to the equity method of accounting.

Statements of financial position

Canadian $ millions, 100% basis, as at	2026 March 31	2025 December 31	Variance	
Assets				
Cash and cash equivalents	**$ 21.8**	$ 25.5	(3.7)	Decrease is primarily due to cash used by operating activities, including the timing of working capital payments, and spending on capital.
Trade accounts receivable, net	**54.8**	70.2	(15.4)	Decrease is primarily due to lower nickel and cobalt sales volumes as a result of lower finished inventories. Lower finished inventories are a result of lower production volumes of mixed sulphides as a result of the fuel supply disruption in Cuba.
Inventories	**344.5**	349.9	(5.4)	
Income taxes receivable	**3.4**	3.3	0.1	
Other current assets	**28.1**	22.2	5.9	Increase is primarily due to prepayments for purchases of equipment and supplies.
Property, plant and equipment	**1,086.9**	1,087.7	(0.8)	
Deferred income taxes	**47.5**	40.3	7.2	Increase is primarily due to higher taxable losses in the current period as compared to the prior period at one of the operating companies of the Moa JV.
Other non-current assets	**8.8**	10.2	(1.4)	
Total assets	**1,595.8**	1,609.3	(13.5)	
Liabilities				
Trade accounts payable and accrued liabilities	**131.5**	112.7	18.8	Increase is primarily due to timing of payments to suppliers.
Deferred revenue	**13.7**	28.0	(14.3)	Decrease is primarily due to deliveries of finished inventories for which advance payments from customers were received in 2025.
Income taxes payable	**1.3**	1.3	-	
Other current financial liabilities	**0.3**	0.4	(0.1)	
Loans and borrowings	**111.0**	129.5	(18.5)	Decrease is primarily due to repayments of loans and borrowings.
Non-current environmental rehabilitation provisions	**94.9**	94.1	0.8	
Deferred income taxes	**8.1**	8.7	(0.6)	
Other non-current financial liabilities	**1.6**	1.7	(0.1)	
Total liabilities	**362.4**	376.4	(14.0)	
Net assets of Moa Joint Venture	**$ 1,233.4**	$ 1,232.9	0.5	
Proportion of Sherritt's ownership interest	**50%**	50%		
Total	**616.7**	616.5		
Intercompany capitalized interest elimination	**(42.7)**	(42.2)		
Investment in Moa Joint Venture	**$ 574.0**	$ 574.3		

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, 2026, 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, 2025.

Statements of comprehensive loss

Canadian $ millions, 100% basis, for the three months ended March 31		2026		2025	Variance	
Revenue	**$**	**145.9**	$	179.3	(33.4)	Decrease is primarily due to a decrease in nickel revenue, partially offset by an increase in cobalt revenue. Nickel revenue decreased as a result of lower nickel sales volume, partially offset by higher average-realized prices. Cobalt revenue increased due to higher average-realized prices, partially offset by lower sales volume.
Cost of sales		**(161.1)**		(193.8)	32.7	Decrease is primarily due to a decrease in nickel and cobalt sales volumes, coupled with a decrease in fuel oil prices and deferral of spending on maintenance to preserve liquidity, partly offset by higher sulphur prices.
Administrative expenses		**(2.7)**		(3.1)	0.4	
Loss from operations		**(17.9)**		(17.6)	(0.3)	
Financing income		**-**		0.1	(0.1)	
Financing expense		**(2.1)**		(5.9)	3.8	Decrease is primarily due to a foreign exchange gain recognized due to the weakening of the average U.S. dollar compared to the average Canadian dollar.
Net finance expense		**(2.1)**		(5.8)	3.7	
Loss before income tax		**(20.0)**		(23.4)	3.4	
Income tax recovery (expense)		**5.1**		(1.5)	6.6	Decrease is primarily due to higher taxable losses in the current period as compared to the prior period at one of the operating companies of the Moa Joint Venture.
Net loss and comprehensive loss of Moa Joint Venture	**$**	**(14.9)**	$	(24.9)	10.0	
Proportion of Sherritt's ownership interest		**50%**		50%		
Total		**(7.4)**		(12.5)		
Intercompany elimination		**1.1**		1.1		
Share of loss of Moa Joint Venture, net of tax	**$**	**(6.3)**	$	(11.4)		

For the three months ended March 31, 2026, Moa JV's revenue was negatively impacted and cost of sales and other expenses were positively impacted by a weaker average U.S. dollar relative to the average Canadian dollar compared to the same period in the prior year.

Moa JV commitments

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

- Environmental rehabilitation commitments of $134.6 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of $65.8 million;
- Loans and borrowings of $55.5 million; and
- Property, plant and equipment commitments of $27.5 million, which includes $12.5 million of property, plant and equipment commitments in 2026 for tailings management, which is in part funded by a US$60.0 million (100% basis) equivalent credit facility in CUP from a Cuban financial institution, and $15.0 million of commitments for sustaining and growth spending on capital.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

Combined revenue

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

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

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

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

$ millions, for the three months ended March 31		**2026**		2025	Change
Revenue by reportable segment					
Metals(1)	**$**	**93.8**	$	113.7	(18%)
Power		**12.6**		11.4	11%
Corporate and Other		**0.2**		0.6	(67%)
Combined revenue	**$**	**106.6**	$	125.7	(15%)
Adjustments for Moa Joint Venture		**(72.9)**		(89.6)	
Adjustments for Oil and Gas		**0.3**		2.3	(87%)
Financial statement revenue	**$**	**34.0**	$	38.4	(11%)

(1) Revenue of Metals for the three months ended March 31, 2026 is composed of revenue recognized by the Moa JV of $72.9 million (50% basis), which is equity-accounted and included in share of loss of Moa JV, net of tax, coupled with revenue recognized by Fort Site of $20.2 million and revenue recognized by Metals Marketing of $0.7 million, which are included in consolidated revenue (for the three months ended March 31, 2025 - $89.6 million, $18.5 million and $5.6 million, respectively).

Adjusted EBITDA

The Corporation defines Adjusted EBITDA as earnings/loss from operations and joint venture, which excludes net finance expense, income tax expense and loss from discontinued operations, net of tax, as reported in the financial statements for the period, adjusted for: depletion, depreciation and amortization; impairment losses and reversals 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 and reversals eliminates the non-cash impact of the losses and reversals.

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

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

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

$ millions, for the three months ended March 31	Metals(1)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	**2026** Total
(Loss) earnings from operations and joint venture per financial statements	**$ (9.2)**	**$ 7.4**	**$ (6.9)**	**$ (6.2)**	**$ 2.8**	**$ (12.1)**
Add (deduct):						
Depletion, depreciation and amortization	**2.3**	**0.6**	**-**	**0.1**	**-**	**3.0**
Oil and Gas loss from operations, net of depletion, depreciation and amortization	**-**	**-**	**6.9**	**-**	**-**	**6.9**
Adjustments for share of loss of Moa Joint Venture:						
Depletion, depreciation and amortization	**12.6**	**-**	**-**	**-**	**-**	**12.6**
Net finance income, net of elimination	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**
Income tax recovery	**-**	**-**	**-**	**-**	**(2.6)**	**(2.6)**
Adjusted EBITDA	**$ 5.7**	**$ 8.0**	**$ -**	**$ (6.1)**	**$ -**	**$ 7.6**

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

(1) Adjusted EBITDA of Metals for the three months ended March 31, 2026 is composed of Adjusted EBITDA at Moa JV of $3.5 million (50% basis), Adjusted EBITDA at Fort Site of $3.1 million, and Adjusted EBITDA at Metals Marketing of $(0.9) million (for the three months ended March 31, 2025 - $2.6 million, $4.0 million and $(1.1) million, respectively).

Average-realized price

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

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

Average-realized price for fertilizer is the weighted-average realized price of ammonia and various ammonium sulphate products.

Average-realized price for nickel and cobalt are expressed in Canadian dollars per pound sold, while fertilizer is expressed in Canadian dollars per tonne sold and electricity is expressed in Canadian dollars per megawatt hour sold.

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

$ millions, except average-realized price and sales volume, for the three months ended March 31							**2026**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 52.8**	**$ 14.6**	**$ 13.5**	**$ 12.6**	**$ 13.4**	**$ (72.9)**	**$ 34.0**
Adjustments to revenue:							
Frequency control, by-product and other revenue	**-**	**-**	**-**	**(1.7)**			
Revenue for purposes of average-realized price calculation	**52.8**	**14.6**	**13.5**	**10.9**			
Sales volume for the period	**4.9**	**0.4**	**27.4**	**209**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	**$ 10.68**	**$ 32.74**	**$ 494.59**	**$ 52.13**			

$ 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			

(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 and reversals, 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 and reversals in cost of sales; cobalt by-product, fertilizer by-product and other revenue; cobalt gain/loss pursuant to the Cobalt Swap; realized gain/loss on natural gas swaps; royalties/territorial contributions; and other costs primarily related to the impact of opening and closing inventory values, by the number of finished nickel pounds sold in the period.

Unit operating costs for nickel and electricity are key measures that management and investors uses to monitor cost performance. NDCC of nickel is a widely-used performance measure for nickel producers which represents the direct cash cost associated with the mining, processing, refining and sale of finished nickel, net of by-product credits. Management uses unit operating cost/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 unit operating cost for 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					**2026**
	Metals	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ **101.7**	$ **4.0**	$ **6.9**	$ **(80.6)**	$ **32.0**
Less:					
Depletion, depreciation and amortization in cost of sales	**(14.9)**	**(0.5)**			
	86.8	**3.5**			
Adjustments to cost of sales:					
Cobalt by-product revenue - Moa JV and Cobalt Swap	**(14.6)**	**-**			
Fertilizer by-product revenue	**(13.5)**	**-**			
Other revenue	**(12.9)**	**-**			
Realized loss on natural gas swaps	**0.6**	**-**			
Royalties/territorial contributions and other non-cash costs[2]	**(3.5)**	**-**			
Changes in inventories and other adjustments[3]	**4.1**	**-**			
Cost of sales for purposes of unit cost calculation	**47.0**	**3.5**			
Sales volume for the period	**4.9**	**209**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[4][5]	$ **9.60**	$ **16.81**			
Unit operating cost (US$ per pound) (NDCC)[6]	$ **7.00**				

$ 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 loss on natural gas swaps	(0.1)	-			
Royalties/territorial contributions and other non-cash costs[2]	(4.2)	-			
Changes in inventories and other 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				

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

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

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

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

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

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

For the three months ended March 31	2026 $ millions	2026 $/share	2025 $ millions	2025 $/share
Net loss from continuing operations	$ (9.2)	$ (0.02)	$ (40.6)	$ (0.10)
Adjusting items:				
Sherritt - Unrealized foreign exchange loss - continuing operations	0.6	-	0.1	-
Corporate and Other - Transaction costs on Debt and Equity Transactions	-	-	4.9	0.01
Corporate and Other - Realized loss on nickel put options	0.2	-	-	-
Corporate and Other - Unrealized loss on nickel put options	0.6	-	-	-
Metals - Moa JV - Inventory write-down/obsolescence	0.1	-	0.2	-
Metals - Fort Site - Unrealized gain on natural gas swaps	(0.6)	-	(3.5)	(0.01)
Metals - Fort Site - Realized loss (gain) on natural gas swaps	0.6	-	(0.1)	-
Metals - Metals Marketing - Cobalt loss	-	-	(0.3)	-
Power - Gain on revaluation of GNC receivable	(19.5)	(0.04)	(2.6)	(0.01)
Power - Loss on revaluation of Energas payable	7.2	0.02	0.7	-
Oil and Gas - Net loss from continuing operations, net of unrealized foreign exchange gain/loss	7.1	0.02	18.7	0.05
Total adjustments, before tax	$ (3.7)	$ -	$ 18.1	$ 0.04
Tax adjustments	1.0	-	(0.3)	-
Adjusted net loss from continuing operations	$ (11.9)	$ (0.02)	$ (22.8)	$ (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						2026
	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[2]	$ 5.4	$ 0.2	$ -	$ 5.6	$ (5.4)	$ 0.2
	5.4	0.2	-	5.6	$ (5.4)	$ 0.2
Adjustments:						
Accrual adjustment	-	-	-	-		
Spending on capital	$ 5.4	$ 0.2	$ -	$ 5.6		

$ 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
		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				

(1) Includes property, plant and equipment 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 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 by continuing operations for operating activities to cash used by continuing operations per the financial statements to combined free cash flow:

$ millions, for the three months ended March 31															**2026**
		Metals[(1)(2)]		Power		Oil and Gas		Corporate and Other		**Combined total**		Adjustment for Moa Joint Venture		**Total derived from financial statements**
Cash (used) provided by continuing operations for operating activities	**$**	**(1.7)**	**$**	**12.9**	**$**	**(1.2)**	**$**	**(9.1)**	**$**	**0.9**	**$**	**(14.0)**	**$**	**(13.1)**
Less:														
Property, plant and equipment expenditures		**(5.4)**		**(0.2)**		**-**		**-**		**(5.6)**		**5.4**		**(0.2)**
Free cash flow	**$**	**(7.1)**	**$**	**12.7**	**$**	**(1.2)**	**$**	**(9.1)**	**$**	**(4.7)**	**$**	**(8.6)**	**$**	**(13.3)**

$ 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)

(1) Cash provided (used) by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $13.9 million, $(16.1) million and $0.5 million, respectively, for the three months ended March 31, 2026 (for the three months ended March 31, 2025 - $3.2 million, $7.6 million and $11.1 million, respectively).

(2) Property, plant and equipment expenditures for the Moa JV, Fort Site and Metals Marketing was $5.4 million, nil and nil, respectively, for the three months ended March 31, 2026 (for the three months ended March 31, 2025 - $7.6 million, $2.9 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, the suspension or reduction of mining operations at Moa; the timing and ability to secure necessary fuel and other input commodities; the anticipated duration of feed inventory at the Fort Saskatchewan refinery; the potential impact of fuel supply constraints on production levels; measures to preserve and maximize liquidity, including managing expenditures and exploring potential sources of temporary funding support; the timing of updated 2026 guidance and the resumption of full operations at Moa and Fort Saskatchewan; sales volumes; revenue, costs and earnings; the amount and timing of dividend distributions from the Moa JV, including in the form of finished cobalt or cash under the Cobalt Swap; the amount and timing of dividend distributions from Energas; growing shareholder value; sufficiency of working capital management and capital project funding; strengthening the Corporation’s capital structure; amounts of certain other commitments; the auditor request for proposal process; the appointment of a new external auditor; statements regarding the Gillon Private Placement, including the completion and timing thereof, the terms on which it may be completed and the receipt of all required approvals; the ability of the parties to complete their respective due diligence reviews and negotiate a definitive agreement during the period of exclusivity; the ability of the parties to resolve the legal, regulatory and commercial complexities identified through due diligence; the ongoing engagement with relevant governmental and regulatory authorities and other stakeholders in furtherance of the regulatory approvals and other matters required to complete the Gillon Private Placement.

Forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; nickel, cobalt and fertilizer production results; realized prices for production; earnings and revenues; risks related to the U.S. government policy toward Cuba, including impacts of the Executive Order; current and future economic conditions in Cuba; the level of liquidity and access to funding; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; revenues and net operating results; environmental risks and liabilities; compliance with applicable environmental laws and regulations; advancements in environmental and greenhouse gas (“GHG”) reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to Environmental, Social and Governance (“ESG”) matters which are based on assumptions or developing standards; environmental rehabilitation provisions; environmental risks and liabilities; compliance with applicable environmental laws and regulations; Sherritt share price volatility; and certain corporate objectives, goals and plans for 2026. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this MD&A not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, risks related to Sherritt’s operations in Cuba; risks related to the U.S. government policy toward Cuba, including the Executive Order, U.S. embargo on Cuba and the Helms-Burton legislation; level of liquidity of Sherritt, including access to capital and financing; commodity risks related to the production and sale of nickel cobalt and fertilizers; the impact of global conflicts; changes in the global price for nickel, cobalt, fertilizers or certain other commodities; security market fluctuations and price volatility; the ability of the Moa Joint Venture to pay dividends; the risk to Sherritt’s entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa Joint Venture; risk of future non-compliance with debt restrictions and covenants; political, economic and other risks of foreign operations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations; maintaining social license to grow and operate; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; risks to information technologies systems and cybersecurity; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; the possibility of equipment and other failure; potential interruptions in transportation; identification and management of growth opportunities; the ability to replace depleted mineral reserves; risks associated with the Corporation’s joint venture partners; variability in production at Sherritt’s operations in Cuba; risks associated with mining, processing and refining activities; uncertainty of gas supply for electrical generation; reliance on key personnel and skilled workers; growth opportunity risks; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies, including diesel; supplies quality issues; risks related to the Corporation’s corporate structure; foreign exchange and pricing risks; credit risks; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; legal contingencies; risks related to the Corporation’s accounting policies; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2026; and the ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents.

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

Additional risks, uncertainties and other factors include, but are not limited to, the ability of the Corporation to achieve its financial goals; the ability of the Corporation to continue to realize its assets and discharge its liabilities and commitments; the Corporation's future liquidity position, and access to capital, to fund ongoing operations and obligations (including debt obligations); the ability of the Corporation to stabilize its business and financial condition; the ability of the Corporation to implement and successfully achieve its business priorities; and the ability of the Corporation to comply with its contractual obligations, including without limitation, its obligations under debt arrangements. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in 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 and year ended December 31, 2025 and the Annual Information Form of the Corporation dated March 23, 2026 for the period ending December 31, 2025, 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, 2026 and 2025 and as at March 31, 2026 and December 31, 2025

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Notice of no auditor review of condensed consolidated financial statements

The accompanying unaudited condensed consolidated financial statements of the Corporation have been prepared by and are the responsibility of management.

The Corporation currently has no independent auditor and no review of these condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor has been performed.

Condensed consolidated statements of comprehensive loss

Unaudited, Canadian $ millions, except per share amounts, for the three months ended March 31	Note		2026		2025
Revenue	5	**$**	**34.0**	$	38.4
Cost of sales	6		**(32.0)**		(50.7)
Administrative expenses	6		**(7.8)**		(8.1)
Share of loss of Moa Joint Venture, net of tax	7		**(6.3)**		(11.4)
Loss from operations and joint venture			**(12.1)**		(31.8)
Interest income on financial assets measured at amortized cost	8		**0.2**		0.3
Other financing items	8		**12.0**		1.3
Financing expense	8		**(8.4)**		(9.6)
Net finance income (expense)			**3.8**		(8.0)
Loss before income tax			**(8.3)**		(39.8)
Income tax expense			**(0.9)**		(0.8)
Net loss from continuing operations			**(9.2)**		(40.6)
Net loss for the period		**$**	**(9.2)**	$	(40.6)
Other comprehensive loss					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations, net of tax			**9.1**		(2.4)
Items that will not be subsequently reclassified to profit or loss:					
Actuarial loss on pension plans, net of tax			**(0.1)**		-
Other comprehensive income (loss)			**9.0**		(2.4)
Total comprehensive loss		**$**	**(0.2)**	$	(43.0)
Net loss from continuing operations per common share:					
Basic and diluted	9	**$**	**(0.02)**	$	(0.10)
Net loss per common share:					
Basic and diluted	9	**$**	**(0.02)**	$	(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	2026 March 31	2025 December 31
ASSETS			
Current assets			
Cash and cash equivalents	10	**$ 123.6**	$ 124.9
Advances, loans receivable and other financial assets	11	**1.7**	0.7
Trade accounts receivable, net	10	**87.5**	99.9
Inventories		**43.2**	37.8
Prepaid expenses		**10.6**	11.3
		266.6	274.6
Non-current assets			
Investment in Moa Joint Venture	7	**574.0**	574.3
Advances, loans receivable and other financial assets	11	**237.9**	218.4
Property, plant and equipment		**144.2**	151.7
Intangible assets		**6.4**	6.4
Other non-financial assets		**0.7**	0.8
Deferred income taxes		**1.1**	1.1
		964.3	952.7
Total assets		**$ 1,230.9**	$ 1,227.3
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Loans and borrowings	12	**$ 89.5**	$ 79.6
Trade accounts payable and accrued liabilities		**169.4**	181.8
Other financial liabilities	12	**7.3**	6.0
Deferred revenue		**10.9**	10.9
Provisions		**10.4**	5.3
Income taxes payable		**1.3**	1.0
		288.8	284.6
Non-current liabilities			
Loans and borrowings	12	**236.4**	236.4
Other financial liabilities	12	**85.7**	82.6
Other non-financial liabilities		**4.2**	5.2
Provisions		**103.1**	105.7
Deferred income taxes		**1.0**	1.0
		430.4	430.9
Total liabilities		**719.2**	715.5
Shareholders' equity			
Capital stock		**2,908.8**	2,908.8
Deficit		**(3,047.3)**	(3,038.1)
Reserves		**235.3**	235.2
Accumulated other comprehensive income		**414.9**	405.9
		511.7	511.8
Total liabilities and shareholders' equity		**$ 1,230.9**	$ 1,227.3

Commitments for property, plant and equipment expenditures (note 14)

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

Condensed consolidated statements of cash flow

Unaudited, Canadian $ millions, for the three months ended March 31	Note	2026	2025
Operating activities			
Net loss from continuing operations		**$ (9.2)**	$ (40.6)
Add (deduct) non-cash items:			
Finished cobalt cost of sales	6	**-**	4.7
Depletion, depreciation and amortization	5, 6	**3.0**	3.3
Share-based compensation expense	6	**1.7**	0.4
Share of loss of Moa Joint Venture, net of tax	7	**6.3**	11.4
Net finance (income) expense	8	**(3.8)**	8.0
Income tax expense		**0.9**	0.8
Loss on environmental rehabilitation provisions	6	**3.7**	15.7
Net change in non-cash working capital	15	**(11.3)**	1.1
Interest received		**0.2**	0.6
Interest paid		**(1.4)**	(1.5)
Income taxes paid		**(0.6)**	(1.5)
Proceeds from Cobalt Swap	5	**-**	6.1
Share-based compensation payments		**(0.5)**	(1.1)
Liabilities settled for environmental rehabilitation provisions		**-**	(5.9)
Purchase of nickel put options	11	**(2.4)**	-
Other operating items		**0.3**	(0.5)
Cash (used) provided by continuing operations		**(13.1)**	1.0
Cash used by discontinued operations		**-**	(0.1)
Cash (used) provided by operating activities		**(13.1)**	0.9
Investing activities			
Property, plant and equipment expenditures	5	**(0.2)**	(3.1)
Receipts of other advances, loans receivable and other financial assets		**-**	0.2
Proceeds from sale of property, plant and equipment		**0.3**	-
Cash provided (used) by investing activities		**0.1**	(2.9)
Financing activities			
Increase in loans and borrowings		**10.0**	-
Fees paid on Debt and Equity Transactions		**-**	(2.6)
Repayment of other financial liabilities		**(0.2)**	(5.4)
Cash provided (used) by financing activities		**9.8**	(8.0)
Effect of exchange rate changes on cash and cash equivalents		**1.9**	(0.1)
Decrease in cash and cash equivalents		**(1.3)**	(10.1)
Cash and cash equivalents at beginning of the period		**124.9**	145.7
Cash and cash equivalents at end of the period	10	**$ 123.6**	$ 135.6

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, 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**
Total comprehensive loss:					
Net loss for the period	-	(25.1)	-	-	(25.1)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(31.4)	(31.4)
Actuarial losses on pension plans, net of tax	-	-	-	(0.3)	(0.3)
	-	(25.1)	-	(31.7)	(56.8)
Issuance of common shares	13.9	-	-	-	13.9
Stock option plan expense	-	-	0.2	-	0.2
Balance as at December 31, 2025	**$ 2,908.8**	**$ (3,038.1)**	**$ 235.2**	**$ 405.9**	**$ 511.8**
Total comprehensive loss:					
Net loss for the period	-	(9.2)	-	-	(9.2)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	9.1	9.1
Actuarial losses on pension plans, net of tax	-	-	-	(0.1)	(0.1)
	-	(9.2)	-	9.0	(0.2)
Stock option plan expense	-	-	0.1	-	0.1
Balance as at March 31, 2026	**$ 2,908.8**	**$ (3,047.3)**	**$ 235.3**	**$ 414.9**	**$ 511.7**

Subsequent events (note 18)

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. Leveraging its technical expertise and decades of experience in critical minerals processing, Sherritt is committed to expanding domestic refining capacity and reducing reliance on foreign sources. The Corporation operates a strategically important refinery in Alberta, Canada, recognized as the only significant cobalt refinery and one of just three nickel refineries in North America.

Sherritt is a corporation governed by the *Canada Business Corporations Act (“CBCA”)*, domiciled in Ontario, Canada and its registered office is 22 Adelaide Street West, Toronto, Ontario, M5H 4E3. On May 14, 2026, the Corporation received a compliance order under the CBCA permitting the Corporation’s Board of Directors to continue to act notwithstanding vacancies and with the remaining directors constituting quorum. These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on June 25, 2026. The Corporation is listed on the Toronto Stock Exchange under the symbol “S”.

2. BASIS OF PRESENTATION AND GOING CONCERN

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 millions of Canadian dollars rounded to the nearest hundred thousand, except as otherwise noted. References to “US$” are to United States (U.S.) dollars and to “€” are to euro.

The 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.

Assessing the ability of the Corporation to continue as a going concern requires judgment that includes considering whether conditions or events, including those at any of its investees, joint operations and subsidiaries, impact the going concern assumption. In conducting this assessment, management identified adverse events impacting the Moa Joint Venture and the Energas S.A. joint operation, as well as environment rehabilitation expenditures for its legacy Spanish Oil and Gas operations, and an event regarding compliance with, ongoing accessibility to and ability to repay its revolving-term credit facility (“Credit Facility”). The aforementioned adverse events impact both production and liquidity and result in significant obligations that will require repayment or refinancing. Consequently, the Corporation is required to evaluate the impact of these adverse events on its ability to continue as a going concern.

As at March 31, 2026, the Corporation had Net Available Cash of $23.3 million, which was below the minimum of $25.0 million as required by the financial covenants in the Credit Facility agreement, as disclosed in note 12. There was no event of default related to the Net Available Cash covenant under the Credit Facility agreement as subsequent to period end, the Corporation completed an issuance of common shares and receipt of gross cash proceeds therefrom of $43.6 million, resulting in Net Available Cash of $62.7 million, on April 7, 2026 within the seven-business day cure period for any breach of the financial covenants under the Credit Facility agreement.

In addition to the above matter, subsequent to period end, a material adverse change to the Corporation's business occurred as a result of the issuance of an Executive Order on May 1, 2026 by the United States government expanding sanctions against persons and companies conducting business in Cuba, that gives the administrative agent (on behalf of the lenders) under the Credit Facility agreement the ability to call an event of default and demand repayment of all indebtedness currently owing under such agreement in the principal amount of $79.5 million, as disclosed in note 18. As of June 25, 2026, the administrative agent under the Credit Facility has not issued a demand for repayment. If a demand for repayment of all or a portion of the current amounts outstanding under the Credit Facility were made, the Corporation’s current cash balance in Canada would be insufficient to pay such amount and meet the Corporation’s working capital requirements and the Corporation would be required to seek alternative sources of financing. Borrowings under the Credit Facility are secured by all of the assets and property of the Corporation and its material subsidiaries, and the eligible receivables and inventories of the International Cobalt Company Inc., The Cobalt Refinery Company Inc., New Providence Metals Marketing Inc. and New Providence Metals Sales Inc., that form the borrowing base collateral.

Additionally, on May 31, 2026, the borrowing base of the Credit Facility was $76.3 million, which was below the amount of current borrowings of $79.5 million. As a result of this deficiency, the lenders have the ability to issue a notice of excess borrowing and require the Corporation to repay the difference of $3.2 million. If such notice is received, the Corporation would be obligated to repay that amount within two business days. The Corporation does not anticipate the ability to make further draws on the Credit Facility at this time.

An acceleration of the indebtedness owing under the Credit Facility would permit the holders of at least 25% of the outstanding notes of the Corporation to also declare all of the Corporation’s notes to be due and payable.

The Corporation is currently in discussions with its lenders, noteholders and equity holders to address the issues above and find a comprehensive long-term solution to these matters. The Corporation does not have existing liquidity or alternative financing sources at this time to repay all or a material portion of its indebtedness if it becomes due earlier than its current stated maturity as a result of an acceleration by one or more of its creditors; and while it has had a history of being able to refinance or extend its indebtedness in the past, its ability to do so in the current circumstances remains uncertain.

The Executive Order on May 1, 2026 expanding sanctions against persons and companies conducting business in Cuba also resulted in the Corporation suspending its direct participation in its joint venture activities in Cuba and may also result in financial or other providers being unable or unwilling to continue to support Sherritt’s operation or other business activities. Sherritt International Corporation, the legal entity has not, nor has any of its officers or directors, been sanctioned following issuance of the Executive Order.

Significantly reduced operations and production of mixed sulphides at the Moa JV mine resulting from fuel supply constraints due to the imposition of tariffs by the U.S. on countries that provide oil to Cuba; the cessation of refining of mixed sulphides into finished nickel and cobalt at the Moa JV refinery due to a lack of feed from the Moa mine; the cessation of dividends from Energas to Sherritt in Canada resulting from a lack of foreign currency availability at the Moa JV due to fuel supply constraints at the Moa JV; ongoing volatility in commodity prices for the Corporation’s finished products and input commodities; and environmental rehabilitation expenditures for legacy Spanish Oil and Gas operations have adversely impacted the Corporation’s financial position.

The Corporation has and will undertake numerous initiatives available to it to continue to strengthen its financial position and enhance liquidity. Among the initiatives undertaken, the Corporation has completed significant cost reduction measures in 2024, 2025 and 2026, including workforce reductions, operational and capital spending cost reductions and deferrals, reductions in key management personnel and receipt of advance payments from customers at the Moa JV, which are expected to increase the Corporation’s liquidity in the next twelve months as the Corporation realizes the full benefit of these measures. In addition, the Corporation completed an equity financing subsequent to period end with gross cash proceeds of $43.6 million, as disclosed in note 18, which improved the Corporation’s liquidity, and the Corporation is currently pursuing additional equity financing, as disclosed in note 18. Lastly, the Corporation is also pursuing debt financing and other financing arrangements and continues to evaluate and pursue additional measures to increase the Corporation’s liquidity.

The uncertainties related to the matters described above result in material uncertainty which may cast significant doubt about the Corporation’s ability to continue as a going concern. If the Corporation is unable to meet its obligations when due or comply with the terms of its debt agreements, the assumption of preparing these consolidated financial statements on a going concern basis may no longer be appropriate. These condensed consolidated financial statements for the three months ended March 31, 2026 do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate, and such adjustments could be material.

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, 2025, except for the adoption of the amendments to IFRS 9 and IFRS 7 noted in note 4 below and the critical accounting judgment noted below.

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2025.

Critical accounting judgments

Going concern

The assessment of the Corporation's ability to continue as a going concern, including its ability to complete financing arrangements, satisfy current and non-current obligations as they become due and comply with the financial covenants pursuant to its arrangements with its lenders involves significant judgment based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

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

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

The amendments specify:

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

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

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

The amendments are effective for annual periods beginning on or after January 1, 2026. The application of these amendments did not have a material impact on the Corporation's consolidated financial statements.

Accounting pronouncements issued but not yet effective

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

Presentation and Disclosure in Financial Statements ("IFRS 18")

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

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

5. SEGMENTED INFORMATION

Canadian $ millions, for the three months ended March 31						2026
	Metals[1]	**Power**	**Oil and Gas**	**Corporate and Other**	**Adjustments for Moa JV[1]**	**Total**
Revenue	**$ 93.8**	**$ 12.6**	**$ 0.3**	**$ 0.2**	**$ (72.9)**	**$ 34.0**
Cost of sales	**(101.7)**	**(4.0)**	**(7.2)**	**0.3**	**80.6**	**(32.0)**
Administrative expenses	**(1.3)**	**(1.2)**	**-**	**(6.7)**	**1.4**	**(7.8)**
Share of loss of Moa Joint Venture, net of tax	**-**	**-**	**-**	**-**	**(6.3)**	**(6.3)**
(Loss) earnings from operations and joint venture	**(9.2)**	**7.4**	**(6.9)**	**(6.2)**	**2.8**	**(12.1)**
Interest income on financial assets measured at amortized cost						**0.2**
Other financing items						**12.0**
Financing expense						**(8.4)**
Net finance income						**3.8**
Loss before income tax						**(8.3)**
Income tax expense						**(0.9)**
Net loss from continuing operations						**(9.2)**
Net loss for the period						**$ (9.2)**
Supplementary information						
Depletion, depreciation and amortization	**$ 14.9**	**$ 0.6**	**$ -**	**$ 0.1**	**$ (12.6)**	**$ 3.0**
Property, plant and equipment expenditures	**5.4**	**0.2**	**-**	**-**	**(5.4)**	**0.2**

Canadian $ millions, as at March 31						2026
Non-current assets[2]	**$ 633.4**	**$ 17.0**	**$ 0.3**	**$ 0.7**	**$ (500.8)**	**$ 150.6**
Total assets	**992.4**	**397.3**	**12.5**	**9.8**	**(181.1)**	**1,230.9**

Canadian $ millions, for the three months ended March 31						2025
	Metals[1]	Power	Oil and Gas	Corporate and Other	Adjustments for Moa JV[1]	Total
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						
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 December 31						2025
Non-current assets[2]	$ 638.0	$ 17.2	$ 0.4	$ 4.2	$ (501.7)	$ 158.1
Total assets	1,010.7	375.8	13.3	15.6	(188.1)	1,227.3

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

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

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	**2026 Total revenue**	2025 Total revenue
Cobalt	**$ -**	$ 4.7
Fertilizer[1]	**9.8**	11.9
Power generation[2]	**10.9**	9.3
Power frequency control revenue	**0.7**	1.4
Sulphuric acid	**9.8**	6.3
Oil and gas service revenue	**0.3**	2.3
Other	**2.5**	2.5
	$ 34.0	$ 38.4

(1) Due to the seasonal nature of the fertilizer operations at Fort Site, higher fertilizer revenue is expected in the second and fourth quarters of the year. For the year ended December 31, 2025, 33% of fertilizer revenue was recognized in the second quarter, 36% was recognized in the fourth quarter and the remaining 31% was recognized in the first and third quarters combined.

(2) Included in power generation revenue for the three months ended March 31, 2026 is $9.5 million, of revenue from service concession arrangements ($8.4 million for the three months ended March 31, 2025).

Cobalt revenue

Cobalt revenue relates to cobalt sold by the Corporation to customers received through distributions from the Moa JV pursuant to the Cobalt Swap. The Corporation received nil cash during the three months ended March 31, 2026 from cobalt sales pursuant to the Cobalt Swap ($6.1 million during the three months ended March 31, 2025). Refer to note 13 of the Corporation's annual consolidated financial statements for the year ended December 31, 2025 for further details on the Cobalt Swap.

6. EXPENSES

Cost of sales includes the following:

Canadian $ millions, for the three months ended March 31		**2026**		2025
Employee costs	**$**	**12.0**	$	14.5
Severance		**0.6**		0.1
Depletion, depreciation and amortization of property, plant and equipment and intangible assets		**2.8**		3.0
Raw materials and consumables		**17.2**		11.5
Finished cobalt(1)		**-**		4.7
Repairs and maintenance		**7.8**		12.1
Shipping and treatment costs		**0.7**		0.9
Loss on environmental rehabilitation provisions		**3.7**		15.7
Share-based compensation expense		**0.3**		0.1
Changes in inventories and other		**(13.1)**		(11.9)
	$	**32.0**	$	50.7

(1) Finished cobalt relates to the cost of finished cobalt distributed to the Corporation pursuant to the Cobalt Swap and sold to customers. The value is based on an in-kind value of cobalt, calculated as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and General Nickel Company ("GNC") in consideration of selling costs incurred by the Corporation. Refer to note 13 of the Corporation's consolidated financial statements for the year ended December 31, 2025 for further details on the Cobalt Swap.

Administrative expenses include the following:

Canadian $ millions, for the three months ended March 31		**2026**		2025
Employee costs	**$**	**4.2**	$	6.3
Severance		**0.9**		-
Depreciation		**0.2**		0.3
Share-based compensation expense		**1.4**		0.3
Consulting services and audit fees		**0.9**		0.8
Other		**0.2**		0.4
	$	**7.8**	$	8.1

7. JOINT ARRANGEMENTS

Investment in Moa Joint Venture

During the three months ended March 31, 2026 and subsequent to period end, mining and refining operations at the Moa JV were significantly reduced as a result of fuel supply disruption in Cuba. In addition, inventory of feed at the refinery in Fort Saskatchewan, Alberta was depleted on June 22, 2026 and the refinery is in the process of shutting down until such time that mining and processing activities at Moa resume and the refinery feed pipeline is rebuilt. The Corporation continues to produce fertilizers and sulphuric acid for resale. Refer to note 18 for further information regarding a U.S. Executive Order issued subsequent to period end and expanding its sanctions against Cuba and resulting in the Corporation suspending its direct participation in joint venture activities in Cuba, including the Moa JV, which may result in the impairment of assets during the three months ended June 30, 2026.

During the three months ended March 31, 2026 and March 31, 2025, the Moa Joint Venture distributed nil tonnes of finished cobalt and 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	**2026 March 31**	2025 December 31
Assets		
Cash and cash equivalents	**$ 21.8**	$ 25.5
Trade accounts receivable, net	**54.8**	70.2
Inventories	**344.5**	349.9
Income taxes receivable	**3.4**	3.3
Other current assets	**28.1**	22.2
Property, plant and equipment	**1,086.9**	1,087.7
Deferred income taxes	**47.5**	40.3
Other non-current assets	**8.8**	10.2
Total assets	**1,595.8**	1,609.3
Liabilities		
Trade accounts payable and accrued liabilities	**131.5**	112.7
Deferred revenue	**13.7**	28.0
Income taxes payable	**1.3**	1.3
Other current financial liabilities	**0.3**	0.4
Loans and borrowings(1)	**111.0**	129.5
Non-current environmental rehabilitation provisions	**94.9**	94.1
Deferred income taxes	**8.1**	8.7
Other non-current financial liabilities	**1.6**	1.7
Total liabilities	**362.4**	376.4
Net assets of Moa Joint Venture	**$ 1,233.4**	$ 1,232.9
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**616.7**	616.5
Intercompany capitalized interest elimination	**(42.7)**	(42.2)
Investment in Moa Joint Venture	**$ 574.0**	$ 574.3

(1) Included in loans and borrowings as at March 31, 2026 is $18.5 million of current financial liabilities (December 31, 2025 - $36.4 million) and $92.5 million of non-current financial liabilities (December 31, 2025 - $93.1 million). As at March 31, 2026, the Moa Joint Venture had drawn $83.6 million (US $60.0 million) (December 31, 2025 - $82.2 million (US$60.0 million)) on a US$60.0 million equivalent credit facility denominated in Cuban pesos ("CUP") from a Cuban financial institution to support spending on capital related to tailings management and working capital, which is included in non-current financial liabilities.

Statements of comprehensive loss

Canadian $ millions, 100% basis, for the three months ended March 31		2026		2025
Revenue	$	**145.9**	$	179.3
Cost of sales[1]		**(161.1)**		(193.8)
Administrative expenses		**(2.7)**		(3.1)
Loss from operations		**(17.9)**		(17.6)
Financing income		**-**		0.1
Financing expense		**(2.1)**		(5.9)
Net finance expense		**(2.1)**		(5.8)
Loss before income tax		**(20.0)**		(23.4)
Income tax recovery (expense)[2]		**5.1**		(1.5)
Net loss and comprehensive loss of Moa Joint Venture	$	**(14.9)**	$	(24.9)
Proportion of Sherritt's ownership interest		**50%**		50%
Total		**(7.4)**		(12.5)
Intercompany elimination		**1.1**		1.1
Share of loss of Moa Joint Venture, net of tax	$	**(6.3)**	$	(11.4)

(1) Included in cost of sales for the three months ended March 31, 2026 is depreciation and amortization of $25.2 million ($23.5 million for the three months ended March 31, 2025).

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

Measurement of the recoverable amount of the Metals CGU

The recoverable amount of the Corporation’s Metals CGU, composed primarily of the Moa Joint Venture and Fort Site, is the higher of its fair value less costs of disposal (“FVLCD”) and its value in use. As at March 31, 2026, the Corporation identified indicators of impairment as follows: forecast nickel and cobalt prices, the Corporation’s market capitalization deficiency and fuel disruption in Cuba, which impacts production volumes. The Corporation incorporated the risk of an extended fuel disruption in Cuba through the use of an expected present value technique with probability-weighted fuel disruption scenarios. As at March 31, 2026, the Corporation determined that the Metals CGU’s FVLCD exceeded its value in use.

The Metals CGU’s fair value is measured based on a forecast of future cash flows including estimated recoverable production, market or contracted commodity prices, foreign exchange rates, an inflation rate, production volume, cash costs of production, capital expenditures, reclamation costs and conversion of resources to reserves, discounted at an appropriate discount rate reflecting the time value of money, uncertainty inherent in the cash flows and a risk premium, and includes the assumption that the Corporation will continue its long-term investment in the Moa Joint Venture.

Joint operation

During the three months ended March 31, 2026 and subsequent to period end, Energas, which processes domestically sourced raw natural gas to generate electricity, was unaffected by the fuel supply disruption in Cuba.

During the three months ended March 31, 2026, Energas declared and paid dividends of $5.5 million to the Corporation in Canada ($4.3 million for the three months ended March 31, 2025).

Subsequent to period end, foreign currency payments pursuant to the Energas Payment Agreement (“Moa Swap”) ceased as a result of reduced operations at the Moa JV which have reduced the Moa JV’s cash available in major foreign currencies and resulted in the cessation of dividends from Energas to the Corporation in Canada. Refer to note 18 for further details on the Moa Swap subsequent to period end.

In addition, refer to note 18 for further information regarding a U.S. Executive Order issued subsequent to period end expanding its sanctions against Cuba and resulting in the Corporation suspending its direct participation in joint venture activities in Cuba, including Energas, which may result in impairment of assets during the three months ended June 30, 2026.

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

Canadian $ millions, 33⅓% basis, as at	2026 March 31	2025 December 31
Current assets(1)	**$ 135.7**	$ 130.8
Non-current assets	**14.4**	14.4
Current liabilities	**4.0**	1.2
Non-current liabilities	**83.0**	75.8
Net assets	**$ 63.1**	$ 68.2

(1) Included in current assets is $104.0 million of cash and cash equivalents denominated in CUP and held by Energas in Cuban bank deposit accounts (December 31, 2025 - $103.3 million). Refer to note 13 for further information on the lack of exchangeability of the CUP.

Canadian $ millions, 33⅓% basis, for the three months ended March 31	2026	2025
Revenue	**$ 12.6**	$ 11.4
Expenses	**(10.9)**	(8.0)
Net earnings	**$ 1.7**	$ 3.4

8. NET FINANCE INCOME (EXPENSE)

Canadian $ millions, for the three months ended March 31	Note	2026	2025
Interest income on financial assets measured at amortized cost		**0.2**	0.3
Gain on revaluation of GNC receivable	10	**19.5**	2.6
Loss on revaluation of Energas payable	10	**(7.2)**	(0.7)
Unrealized loss on nickel put options		**(0.6)**	-
Realized loss on nickel put options		**(0.2)**	-
Unrealized (loss) gain on natural gas swaps		**(0.6)**	3.5
Realized gain on natural gas swaps		**0.6**	0.1
Transaction costs on Debt and Equity Transactions		**-**	(4.9)
Other interest income and gains on financial instruments		**0.5**	0.7
Other financing items		**12.0**	1.3
Interest expense and accretion on loans and borrowings		**(7.4)**	(8.8)
Unrealized foreign exchange loss		**(0.6)**	(0.1)
Realized foreign exchange loss		**(0.1)**	(0.5)
Other interest expense and finance charges		**(0.2)**	(0.1)
Accretion expense on environmental rehabilitation provisions		**(0.1)**	(0.1)
Financing expense		**(8.4)**	(9.6)
Net finance income (expense)		**$ 3.8**	$ (8.0)

9. LOSS PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars, for the three months ended March 31	2026	2025
Net loss from continuing operations	**$ (9.2)**	$ (40.6)
Net loss for the period - basic and diluted	**$ (9.2)**	$ (40.6)
Weighted-average number of common shares - basic and diluted(1)	**496.3**	397.3
Net loss from continuing operations per common share:		
Basic and diluted	**$ (0.02)**	$ (0.10)
Net loss per common share:		
Basic and diluted	**$ (0.02)**	$ (0.10)

(1) The determination of the weighted-average number of common shares - diluted excludes 11.8 million shares related to stock options that were anti-dilutive for the three months ended March 31, 2026 (9.6 million for the three months ended March 31, 2025).

10. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents of the Corporation held in Canada was $10.9 million as at March 31, 2026 (December 31, 2025 - $13.4 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 $123.6 million, total cash held in Cuban bank deposit accounts was $109.2 million as at March 31, 2026 (December 31, 2025 - $109.4 million).

Total cash denominated in Cuban pesos was $109.2 million as at March 31, 2026 (December 31, 2025 - $109.4 million), which is not exchangeable into other currencies unless sufficient foreign currency reserves exist in Cuba. Refer to note 13 for further details on the lack of exchangeability of the CUP.

As at March 31, 2026, $104.0 million of the Corporation's cash and cash equivalents was held by Energas in Cuban bank deposit accounts (December 31, 2025 - $103.3 million). These funds are for use locally by the joint operation, including repayment of Energas' payable to GNC (note 12) in CUP pursuant to the Cobalt Swap and for payments pursuant to the Moa Swap. Refer to notes 13 and 22 of the Corporation's annual consolidated financial statements for the year ended December 31, 2025 for further details on the Cobalt Swap and Moa Swap, respectively. Refer to note 18 for further details on foreign currency payments pursuant to the Moa Swap subsequent to period end and for further information regarding a U.S. Executive Order issued subsequent to period end expanding its sanctions against Cuba and resulting in the Corporation suspending its direct participation in joint venture activities in Cuba, including the Moa JV and Energas.

Trade accounts receivable, net

Canadian $ millions, as at		2026 March 31		2025 December 31
Trade accounts receivable	$	**73.9**	$	82.7
Allowance for expected credit losses		**(20.7)**		(19.5)
Accounts receivable from Moa Joint Venture		**18.2**		16.9
Other		**16.1**		19.8
	$	**87.5**	$	99.9

Aging of trade accounts receivable, net

Canadian $ millions, as at		2026 March 31		2025 December 31
Not past due	$	**73.3**	$	85.8
Past due no more than 30 days		**4.3**		7.7
Past due for more than 30 days but no more than 60 days		**0.4**		1.4
Past due for more than 60 days		**9.5**		5.0
	$	**87.5**	$	99.9

Fair value measurement

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

Canadian $ millions, as at	Note			2026 March 31		2025 December 31
		Hierarchy level	Carrying value	Fair value	Carrying value	Fair value
Liabilities:						
Amended Senior Secured Notes[(1)]	12	1	**236.4**	**126.3**	236.4	124.4

(1) The fair value of the Amended Senior Secured Notes is based on market closing prices.

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	2026 March 31	2025 December 31
Fair value through profit or loss				
Assets:				
GNC receivable	11	3	$ 237.9	$ 218.4
Nickel put options	11	2	1.5	-
Natural gas swap receivable	11	2	-	0.6
Liabilities:				
Energas payable	12	3	80.8	73.6

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

The GNC receivable (note 11) is a financial instrument subsequently measured at FVTPL and the Energas payable (note 12) is a financial instrument designated at FVTPL at initial recognition, as it contains an embedded derivative. Their fair values are determined using discounted cash flows in a model, which uses inputs, some of which are not based on observable market data and require significant judgment. As a result, the GNC receivable and Energas payable are included in Level 3 of the fair value hierarchy. The model includes the following forecast inputs: nominal nickel and cobalt prices, nominal input commodity prices, production volumes, foreign exchange rates, a nominal discount rate and includes the assumption that the Corporation will continue its long-term investment in the Moa Joint Venture. Forecast nominal nickel and cobalt prices and the nominal discount rate are significant unobservable inputs.

The Corporation's valuation process, including its valuation policy and procedures for fair value measurements included in Level 3, is determined by the Corporation's management and fair value is calculated each reporting period with the assistance of a third-party valuation specialist. As at March 31, 2026, the Corporation used a market valuation approach which values the instrument based on expected cash flow collection, including collections in the event of default, and discount rates commensurate with the credit risk of the counterparties using observable market data. The market valuation approach incorporates the assumption that upon an event of default, retroactive interest of 8.0% on the outstanding principal balance at maturity is due pursuant to the Cobalt Swap. Fair value measurement, and changes in fair value from period to period, are reviewed for reasonability by management each reporting period.

Refer to note 18 for further information regarding a U.S. Executive Order issued subsequent to period end expanding its sanctions against Cuba and resulting in the Corporation suspending its direct participation in joint venture activities in Cuba, which may result in a decrease in the fair values of the GNC receivable and Energas payable financial instruments during the three months ended June 30, 2026.

The following significant unobservable inputs were used to determine the fair values of the GNC receivable and Energas payable as at March 31, 2026 using a market valuation approach:

- Forecast nominal nickel prices from US$8.21/lb to US$9.21/lb (December 31, 2025 - US$7.90/lb to US$10.25/lb). A US$1.00/lb increase or decrease in forecast nominal nickel prices would increase or decrease the fair value of the GNC receivable by $29.2 million and $39.6 million, respectively. A US$1.00/lb increase or decrease in forecast nominal nickel prices would increase or decrease the fair value of the Energas payable by $9.4 million and $12.8 million, respectively.
- Forecast nominal cobalt prices from US$21.17/lb to US$24.98/lb (December 31, 2025 - US$20.20/lb to US$26.45/lb). A US$5.00/lb increase or decrease in forecast nominal cobalt prices would increase or decrease the fair value of the GNC receivable by $16.3 million and $18.7 million, respectively. A US$5.00/lb increase or decrease in forecast nominal cobalt prices would increase or decrease the fair value of the Energas payable by $5.2 million and $6.0 million, respectively.
- A nominal discount rate of 15.31% for the GNC receivable using a market valuation approach (December 31, 2025 - 14.18% using a market valuation approach) and a nominal discount rate of 14.91% for the Energas payable using a market valuation approach (December 31, 2025 - 13.78% using a market valuation approach). For the GNC receivable, a 5 percentage point increase in the discount rate would decrease the fair value by $49.3 million, while a 5 percentage point decrease in the discount rate would increase the fair value by $66.4 million. For the Energas payable, a 5 percentage point increase in the discount rate would decrease the fair value by $16.8 million, while a 5 percentage point decrease in the discount rate would increase the fair value by $22.7 million.

The following is a reconciliation of the fair value of the GNC receivable from December 31, 2024 to March 31, 2025 and from December 31, 2025 to March 31, 2026:

Canadian $ millions, for the three months ended	Note	2026 March 31	2025 March 31
Balance, beginning of the period		**$ 218.4**	$ 203.3
Gain on revaluation of GNC receivable in net finance income (expense)	8	**19.5**	2.6
Balance, end of the period	11	**$ 237.9**	$ 205.9

The following is a reconciliation of the fair value of the Energas payable from December 31, 2024 to March 31, 2025 and from December 31, 2025 to March 31, 2026:

Canadian $ millions, for the three months ended	Note	2026 March 31	2025 March 31
Balance, beginning of the period		**$ 73.6**	$ 75.2
Loss on revaluation of Energas payable in net finance income (expense)	8	**7.2**	0.7
Settlements		**-**	(5.0)
Balance, end of the period	12	**$ 80.8**	$ 70.9

11. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	Note	2026 March 31	2025 December 31
Advances and loans receivable			
GNC receivable(1)	10	**$ 237.9**	$ 218.4
Other financial assets			
Nickel put options	10	**1.5**	-
Natural gas swap receivable	10	**-**	0.6
Finance lease receivable		**0.2**	0.1
		239.6	219.1
Current portion of advances, loans receivable and other financial assets		**(1.7)**	(0.7)
Non-current portion of advances, loans receivable and other financial assets		**$ 237.9**	$ 218.4

(1) As at March 31, 2026, the non-current portion of the GNC receivable is $237.9 million (December 31, 2025 - $218.4 million).

GNC receivable

The principal balance of the GNC receivable as at March 31, 2026 is $277.1 million (December 31, 2025 - $277.1 million), reflecting nil settlements during the three months ended March 31, 2026.

No interest accrues on the Corporation's GNC receivable over the five-year period of the Cobalt Swap. In the event that the GNC receivable is not fully repaid by December 31, 2027, interest will accrue retroactively at 8.0% from January 1, 2023 on the unpaid principal amount as at December 31, 2027, retroactive interest will be capitalized to the principal balance and the unpaid principal and interest amounts will become due and payable by GNC to the Corporation. Refer to note 13 of the Corporation's annual consolidated financial statements for the year ended December 31, 2025 for further details on the Cobalt Swap.

Nickel put options

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

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

12. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

Canadian $ millions	Note	As at 2025 December 31	For the three months ended March 31, 2026 — Cash flows: Increase in loans and borrowings	Non-cash changes: Other	As at 2026 March 31
Amended Senior Secured Notes	10	$ 248.9	-	$ -	$ 248.9
Credit Facility		67.1	10.0	(0.1)	77.0
		$ 316.0	$ 10.0	$ (0.1)	$ 325.9
Current portion of loans and borrowings(1)		(79.6)			(89.5)
Non-current portion of loans and borrowings		$ 236.4			$ 236.4

(1) The current portion of loans and borrowings is composed of $77.0 million related to the Credit Facility and $12.5 million related to the Scheduled Repurchase of Amended Senior Secured Notes on December 15, 2026.

Amended Senior Secured Notes

As at March 31, 2026, the outstanding principal amount of the Amended Senior Secured Notes is $249.0 million (December 31, 2025 - $249.0 million). Subsequent to period end, the Corporation paid $11.5 million of interest on the Amended Senior Secured Notes.

Credit Facility

As at March 31, 2026, $79.0 million (December 31, 2025 - $69.0 million) was drawn on the Credit Facility, which matures on April 30, 2027.

As at March 31, 2026, the Corporation had Net Available Cash of $23.3 million, which was below the minimum of $25.0 million as required by the financial covenants in the Credit Facility agreement. Notwithstanding the above, there was no event of default under the Credit Facility agreement as subsequent to period end, the Corporation completed an issuance of common shares and receipt of gross cash proceeds therefrom of $43.6 million, resulting in Net Available Cash of $62.7 million, on April 7, 2026 within the seven-business day cure period for any breach of the financial covenants under the Credit Facility agreement.

Refer to note 18 for further information on the subsequent events related to incurrence of an event of default as a result of a material adverse change that occurred to the Corporation's business subsequent to period end, the borrowing base of the Credit Facility and a change in the interest rate on the Credit Facility.

Other financial liabilities

Canadian $ millions, as at	Note	2026 March 31	2025 December 31
Energas payable(1)	10	$ 80.8	$ 73.6
Lease liabilities		3.7	7.6
Share-based compensation liability		7.6	6.4
Other financial liabilities		0.9	1.0
		93.0	88.6
Current portion of other financial liabilities(2)		(7.3)	(6.0)
Non-current portion of other financial liabilities		$ 85.7	$ 82.6

(1) As at March 31, 2026, the non-current portion of the Energas payable is $80.8 million (December 31, 2025 - $73.6 million).

(2) As at March 31, 2026, the current portion of other financial liabilities includes the current portion of a share-based compensation liability of $6.6 million (December 31, 2025 - $4.9 million).

Energas payable

During the three months ended March 31, 2026, nil cash was paid by Energas to GNC in CUP (during the year ended December 31, 2025 - $5.0 million). The outstanding principal balance of the Energas payable as at March 31, 2026 is $92.3 million (December 31, 2025 - $92.3 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, retroactive interest will be added to the principal balance and the unpaid principal and interest amounts will become due and payable by Energas to GNC.

13. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Refer to note 2 for disclosure of the Corporation's material uncertainty which may cast significant doubt about the Corporation's ability to continue as a going concern.

Liquidity update

As at March 31, 2026, the Corporation had Net Available Cash of $23.3 million, which was below the minimum of $25.0 million as required by the financial covenants in the Credit Facility agreement. Notwithstanding the above, there was no event of default under the Credit Facility agreement as subsequent to period end, the Corporation completed an issuance of common shares and receipt of gross cash proceeds therefrom of $43.6 million, resulting in Net Available Cash of $62.7 million, on April 7, 2026 within the seven-business day cure period for any breach of the financial covenants under the Credit Facility agreement.

On May 1, 2026, a material adverse change to the Corporation's business occurred as a result of the issuance of an Executive Order by the United States government expanding sanctions against persons and companies conducting business in Cuba, that gives the administrative agent (on behalf of the lenders) under the Credit Facility agreement the ability to call an event of default and demand repayment of all indebtedness currently owing under such agreement in the principal amount of $79.5 million, as disclosed in note 18. As of June 25, 2026, the administrative agent under the Credit Facility has not issued a demand for repayment. If a demand for repayment of all or a portion of the current amounts outstanding under the Credit Facility were made, the Corporation's current cash balance in Canada would be insufficient to pay such amount and meet the Corporation's working capital requirements and the Corporation would be required to seek alternative sources of financing. Borrowings under the Credit Facility are secured by all of the assets and property of the Corporation and its material subsidiaries, and the eligible receivables and inventories of the International Cobalt Company Inc., The Cobalt Refinery Company Inc., New Providence Metals Marketing Inc. and New Providence Metals Sales Inc., that form the borrowing base collateral.

Additionally, on May 31, 2026, the borrowing base of the Credit Facility was $76.3 million, which was below the amount of current borrowings of $79.5 million. As a result of this deficiency, the lenders have the ability to issue a notice of excess borrowing and require the Corporation to repay the difference of $3.2 million. If such notice is received, the Corporation would be obligated to repay that amount within two business days.

The Corporation does not anticipate the ability to make further draws on the Credit Facility at this time.

An acceleration of the indebtedness owing under the Credit Facility would permit the holders of at least 25% of the outstanding notes of the Corporation to also declare all of the Corporation's notes to be due and payable.

The Corporation is currently in discussions with its lenders, noteholders and equity holders to address the issues above and find a comprehensive long-term solution to these matters. The Corporation does not have existing liquidity or alternative financing sources at this time to repay all or a material portion of its indebtedness if it becomes due earlier than its current stated maturity as a result of an acceleration by one or more of its creditors; and while it has had a history of being able to refinance or extend its indebtedness in the past, its ability to do so in the current circumstances remains uncertain.

Subsequent to period end, foreign currency payments from the Moa JV to Energas pursuant to the Moa Swap ceased as of April 2026 as a result of reduced operations at the Moa JV which have reduced the Moa JV's cash available in major foreign currencies and resulted in the cessation of dividends from Energas to the Corporation in Canada. In addition, effective May 7, 2026, the Corporation suspended its direct participation in joint venture activities in Cuba following the issuance of an Executive Order by the U.S. administration expanding U.S. sanctions against Cuba, which may impact the receipt of dividends from Energas to the Corporation in Canada.

Furthermore, on April 7, 2026, the Corporation issued 207.4 million common shares at a price of $0.21 per common share for gross cash proceeds of $43.6 million.

In addition, on May 20, 2026, Sherritt announced that it had entered into a non-binding term sheet with Gillon Capital, LLC ("Gillon Capital") with respect to a proposed private placement of a common share purchase warrant (the "Warrant"), exercisable for up to that number of common shares of the Corporation such that, immediately upon exercise in full of the Warrant, Gillon Capital would own 55% of the common shares then issued and outstanding (the "Gillon Private Placement"). The Warrant will be exercisable at a price to be agreed by the parties for a period ending nine months from the closing date, subject to satisfaction of certain conditions precedent, including compliance with the Corporation's existing contractual arrangements and debt agreements. Given the current circumstances of the Corporation, management expects that such exercise price will be at a discount to the closing price of the common shares on May 15, 2026.

The Gillon Private Placement remains subject to the execution of definitive documentation and the transaction is expected to be subject to the satisfaction of customary conditions and the receipt of all required regulatory approvals, including approval of the Toronto Stock Exchange. In connection with the Gillon Private Placement, Sherritt engaged constructively with the United States Department of State, which confirmed that the Department of State and Department of Treasury do not object to Gillon Capital's engagement in negotiations with the Corporation and, based on the information provided to date, do not consider such negotiations to be contrary to U.S. law. Any subsequent transaction will be subject to approval of the Department of State and Department of Treasury.

On June 15, 2026, Sherritt announced it had entered into an exclusivity agreement with Gillon Capital providing for a 120-day period of exclusive negotiations with respect to the non-binding term sheet regarding the Gillon Private Placement. The period of exclusivity was entered into to allow the parties to complete their respective due diligence reviews and negotiate a definitive agreement with respect to the Gillon Private Placement.

Lastly, the Corporation is pursuing additional debt financing and other financing arrangements in order to improve its liquidity.

Liquidity risk

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

In normal course, the main factors that affect the Corporation's liquidity in Canada include realized sales prices, timing of collection of receivables, production volumes, cash production costs, working capital requirements, capital and environmental rehabilitation expenditure requirements, the timing of distributions from the Moa JV (including pursuant to the Cobalt Swap), advances from/to the Moa JV, the timing of cobalt sales and receipts pursuant to the Cobalt Swap, the timing of dividends from Energas in Canada (as facilitated by the Moa Swap), repayments of non-current loans and borrowings, credit capacity and debt and equity capital market conditions. Significant adverse changes to one, or a combination of these factors, without offsetting changes to others, would have a negative impact on the Corporation's liquidity position and may affect its ability to satisfy current and non-current obligations as they become due and/or comply with covenant requirements pursuant to its arrangements with its creditors and lenders.

The Corporation's liquidity requirements are met through a variety of sources, including cash and cash equivalents, cash provided by operating activities, the Credit Facility, leases and debt and equity capital markets. As at March 31, 2026, the Corporation had available credit facilities of $12.4 million (December 31, 2025 - $30.3 million).

Working capital is defined as the Corporation's current assets less current liabilities and was $(22.2) million as at March 31, 2026 (December 31, 2025 - $(10.0) million).

Lack of exchangeability of the CUP

The Corporation determined that the CUP is not exchangeable into other currencies due to foreign exchange controls that exist in Cuba as a result of its insufficient foreign currency reserves. The Corporation continues to use the fixed 24 CUP:1 USD observable exchange rate without adjustment published by the Central Bank of Cuba as this is the exchange rate to which the Corporation is subject. The lack of exchangeability of the CUP may impact the ability of Energas to pay dividends to the Corporation in Canadian dollars and may contribute to increased liquidity risk at the Corporation.

To facilitate the conversion of CUP to Canadian dollars, the Corporation has in place the Moa Swap. The Moa Swap facilitates the payment of the equivalent of approximately US$50.0 million in Canadian currency annually from the Moa JV to Energas, which Energas uses to facilitate foreign currency payments in support of its business and to pay dividends to the Corporation in Canada. Energas, in turn, pays an equivalent amount to the Moa JV in CUP. If the total amount of foreign currency payments required to support the Energas business and to pay dividends to the Corporation in Canada exceeded the US$50.0 million available under the Moa Swap, Energas may not be able to exchange additional CUP into foreign currency. Refer to note 18 for further details on the Moa Swap subsequent to period end and for further information regarding a U.S. Executive Order issued subsequent to period end expanding its sanctions against Cuba and resulting in the Corporation suspending its direct participation in joint venture activities in Cuba, including the Moa JV and Energas.

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

Financial obligation maturity analysis

The Corporation's significant contractual commitments, obligations, interest and principal repayments in respect of its financial liabilities, income taxes payable, provisions and lease liabilities are presented in the following table on an undiscounted basis:

Canadian $ millions, as at March 31, 2026	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[1]	$ 169.4	$ 169.4	$ -	$ -	$ -	$ -	$ -
Income taxes payable	1.3	1.3	-	-	-	-	-
Amended Senior Secured Notes (includes principal, interest and Scheduled Repurchases)	373.0	35.7	39.6	35.5	18.9	18.9	224.4
Credit Facility	84.6	5.2	79.4	-	-	-	-
Other non-current financial liabilities	1.4	0.1	-	0.3	-	0.4	0.6
Provisions	196.8	10.4	13.4	10.4	17.1	25.9	119.6
Energas payable[2]	92.4	-	92.4	-	-	-	-
Lease liabilities	3.8	0.9	0.8	0.7	0.6	0.5	0.3
Total	$ 922.7	$ 223.0	$ 225.6	$ 46.9	$ 36.6	$ 45.7	$ 344.9

(1) Included in trade accounts payable and accrued liabilities falling due within one year is $7.6 million of trade accounts payable related to environmental rehabilitation costs for the Corporation's legacy Spanish Oil and Gas operations.

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

14. COMMITMENTS FOR PROPERTY, PLANT AND EQUIPMENT EXPENDITURES

Canadian $ millions, as at March 31	2026
Property, plant and equipment commitments	$ 1.9
Moa Joint Venture[1]:	
Property, plant and equipment commitments - Sustaining and growth	15.0
Property, plant and equipment commitments - Tailings facility[2]	12.5

(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 million (100% basis) equivalent credit facility in CUP from a Cuban financial institution, of which $83.6 million (US$60.0 million) was drawn as at March 31, 2026 (note 7).

15. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital

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

Canadian $ millions, for the three months ended March 31		**2026**		2025
Trade accounts receivable, net[1]	**$**	**14.1**	$	32.0
Inventories[2]		**(4.6)**		(4.0)
Prepaid expenses		**0.1**		2.3
Trade accounts payable and accrued liabilities		**(20.0)**		(42.7)
Deferred revenue		**(0.9)**		13.5
	$	**(11.3)**	$	1.1

(1) Trade accounts receivable, net includes adjustments of nil for the three months ended March 31, 2026 for Proceeds from Cobalt Swap presented separately in the condensed consolidated statements of cash flow ($(6.1) million for the three months ended March 31, 2025).

(2) Inventories include adjustments of nil for the three months ended March 31, 2026 for non-cash finished cobalt cost of sales pursuant to the Cobalt Swap presented separately in the condensed consolidated statements of cash flow ($(4.7) million for the three months ended March 31, 2025).

16. SHAREHOLDERS' EQUITY

Capital stock

The Corporation's common shares have no par value and the authorized share capital is composed of an unlimited number of common shares. There were no changes in the Corporation's outstanding common shares during the three months ended March 31, 2026.

Refer to note 18 for further details on the issuance of the Corporation's common shares subsequent to period end.

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 period for bad debts in respect of amounts owed by related parties.

18. SUBSEQUENT EVENTS

Moa Swap

The Moa Swap facilitates the monthly payment of the equivalent of approximately US$4.2 million (approximately US$50.0 million annually) from the Moa JV in Canadian currency, which Energas uses to facilitate foreign currency payments in support of its business and to pay dividends to the Corporation in Canada.

Foreign currency payments from the Moa JV to Energas pursuant to the Moa Swap ceased as of April 2026 as a result of reduced operations at the Moa JV which have reduced the Moa JV's cash available in major foreign currencies and resulted in the cessation of dividends from Energas to the Corporation in Canada.

Capital stock

On April 7, 2026, the Corporation issued 207,425,508 common shares at a price of $0.21 per common share for gross cash proceeds of $43.6 million and incurred transaction costs of $1.1 million. As a result, the Corporation expects to recognize a net $42.5 million increase in shareholders' equity during the three months ended June 30, 2026.

U.S. policy towards Cuba - sanctions and tariffs

On May 1, 2026, the U.S. administration issued an Executive Order ("E.O. 14404") expanding its sanctions against Cuba, authorizing the imposition of property-blocking sanctions against persons, including companies outside of Cuba, determined to operate or have operated in certain sectors of the Cuban economy, including the metals and mining and energy sectors, determined to own or control persons whose property is blocked under the order, or determined to have materially assisted or provided goods, services or support, including financial support, to persons (including the Government of Cuba and its agencies) whose property is blocked under the order. Sherritt International Corporation, the legal entity, has not, nor has any of its officers or directors, been formally designated under the Executive Order. However, such a designation could occur at any time and such an event may also result in financial or other providers being unable or unwilling to continue to support Sherritt's operation or other business activities. Further, on May 7, 2026, the U.S. Secretary of State redesignated Moa Nickel SA ("Moa Nickel"), the Cuban joint venture in which Sherritt holds a 50 percent interest, to the List of Specially Designated Nationals and Blocked Persons ("SDN List") maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control pursuant to E.O. 14404. Moa Nickel was already designated to the SDN List pursuant to existing Cuba-related authorities. The designation of Moa Nickel, as well as Sherritt's now-suspended operations in the Cuba metals and mining sector, provide a basis on which Sherritt itself could be at risk for designation for property-blocking sanctions under E.O. 14404. In any event, the mere issuance of the Executive Order itself creates conditions that materially alter the Corporation's ability to operate in the ordinary course, including activities related to Sherritt's Cuban joint arrangements, the Moa JV and Energas. Following consultation with its advisors, Sherritt suspended its direct participation in joint venture activities in Cuba, effective May 7, 2026. Sherritt continues to consult with its advisors and stakeholders as it assesses the implications of the Executive Order. Inventory of feed at the refinery in Fort Saskatchewan, Alberta was depleted on June 22, 2026 and the refinery is in the process of shutting down until such time that mining and processing activities at Moa resume and the refinery feed pipeline is rebuilt. The Corporation continues to produce fertilizers and sulphuric acid for resale.

The U.S. sanctions against Cuba may result in impairment of assets in the Metals segment, including non-financial assets in the Metals cash-generating unit, which includes the Moa JV and Fort Site, and/or the Corporation's investment in the Moa Joint Venture and in impairment of assets in the Power segment, including non-financial assets in its cash-generating units during the three months ended June 30, 2026. U.S. sanctions may also result in a decrease in the fair values of the GNC receivable and Energas payable financial instruments during the three months ended June 30, 2026. Any such impact could have a material adverse impact on the Corporation's business, financial performance, results of operations and cash flows.

The Executive Order issued subsequent to period end is in addition to the Executive Order issued on January 29, 2026, declaring a national emergency with respect to the government of Cuba and which authorized the imposition of tariffs on countries that provide oil to Cuba and has caused fuel supply disruption in Cuba. This fuel supply disruption has been exacerbated by Venezuela's cessation of oil exports to Cuba in early 2026 as a result of geopolitical turmoil in Venezuela, which has historically been a major supplier of oil to Cuba. In the event that the Moa JV is not successful in sourcing fuel oil or diesel, the Moa JV's production of finished nickel and cobalt would be adversely impacted, which may result in impairment of non-financial assets in the Metals cash-generating unit, which includes the Moa JV and Fort Site, the Corporation's investment in the Moa Joint Venture and/or may result in a decrease in the fair values of the GNC receivable and Energas payable during the three months ended June 30, 2026. Any such impact on Moa JV's production could have a material adverse impact on the Corporation's business, financial performance, results of operations and cash flows.

The imposition of tariffs by the U.S. on countries that provide oil to Cuba and the imposition of expanded sanctions against Cuba contributed to a material uncertainty which may cast significant doubt about the Corporation's ability to continue as a going concern, as disclosed in note 2.

Credit Facility

On May 1, 2026, a material adverse change to the Corporation's business occurred as a result of the issuance of an Executive Order by the United States government expanding sanctions against persons and companies conducting business in Cuba. This would give the administrative agent (on behalf of the lenders) the ability to call an event of default under the Credit Facility and demand repayment of all indebtedness currently owing thereunder. As of June 25, 2026, the administrative agent has not issued such a demand.

Effective May 29, 2026, the interest rate on the Credit Facility changed from Adjusted CORRA plus 4.0% to the Prime Rate plus 3.0%. There were no other significant changes to the terms, financial covenants or restrictions of the Credit Facility.

Additionally, on May 31, 2026, the borrowing base of the Credit Facility was $76.3 million, which was below the amount of current borrowings of $79.5 million. As a result of this deficiency, the lenders have the ability to issue a notice of excess borrowing and require the Corporation to repay the difference of $3.2 million. If such notice is received, the Corporation would be obligated to repay that amount within two business days.

The Corporation does not anticipate the ability to make further draws on the Credit Facility at this time.

An acceleration of the indebtedness owing under the Credit Facility would permit the holders of at least 25% of the outstanding notes of the Corporation to also declare all of the Corporation's notes to be due and payable.

The Corporation is currently in discussions with its lenders, noteholders and equity holders to address the issues above and find a comprehensive long-term solution to these matters. The Corporation does not have existing liquidity or alternative financing sources at this time to repay all or a material portion of its indebtedness if it becomes due earlier than its current stated maturity as a result of an acceleration by one or more of its creditors; and while it has had a history of being able to refinance or extend its indebtedness in the past, its ability to do so in the current circumstances remains uncertain.

Private placement

On May 20, 2026, Sherritt announced that it had entered into a non-binding term sheet with Gillon Capital, LLC ("Gillon Capital") with respect to a proposed private placement of a common share purchase warrant (the "Warrant"), exercisable for up to that number of common shares of the Corporation such that, immediately upon exercise in full of the Warrant, Gillon Capital would own 55% of the common shares then issued and outstanding. The Warrant will be exercisable at a price to be agreed by the parties for a period ending nine months from the closing date, subject to satisfaction of certain conditions precedent, including compliance with the Corporation's existing contractual arrangements and debt agreements.

The private placement remains subject to the execution of definitive documentation and the transaction is expected to be subject to the satisfaction of customary conditions and the receipt of all required regulatory approvals, including approval of the Toronto Stock Exchange. In connection with the Private Placement, Sherritt engaged constructively with the United States Department of State, which confirmed that the Department of State and Department of Treasury do not object to Gillon Capital's engagement in negotiations with the Corporation and, based on the information provided to date, do not consider such negotiations to be contrary to U.S. law. Any subsequent transaction will be subject to approval of the Department of State and Department of Treasury.

On June 15, 2026, Sherritt announced it had entered into an exclusivity agreement with Gillon Capital providing for a 120-day period of exclusive negotiations with respect to the non-binding term sheet regarding its proposed private placement. The period of exclusivity was entered into to allow the parties to complete their respective due diligence reviews and negotiate a definitive agreement with respect to the private placement.

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