sherritt

Q2

2023 SECOND QUARTER REPORT

Sherritt International Corporation

For the three months and six months ended June 30, 2023

For immediate release

Sherritt Reports Q2 Results and Strong Liquidity from Cobalt Swap

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Toronto – July 26, 2023 – Sherritt International Corporation ("Sherritt", the "Corporation") (TSX: S), a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition, today reported its financial results for the three and six months ended June 30, 2023. All amounts are in Canadian currency unless otherwise noted.

"We are pleased with the success of the Cobalt Swap agreement and the liquidity it provides Sherritt. While we had some production challenges this quarter, our Moa Joint Venture's strong cash position and expected cash flow generation will continue to support our expansion program," said Leon Binedell, President and CEO of Sherritt International. "Our current liquidity profile and expected future Cobalt Swap distributions creates significant strategic optionality for Sherritt."

Mr. Binedell continued, "We paid cash interest on our PIK notes in July 2023 and following a second PIK note cash interest payment in January 2024 we will have the opportunity to provide returns to our shareholders. At the end of the quarter, our capacity to make restricted payments under the Second Lien Note Indenture was approximately $114 million allowing significant flexibility to pursue investments and future shareholder returns."

SELECTED Q2 2023 DEVELOPMENTS

- Available liquidity in Canada of $125 million largely driven by the successful completion of the first year of the Cobalt Swap.
    - Final 802 tonnes of cobalt dividend required to fulfill the 2,082 tonne annual maximum volume received;
    - Cash dividend of US$48.5 million ($64 million) received as a top-up payment as the total in-kind value of cobalt received did not meet the annual dollar minimum of US$114 million (US$57 million per partner);
    - General Nickel Company's (GNC) 50% share of the cobalt and cash dividends, collectively US$57 million ($76 million) was redirected to Sherritt as payment towards the GNC receivable; and
    - Sherritt sold 1,064 tonnes, $38.4 million, of cobalt (1,760 tonnes, $68.2 million for the year to date) and has received $35.1 million in cash from sales ($53.9 million for the year to date).
- Sherritt's share of finished nickel and cobalt production at the Moa JV was 3,268 tonnes and 331 tonnes, 12% and 16% lower, respectively, than the prior year quarter.
- Net direct cash cost (NDCC)(1) was US$7.22/lb in Q2 2023 compared to US$2.19/lb in Q2 2022 primarily due to 63% lower cobalt and 35% lower fertilizer realized prices. Sherritt revised its 2023 NDCC guidance range from US$5.00 – US$5.50 to US$6.75 – US$7.25 per pound of nickel sold.
- Power production increased by 29% compared to Q2 2022 primarily from the receipt of gas from two new wells and improved equipment availability. Sherritt updated its 2023 annual production guidance range from 575 – 625 GWh to 650 – 700 GWh and reduced its unit operating cost guidance range from $28.50 – $30.00/MWh to $27.25 – $28.75/MWh.
- Net earnings from continuing operations was $0.3 million, or $nil per share in Q2 2023, compared $81.5 million, or $0.21 per share, in Q2 2022.
- Adjusted EBITDA(1) in the quarter was $15.7 million compared to $102.0 million in Q2 2022 primarily as a result of lower nickel, cobalt and fertilizer average-realized prices(1).
- Sherritt released its 2022 Sustainability Reports which continued to show progress on its ESG goals and achieved another successful independent audit on Sherritt's conformance with the LME's responsible sourcing requirements.
- Sadly, Sherritt reported two fatalities at the Moa JV mine site. Working with our Cuban partners, a rigorous root cause analysis and review of the site's fatality prevention measures was completed, and improvements are being implemented to enhance and maintain a safe work environment.

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

DEVELOPMENTS SUBSEQUENT TO QUARTER END

- In accordance with the Cobalt Swap, subsequent to quarter-end:
  - Sherritt sold 114 tonnes, $4.3 million, of cobalt and received $13.3 million in cash from prior cobalt sales. The remaining 208 tonnes of cobalt are expected to be sold and all cash is expected to be received by the end of Q3 2023.
- Sherritt paid $3.4 million cash interest in July on its 10.75% unsecured PIK option notes due 2029 (PIK Notes). Under the terms of the PIK Notes Indenture, payment of cash interest during the preceding consecutive 12-month period permits the Corporation to provide returns to shareholders, including share repurchases and dividends.
- Sherritt received confirmation from the London Metals Exchange (LME) that Sherritt is in conformance with LME's Track B Responsible Sourcing Requirements.

Q2 2023 FINANCIAL HIGHLIGHTS

$ millions, except per share amount	For the three months ended **2023 June 30**	2022 June 30	Change	For the six months ended **2023 June 30**	2022 June 30	Change
Revenue	$ **93.5**	$ 65.9	42%	$ **152.1**	$ 100.0	52%
Combined revenue[1]	**201.1**	221.5	(9%)	**390.6**	423.7	(8%)
Earnings from operations and joint venture	**2.2**	74.0	(97%)	**23.8**	97.5	(76%)
Net earnings from continuing operations	**0.3**	81.5	(100%)	**13.9**	97.9	(86%)
Net earnings for the period	**0.3**	81.1	(100%)	**13.6**	96.8	(86%)
Adjusted EBITDA[1]	**15.7**	102.0	(85%)	**55.6**	160.5	(65%)
Adjusted net (loss) earnings from continuing operations	**(0.8)**	66.0	(101%)	**12.2**	80.7	(85%)
Net earnings from continuing operations ($ per share)	**-**	0.21	(100%)	**0.03**	0.25	(88%)
Cash provided by continuing operations for operating activities	**32.0**	25.6	25%	**41.9**	31.2	34%
Combined free cash flow[1]	**5.6**	23.5	(76%)	**34.9**	21.8	60%
Average exchange rate (CAD/US$)	**1.343**	1.277	5%	**1.348**	1.272	6%

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

$ millions, as at	**2023 June 30**	2022 December 31	Change
Cash and cash equivalents			
Canada	$ **83.2**	$ 20.3	310%
Cuba[1]	**92.4**	101.7	(9%)
Other	**0.4**	1.9	(79%)
	176.0	123.9	42%
Loans and borrowings	**357.4**	350.9	2%
The Corporation's share of cash and cash equivalents in the Moa Joint Venture, not included in the above balances:	$ **16.1**	$ 21.8	(26%)

(1) As at June 30, 2023, $90.4 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2022 - $96.7 million).

Cash and cash equivalents as at June 30, 2023 were $176.0 million, up from $138.3 million at March 31, 2023. During Q2 2023, Sherritt received $64.0 million as a top-up dividend on the Cobalt Swap and $35.1 million in cash from the sale of cobalt to third-parties and used $17.6 million for operating activities at Fort Site primarily due to timing of payments relative to strong pre-sales received in Q1, $9.4 million for interest payment on Second Lien Notes, $5.0 million to pay down its revolving credit facility and $5.3 million for the repurchase of $7.4 million of PIK Notes. In addition, Energas paid $8.8 million (33⅓% basis) to GNC in the quarter ($14.8 million for year to date), in Cuban pesos, in accordance with the Cobalt Swap.

Sherritt did not make any mandatory redemptions on the Second Lien Notes during the quarter as the minimum liquidity condition pursuant to the provisions of the indenture agreement was not met.

For the two-quarter period ended June 30, 2023, Excess Cash Flow, as defined and calculated pursuant to the Second Lien Notes Indenture, was $57.1 million. Subject to the minimum liquidity threshold of $75.0 million pursuant to the Second Lien Notes Indenture, at the interest payment date in October 2023, the Corporation will be required to redeem, at par, total Second Lien Notes equal to 50% of Excess Cash Flow, or $28.6 million. In determining the minimum liquidity amounts in October 2023, the $7.8 million of cash used to repurchase the 10.75% unsecured PIK option notes due 2029 during the six months ended June 30, 2023 and any amounts drawn on the Credit Facility will be added back in the calculation of minimum liquidity before and after any such redemption.

REVIEW OF OPERATIONS

Metals

	For the three months ended			For the six months ended		
	2023	2022		**2023**	2022	
$ millions (Sherritt's share), except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue[1][2]	**$ 185.6**	$ 208.0	(11%)	**$ 362.1**	$ 395.6	(8%)
Cost of Sales[1]	**182.2**	128.7	42%	**326.7**	247.3	32%
Earnings from operations	**3.8**	77.8	(95%)	**34.8**	144.9	(76%)
Adjusted EBITDA[2]	**18.6**	91.3	(80%)	**63.1**	171.9	(63%)
CASH FLOW						
Cash provided by continuing operations for operating activities	**$ 38.8**	$ 50.5	(23%)	**$ 101.8**	$ 70.7	44%
Free cash flow[2]	**22.7**	38.3	(41%)	**76.1**	47.8	59%
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**3,783**	3,906	(3%)	**7,533**	8,032	(6%)
Finished Nickel	**3,268**	3,704	(12%)	**6,751**	7,579	(11%)
Finished Cobalt	**331**	396	(16%)	**698**	842	(17%)
Fertilizer	**52,224**	61,965	(16%)	**110,215**	125,052	(12%)
NICKEL RECOVERY[3] (%)	**85%**	89%	(4%)	**85%**	89%	(4%)
SALES VOLUMES (tonnes)						
Finished Nickel	**3,188**	3,148	1%	**6,532**	6,906	(5%)
Finished Cobalt	**1,064**	248	329%	**1,795**	646	178%
Fertilizer	**63,384**	49,951	27%	**93,263**	81,390	15%
AVERAGE-REFERENCE PRICE (USD)						
Nickel (US$ per pound)	**$ 10.12**	$ 13.13	(23%)	**$ 10.94**	$ 12.54	(13%)
Cobalt (US$ per pound)[4]	**15.27**	38.19	(60%)	**16.46**	37.00	(56%)
AVERAGE-REALIZED PRICE[2] (CAD)						
Nickel ($ per pound)	**$ 13.58**	$ 16.99	(20%)	**$ 15.06**	$ 15.83	(5%)
Cobalt ($ per pound)	**16.36**	44.16	(63%)	**17.48**	42.62	(59%)
Fertilizer ($ per tonne)	**709.67**	1,090.96	(35%)	**663.94**	922.38	(28%)
UNIT OPERATING COST[2] (US$ per pound)						
Nickel - net direct cash cost	**$ 7.22**	$ 2.19	230%	**$ 6.88**	$ 2.85	141%
SPENDING ON CAPITAL[2](CAD)						
Sustaining	**$ 13.6**	$ 12.5	9%	**$ 19.5**	$ 28.2	(31%)
Growth	**2.5**	0.8	213%	**6.2**	1.1	464%
	$ 16.1	$ 13.3	21%	**$ 25.7**	$ 29.3	(12%)

(1) The Financial Highlights, and cash flow amounts for Metals combine the operations of the Moa JV, Fort Site and Metals Marketing. Breakdowns of revenue, Adjusted EBITDA, and the components of free cash flow (cash provided (used) by continuing operations for operating activities and Property, plant and equipment expenditures) for each of these operations are included in the Combined Revenue, Adjusted EBITDA and Free cash flow reconciliations, respectively, in the Non-GAAP and other financial measures section of this press release.

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

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

(4) Average standard-grade cobalt price published per Argus.

Revenue for the three months ended June 30, 2023 was 11% lower compared to the same period in the prior year. Lower nickel revenue was a result of 20% lower average-realized prices[1] on unchanged sales volume in Q2 2023. Higher cobalt revenue for Q2 2023 was primarily attributable to a 329% increase in sales volume, which included the additional 50% of sale volume of re-directed finished cobalt received and sold by Sherritt under the Cobalt Swap. This increase more than offset the impact of a 63% decline in realized prices. On a comparative basis, based on Sherritt's 50% share only, cobalt sales volume was 532 tonnes in Q2 2023 compared to 248 tonnes in Q2 2022.

Fertilizer revenue was lower for Q2 2023 primarily as a result of the 35% lower average-realized price compared to the prior year period. The impact of lower average-realized price was partly offset by a 27% increase in sales volume in the current year period.

Mixed sulphides production at the Moa JV for the three months ended June 30, 2023 was 3,783 tonnes, down 3% from the same period in the prior year. While ore blending challenges from Q1 2023 were resolved, the lower production in Q2 was primarily due to unplanned maintenance in the hydrogen plant which was resolved in the quarter.

Sherritt's share of finished nickel production for Q2 2023 totaled 3,268 tonnes and was 12% lower than the same period in the prior year primarily as a result of lower mixed sulphide feed availability at the refinery. Finished cobalt production for Q2 2023 of 331 tonnes was 16% lower consistent with lower nickel production. The annual refinery shutdown occurred in Q2 similar to last year and production has since resumed to normal.

Maintenance challenges at the Moa mine in the first half of the year, coupled with the ore blending challenges in Q1 have impacted feed availability at the refinery. As a result, full year production is expected to be at the lower end of the guidance range for the year; however, additional third-party feed has been secured to utilize existing refinery capacity and offset shortfalls in Moa mine production from the first half of the year.

Fertilizer production for the three months ended June 30, 2023 was 16% lower compared to the same periods in the prior year primarily as a result of lower metals production and unplanned ammonia plant maintenance during the period.

Mining, processing and refining (MPR) costs per pound of nickel sold for the three months ended June 30, 2023 was up 16% compared to the same period in the prior year. Higher MPR costs reflects lower production volumes and the cost associated with the significantly higher cobalt sales volume in the current year period. The higher MPR costs were partly offset by lower input commodity prices in Q2, including a 49% decrease in global sulphur prices, a 50% decrease in natural gas prices, and a 24% decrease in fuel oil prices.

NDCC[1] per pound of nickel sold increased to US$7.22/lb in Q2 2023 from US$2.19/lb in Q2 2022. The higher NDCC was primarily due to significantly lower fertilizer and cobalt by-product credits[2] as lower average-realized prices more than offset higher sales volumes, and higher MPR costs in the current year period as discussed above. Q2 2022 saw a spike in cobalt and fertilizer reference prices following the Russian invasion of Ukraine.

Based on the NDCC for the six month ended June 30, 2023 of US$6.88/lb, expected production and materially lower realized prices for cobalt for the balance of the year, Sherritt revised its 2023 NDCC guidance range from US$5.00 – US$5.50 to US$6.75 – US$7.25 per pound of nickel sold. Revised NDCC guidance reflects a full year average cobalt reference price of US$16.80/lb compared to US$23.50/lb in Sherritt's original estimates and incremental costs from third-party feed purchases in the second half of the year as noted above. Continuing maintenance challenges in the fertilizer business are expected to impact fertilizer production volumes reducing fertilizer by-product credits for the remainder of the year.

Sustaining spending on capital[1] in Q2 2023 was $13.6 million, up 9% from $12.5 million in Q2 2022. The year-over-year increase was due primarily to timing of planned spending at both the Moa JV and Fort Site. Growth spending on capital was $2.5 million, most of which was related to spending on the slurry preparation plant as part of the Moa JV expansion program.

Based on spending to date and expected timing of spending for the balance of the year, 2023 guidance for sustaining and growth spending on capital are unchanged for the year.

(1) Non-GAAP financial measures. For additional information see the Non-GAAP and other financial measures section of this press release.
(2) Cobalt by-product credits include Sherritt's share of cobalt revenue per pound of nickel sold only.

Moa JV expansion program update

Progress for the expansion program in Q2 2023 included:

Slurry Preparation Plant (SPP):

The SPP construction continues to progress and remains on budget and on time for expected completion in early-2024:

- structural steel and field assembly of major equipment completed;
- installation of piping, electrical cable tray and electrical cables and instrumentation progressing on schedule;
- slurry and water return pipelines are 72% complete and are expected to be finished in early Q4 2023; and
- the commissioning plan and schedule is being developed and is expected to be completed in August, 2023

Processing Plant:

The processing plant expansion is progressing on schedule for an expected end of year 2024 completion:

- 53% of procurement packages for the Sixth Leach Train have been awarded within budget, including all long lead items;
- an effort-hour loaded schedule has been developed for the Sixth Leach Train and is currently under review and is expected to be finalized in Q3 2023;
- engineering for the Fifth Sulphide Precipitation Train is in progress and is expected to be completed in Q3 2023; and
- vendor selected to supply the materials and erect the acid tanks to whom the contract is expected to be awarded when the construction permit is granted by the Cuban authorities, expected in the second half of 2023.

Power

	For the three months ended			For the six months ended		
	2023	2022		**2023**	2022	
$ millions (33 ⅓% basis), except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 10.9**	$ 8.6	27%	**$ 21.2**	$ 17.6	20%
Cost of sales	**6.5**	6.5	-	**9.9**	12.5	(21%)
Earnings from operations	**3.3**	2.3	43%	**9.2**	2.8	229%
Adjusted EBITDA(1)	**4.0**	6.3	(37%)	**10.4**	10.7	(3%)
CASH FLOW						
Cash provided by continuing operations for operating activities	**$ 2.3**	$ 9.7	(76%)	**$ 6.7**	$ 18.4	(64%)
Free cash flow(1)	**1.7**	9.7	(82%)	**5.4**	17.9	(70%)
PRODUCTION AND SALES						
Electricity (GWh(2))	**172**	133	29%	**330**	270	22%
AVERAGE-REALIZED PRICE(1)						
Electricity ($/MWh(2))	**$ 57.25**	$ 55.21	4%	**$ 57.77**	$ 54.97	5%
UNIT OPERATING COSTS(1)						
Electricity ($/MWh)	**34.13**	20.10	70%	**27.08**	17.86	52%
SPENDING ON CAPITAL(1)						
Sustaining	**$ 0.6**	$ - -		**$ 1.3**	$ 0.5	160%

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

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

Revenue for the three months ended June 30, 2023 was $10.9 million, up 27% compared to the same period in the prior year primarily due to higher production.

Electricity production for the three months ended June 30, 2023 was 172 GWh compared to 133 GWh in the prior year period. The increase in electricity production is a result of increased equipment availability as one turbine was brought back online following completion of maintenance work and successful efforts to increase availability of gas.

During the quarter, Energas began receiving additional gas from two gas wells drilled by Union Cubapetroleo. The gas is provided to Energas free of charge for the use in power generation. Opportunities to further increase gas supply for additional power production continue to be investigated.

Unit operating costs(1) for the three months ended June 30, 2023 was $34.13/MWh up 70% from the same period in 2022 primarily driven by higher maintenance costs due to timing of maintenance, partly offset by higher sales volumes.

As a result of successful efforts to increase available gas from two new wells, Sherritt updated its 2023 annual production guidance range from 575 – 625 GWh to 650 – 700 GWh and reduced its unit operating cost guidance range from $28.50 – $30.00/MWh to $27.25 – $28.75/MWh.

The Power business unit had $0.6 million spending on capital(1) in Q2 2023 primarily driven by maintenance activities. Spending on capital is in line with guidance for the year.

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

Technologies

During the three months ended June 30, 2023, Technologies:

- continued to provide technical support, process optimization and technology development services to the Moa JV and the Fort Site and continued to support the Moa JV's expansion program;
- commenced its mixed hydroxide precipitate (MHP) test program supported by a funding commitment from Natural Resources Canada (NRCan);
- advanced its flowsheet enhancements on its next-generation laterite (NGL) processing technology and commenced new batch testing on specific laterite opportunities to test NGL's applicability; and
- continued to progress on commercialization activities around proprietary technologies and innovative industry solutions.

OUTLOOK

2023 production volumes, unit operating costs and spending on capital guidance

Production volumes, unit operating costs and spending on capital	Guidance for 2023 - Total	Year-to-date actuals - Total	Updated 2023 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	30,000 - 32,000	13,502	No change
Cobalt, finished	3,100 - 3,400	1,396	No change
Electricity (GWh, 33⅓% basis)	575 - 625	330	650 - 700
Unit operating costs(1)			
Moa Joint Venture - NDCC (US$ per pound)	$5.00 - $5.50	$6.88	$6.75 - $7.25
Electricity (unit operating cost, $ per MWh)	$28.50 - $30.00	$27.08	$27.25 - $28.75
Spending on capital(1)($ millions)			
Sustaining			
Metals: Moa Joint Venture (50% basis), Fort Site (100% basis)	$70.0	$19.5	No change
Power (33⅓% basis)	$4.4	$1.3	No change
Growth			
Metals: Moa Joint Venture (50% basis)	$20.0	$6.2	No change
Spending on capital(2)	$94.4	$27.0	No change

(1) Non-GAAP financial measures. For additional information see the Non-GAAP and other financial measures section of this press release.
(2) Excludes spending on capital of the Metals Marketing, Oil and Gas, Technologies and Corporate segments.

Moa Joint Venture

Maintenance challenges at the Moa mine in the first half of the year, coupled with the ore blending challenges in Q1 have impacted feed availability at the refinery. As a result, full year production is expected to be at the lower end of the guidance range for the year, however, additional third-party feed has been secured to utilize existing refinery capacity and offset shortfalls in Moa mine production from the first half of the year.

Based on the NDCC for the six months ended June 30, 2023 of US$6.88, expected production and materially lower realized prices for cobalt for the balance of the year, Sherritt revised its 2023 NDCC guidance range from US$5.00 – US$5.50 to US$6.75 – US$7.25 per pound of nickel sold. Revised NDCC guidance reflects a full year average cobalt reference price of US$16.80/lb compared to US$23.50/lb in Sherritt's original estimates and incremental costs from third-party feed purchases in the second half of the year as noted above. Continuing maintenance challenges in the fertilizer business are expected to impact fertilizer production volumes reducing fertilizer by-product credits for the remainder of the year.

Power

As a result of successful efforts to increase available gas from two new wells, Sherritt updated its 2023 annual production guidance range from 575 – 625 GWh to 650 – 700 GWh and reduced its unit operating cost guidance range from $28.50 – $30.00/MWh to $27.25 – $28.75/MWh.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast July 27, 2023 at 10:00 a.m. Eastern Time to review its Q2 2023 results. Dial-in and webcast details are as follows:

North American callers, please dial:	1 (888) 396-8049 **Passcode: 66327482**
International callers, please dial:	1 (416) 764-8646 **Passcode: 66327482**
Live webcast:	www.sherritt.com

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

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

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's condensed consolidated financial statements and MD&A for the three and six months ended June 30, 2023 are available at www.sherritt.com and should be read in conjunction with this news release. Financial and operating data can also viewed in the investor relations section of Sherritt's website on SEDAR at www.sedar.com.

NON-GAAP AND OTHER FINANCIAL MEASURES

Management uses the following non-GAAP and other financial measures in this press release and other documents: combined revenue, adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA), average-realized price, unit operating cost/net direct cash cost (NDCC), adjusted net earnings/loss from continuing operations, adjusted earnings/loss from continuing operations per share, spending on capital 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 International Financial Reporting Standards (IFRS) measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies.

The non-GAAP and other financial measures are reconciled to their most directly comparable IFRS measures in the Appendix below. This press release should be read in conjunction with Sherritt's consolidated financial statements for the three and six months ended June 30, 2023.

ABOUT SHERRITT INTERNATIONAL CORPORATION

Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt's Moa Joint Venture has a current estimated mine life of 26 years and has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by 20% or 6,500 tonnes of contained nickel and cobalt (100% basis). The Corporation's Power division, through its ownership in Energas S.A., is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Additionally, its Technologies Group creates innovative, proprietary solutions for natural resource-based industries around the world to improve environmental performance and increase economic value. Sherritt's common shares are listed on the Toronto Stock Exchange under the symbol "S".

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as “believe”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “likely”, “may”, “will”, “could”, “should”, “suspect”, “outlook”, “potential”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture; growing and increasing nickel and cobalt production; expansion program update as it relates to the Slurry Preparation Plant and the Moa Processing Plant; commercializing Technologies projects and growing shareholder value; statements set out in the “Outlook” section of this press release and certain expectations regarding production volumes and increases, inventory levels, operating costs and capital spending and intensity; sales volumes; revenue, costs and earnings; the availability of additional gas supplies to be used for power generation; the effect of maintenance challenges at the Moa mine;, the anticipated repayment of all outstanding receivables through dividends, including in the form of finished cobalt or cash, the timing and amount of cobalt dividend distributions; sales of finished cobalt and associated receipts; distributions from the Corporation’s Moa Joint Venture in general; the opportunity to pursue options for providing returns to shareholders as a result of the payment of cash interest on the PIK Notes; the impact of the U.S. sanctions on Cuba; anticipated economic conditions in Cuba; sufficiency of working capital management and capital project funding; strengthening the Corporation’s capital structure and amounts of certain other commitments.

Forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; production results; realized prices for production; earnings and revenues; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; the commercialization of certain proprietary technologies and services; 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; risks related to the U.S. government policy toward Cuba; and certain corporate objectives, goals and plans for 2023. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this press release not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, security market fluctuations and price volatility; level of liquidity and the related ability of the Moa Joint Venture to pay dividends; access to capital; access to financing; the risk to Sherritt’s entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa Joint Venture, the impact of infectious diseases (including the COVID-19 pandemic), the impact of global conflicts; changes in the global price for nickel, cobalt, oil, gas, fertilizers or certain other commodities; risks related to Sherritt’s operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; political, economic and other risks of foreign operations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; 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; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; risks to information technologies systems and cybersecurity; identification and management of growth opportunities; the ability to replace depleted mineral reserves; risk of future non-compliance with debt restrictions and covenants; 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; potential interruptions in transportation; uncertainty of gas supply for electrical generation; reliance on key personnel and skilled workers; growth opportunity risks; the possibility of equipment and other failures; 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; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; credit risks; shortage of equipment and supplies; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; legal contingencies; risks related to the Corporation’s accounting policies; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2023; and the ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents.

The Corporation, together with its Moa Joint Venture is pursuing a range of growth and expansion opportunities, including without limitation, process technology solutions, development projects, commercial implementation opportunities, life of mine extension opportunities and the conversion of mineral resources to reserves. In addition to the risks noted above, factors that could, alone or in combination, prevent the Corporation from successfully achieving these opportunities may include, without limitation: identifying suitable commercialization and other partners; successfully advancing discussions and successfully concluding applicable agreements with external parties and/or partners; successfully attracting required financing; successfully developing and proving technology required for the potential opportunity; successfully overcoming technical and technological challenges; successful environmental assessment and stakeholder engagement; successfully obtaining intellectual property protection; successfully completing test work and engineering studies, prefeasibility and feasibility studies, piloting, scaling from small scale to large scale production, , procurement, construction, commissioning, ramp-up to commercial scale production and completion; and securing regulatory and government approvals. There can be no assurance that any opportunity will be successful, commercially viable, completed on time or on budget, or will generate any meaningful revenues, savings or earnings, as the case may be, for the Corporation. In addition, the Corporation will incur costs in pursuing any particular opportunity, which may be significant. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in the Corporation's other documents filed with the Canadian securities authorities, including without limitation the "Managing Risk" section of the Management's Discussion and Analysis for the three and six months ended June 30, 2023 and the Annual Information Form of the Corporation dated March 31, 2023 for the period ending December 31, 2022, which is available on SEDAR at www.sedar.com.

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

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APPENDIX – NON-GAAP AND OTHER FINANCIAL MEASURES

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

The non-GAAP and other financial measures are reconciled to the most directly comparable IFRS measure as presented in the condensed consolidated financial statements for the three and six months ended June 30, 2023.

Combined revenue

The Corporation uses combined revenue as a measure to help management assess the Corporation's financial performance across its operations. Combined revenue includes the Corporation's consolidated revenue and revenue of the Moa JV on a 50% basis, which is accounted for using the equity method for accounting purposes.

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:

	For the three months ended			For the six months ended		
	2023	2022		**2023**	2022	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
Revenue by reportable segment						
Metals[1]	**$ 185.6**	$ 208.0	(11%)	**$ 362.1**	$ 395.6	(8%)
Power	**10.9**	8.6	27%	**21.2**	17.6	20%
Technologies	**0.4**	0.8	(50%)	**0.7**	1.1	(36%)
Oil and Gas	**4.1**	4.0	3%	**6.2**	9.0	(31%)
Corporate	**0.1**	0.1	-	**0.4**	0.4	-
Combined revenue	**$ 201.1**	$ 221.5	(9%)	**$ 390.6**	$ 423.7	(8%)
Adjustment for Moa Joint Venture	**(107.6)**	(155.6)		**(238.5)**	(323.7)	
Financial statement revenue	**$ 93.5**	$ 65.9	42%	**$ 152.1**	$ 100.0	52%

(1) Revenue of Metals for the three months ended June 30, 2023 is composed of revenue recognized by the Moa JV of $107.6 million (50% basis), which is equity-accounted and included in share of earnings of Moa JV, net of tax, coupled with revenue recognized by Fort Site of $36.4 million and Metals Marketing of $41.6 million, both of which are included in consolidated revenue (for the three months ended June 30, 2022 - $155.6 million, $50.1 million and $2.3 million, respectively). Revenue of Metals for the six months ended June 30, 2023 is composed of revenue recognized by the Moa JV of $238.5 million (50% basis), coupled with revenue recognized by Fort Site of $50.0 million and Metals Marketing of $73.6 million (for the six months ended June 30, 2022 - $323.7 million, $67.6 million and $4.3 million, respectively).

Adjusted EBITDA

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

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 earnings from operations and joint venture per the financial statements to Adjusted EBITDA:

$ millions, for the three months ended June 30	Metals[(1)]	Power	Techno-logies	Oil and Gas	Corporate	Adjustment for Moa Joint Venture	Total 2023
Earnings (loss) from operations and joint venture per financial statements	**$ 3.8**	**$ 3.3**	**$ (3.7)**	**$ 1.5**	**$ (4.9)**	**$ 2.2**	**$ 2.2**
Add:							
Depletion, depreciation and amortization	**3.3**	**0.7**	**0.1**	**-**	**0.1**	**-**	**4.2**
Adjustments for share of earnings of Moa Joint Venture:							
Depletion, depreciation and amortization	**11.5**	**-**	**-**	**-**	**-**	**-**	**11.5**
Net finance income	**-**	**-**	**-**	**-**	**-**	**(3.0)**	**(3.0)**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**0.8**	**0.8**
Adjusted EBITDA	**$ 18.6**	**$ 4.0**	**$ (3.6)**	**$ 1.5**	**$ (4.8)**	**$ -**	**$ 15.7**

$ millions, for the three months ended June 30	Metals[(1)]	Power	Techno-logies	Oil and Gas	Corporate	Adjustment for Moa Joint Venture	Total 2022
Earnings (loss) from operations and joint venture per financial statements	$ 77.8	$ 2.3	$ (2.9)	$ (2.3)	$ 8.9	$ (9.8)	$ 74.0
Add:							
Depletion, depreciation and amortization	2.8	4.0	0.1	0.2	0.4	-	7.5
Adjustments for share of earnings of Moa Joint Venture:							
Depletion, depreciation and amortization	10.7	-	-	-	-	-	10.7
Net finance expense	-	-	-	-	-	2.7	2.7
Income tax expense	-	-	-	-	-	7.1	7.1
Adjusted EBITDA	$ 91.3	$ 6.3	$ (2.8)	$ (2.1)	$ 9.3	$ -	$ 102.0

$ millions, for the six months ended June 30	Metals(1)	Power	Techno-logies	Oil and Gas	Corporate	Adjustment for Moa Joint Venture	**2023** Total
Earnings (loss) from operations and joint venture per financial statements	**$ 34.8**	**$ 9.2**	**$ (8.2)**	**$ 0.1**	**$ (10.4)**	**$ (1.7)**	**$ 23.8**
Add:							
Depletion, depreciation and amortization	**5.6**	**1.2**	**0.1**	**0.1**	**0.4**	**-**	**7.4**
Adjustments for share of earnings of Moa Joint Venture:							
Depletion, depreciation and amortization	**22.7**	**-**	**-**	**-**	**-**	**-**	**22.7**
Net finance income	**-**	**-**	**-**	**-**	**-**	**(2.6)**	**(2.6)**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**4.3**	**4.3**
Adjusted EBITDA	**$ 63.1**	**$ 10.4**	**$ (8.1)**	**$ 0.2**	**$ (10.0)**	**$ -**	**$ 55.6**

$ millions, for the six months ended June 30	Metals(1)	Power	Techno-logies	Oil and Gas	Corporate	Adjustment for Moa Joint Venture	2022 Total
Earnings (loss) from operations and joint venture per financial statements	$ 144.9	$ 2.8	$ (6.9)	$ (0.7)	$ (14.7)	$ (27.9)	$ 97.5
Add (deduct):							
Depletion, depreciation and amortization	5.4	7.9	0.1	0.7	0.7	-	14.8
Gain on disposal of property, plant and equipment	-	-	-	(1.3)	-	-	(1.3)
Adjustments for share of earnings of Moa Joint Venture:							
Depletion, depreciation and amortization	21.6	-	-	-	-	-	21.6
Net finance income	-	-	-	-	-	5.0	5.0
Income tax expense	-	-	-	-	-	22.9	22.9
Adjusted EBITDA	$ 171.9	$ 10.7	$ (6.8)	$ (1.3)	$ (14.0)	$ -	$ 160.5

(1) Adjusted EBITDA of Metals for the three months ended June 30, 2023 is composed of Adjusted EBITDA at Moa JV of $20.8 million (50% basis), Adjusted EBITDA at Fort Site of $4.9 million and Adjusted EBITDA at Metals Marketing of $(7.1) million (for the three months ended June 30, 2022 - $68.0 million, $23.9 million and $(0.6) million, respectively).

(2) Adjusted EBITDA of Metals for the six months ended June 30, 2023 is composed of Adjusted EBITDA at Moa JV of $65.8 million (50% basis), Adjusted EBITDA at Fort Site of $8.0 million and Adjusted EBITDA at Metals Marketing of $(10.7) million (for the six months ended June 30, 2022 - $144.9 million, $28.2 million and $(1.2) million, respectively).

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given division. The average-realized price for power excludes by-product revenue, as this revenue is not earned directly for power generation. Transactions by a Moa JV marketing company, included in other revenue, are excluded.

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

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

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

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

$ millions, except average-realized price and sales volume, for the three months ended June 30							**2023**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 95.5**	**$ 38.4**	**$ 45.0**	**$ 10.9**	**$ 11.3**	**$ (107.6)**	**$ 93.5**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(1.0)**			
Revenue for purposes of average-realized price calculation	**95.5**	**38.4**	**45.0**	**9.9**			
Sales volume for the period	**7.0**	**2.4**	**63.4**	**172**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	**$ 13.58**	**$ 16.36**	**$ 709.67**	**$ 57.25**			

$ millions, except average-realized price and sales volume, for the three months ended June 30							2022
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 118.0	$ 24.1	$ 54.5	$ 8.6	$ 16.3	$ (155.6)	$ 65.9
Adjustments to revenue:							
By-product revenue	-	-	-	(1.3)			
Revenue for purposes of average-realized price calculation	118.0	24.1	54.5	7.3			
Sales volume for the period	6.9	0.5	50.0	133			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	$ 16.99	$ 44.16	$ 1,090.96	$ 55.21			

$ millions, except average-realized price and sales volume, for the six months ended June 30							**2023**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 216.9**	**$ 69.2**	**$ 61.9**	**$ 21.2**	**$ 21.4**	**$ (238.5)**	**$ 152.1**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(2.1)**			
Revenue for purposes of average-realized price calculation	**216.9**	**69.2**	**61.9**	**19.1**			
Sales volume for the period	**14.4**	**4.0**	**93.3**	**330**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	**$ 15.06**	**$ 17.48**	**$ 663.94**	**$ 57.77**			

$ millions, except average-realized price and sales volume, for the six months ended June 30							2022
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 241.0	$ 60.7	$ 75.1	$ 17.6	$ 29.3	$ (323.7)	$ 100.0
Adjustments to revenue:							
By-product revenue	-	-	-	(2.8)			
Revenue for purposes of average-realized price calculation	241.0	60.7	75.1	14.8			
Sales volume for the period	15.2	1.4	81.4	270			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price(2)(3)(4)	$ 15.83	$ 42.62	$ 922.38	$ 54.97			

(1) Other revenue includes revenue from the Oil and Gas, Technologies and Corporate reportable segments.

(2) Average-realized price may not calculate exactly based on amounts presented due to foreign exchange and rounding.

(3) Power, average-realized price per MWh.

(4) Fertilizer, average-realized price per tonne.

Unit operating cost/NDCC

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

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

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

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

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

$ millions, except unit cost and sales volume, for the three months ended June 30					**2023**
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	**$ 182.2**	**$ 6.5**	**$ 6.4**	**$ (99.0)**	**$ 96.1**
Less:					
Depletion, depreciation and amortization in cost of sales	**(14.7)**	**(0.4)**			
	167.5	**6.1**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(90.1)**	**-**			
Cobalt gain	**(1.9)**	**-**			
Impact of opening/closing inventory and other(2)	**(6.1)**	**-**			
Cost of sales for purposes of unit cost calculation	**69.4**	**6.1**			
Sales volume for the period	**7.0**	**172**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	**$ 9.87**	**$ 34.13**			
Unit operating cost (US$ per pound) (NDCC)(5)	**$ 7.22**				

$ millions, except unit cost and sales volume, for the three months ended June 30		Metals		Power		Other(1)		Adjustment for Moa Joint Venture		Total 2022
Cost of sales per financial statements	$	128.7	$	6.5	$	10.2	$	(96.9)	$	48.5
Less:										
Depletion, depreciation and amortization in cost of sales		(13.5)		(4.0)						
		115.2		2.5						
Adjustments to cost of sales:										
Cobalt by-product, fertilizer and other revenue		(90.1)		-						
Impact of opening/closing inventory and other(2)		(5.9)		-						
Cost of sales for purposes of unit cost calculation		19.2		2.5						
Sales volume for the period		6.9		133						
Volume units		Millions of pounds		Gigawatt hours						
Unit operating cost(3)(4)	$	2.77	$	20.10						
Unit operating cost (US$ per pound) (NDCC)(5)	$	2.19								

$ millions, except unit cost and sales volume, for the six months ended June 30		Metals		Power		Other(1)		Adjustment for Moa Joint Venture		Total 2023
Cost of sales per financial statements	**$**	**326.7**	**$**	**9.9**	**$**	**14.1**	**$**	**(195.3)**	**$**	**155.4**
Less:										
Depletion, depreciation and amortization in cost of sales		**(28.2)**		**(0.9)**						
		298.5		**9.0**						
Adjustments to cost of sales:										
Cobalt by-product, fertilizer and other revenue		**(145.2)**		**-**						
Cobalt gain		**(2.4)**		**-**						
Impact of opening/closing inventory and other(2)		**(17.1)**		**-**						
Cost of sales for purposes of unit cost calculation		**133.8**		**9.0**						
Sales volume for the period		**14.4**		**330**						
Volume units		Millions of pounds		Gigawatt hours						
Unit operating cost(3)(4)	**$**	**9.29**	**$**	**27.08**						
Unit operating cost (US$ per pound) (NDCC)(5)	**$**	**6.88**								

$ millions, except unit cost and sales volume, for the six months ended June 30		Metals		Power		Other(1)		Adjustment for Moa Joint Venture		Total 2022
Cost of sales per financial statements	$	247.3	$	12.5	$	16.9	$	(197.7)	$	79.0
Less:										
Depletion, depreciation and amortization in cost of sales		(27.0)		(7.9)						
		220.3		4.6						
Adjustments to cost of sales:										
Cobalt by-product, fertilizer and other revenue		(154.6)		-						
Impact of opening/closing inventory and other(2)		(10.6)		-						
Cost of sales for purposes of unit cost calculation		55.1		4.6						
Sales volume for the period		15.2		270						
Volume units		Millions of pounds		Gigawatt hours						
Unit operating cost(3)(4)	$	3.62	$	17.86						
Unit operating cost (US$ per pound) (NDCC)(5)	$	2.85								

(1) Other is composed of the cost of sales of the Oil and Gas and Technologies reportable segments.
(2) Other is primarily composed of royalties and other contributions, sales discounts and other non-cash items.
(3) Unit operating cost/NDCC may not calculate exactly based on amounts presented due to foreign exchange and rounding.
(4) Power, unit operating cost price per MWh.
(5) 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 operational performance. These adjusting items include, but are not limited to, inventory 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. 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 operational performance 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 core operations by adjusting for items or transactions that are not reflective of its core operating activities.

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

		2023		2022
For the three months ended June 30	**$ millions**	**$/share**	$ millions	$/share
Net earnings from continuing operations	**$ 0.3**	**$ 0.00**	$ 81.5	$ 0.21
Adjusting items:				
Sherritt - Unrealized foreign exchange loss (gain) - continuing operations	**0.2**	**-**	(3.8)	(0.01)
Corporate - Gain on repurchase of notes	**(2.2)**	**(0.01)**	(13.8)	(0.03)
Corporate - Transaction finance charges on repurchase of notes	**-**	**-**	1.2	-
Moa JV - Inventory write-down/obsolescence	**1.1**	**-**	-	-
Fort Site - Inventory write-down/obsolescence	**0.8**	**-**	-	-
Metals Marketing - Inventory write-down/obsolescence	**1.1**	**-**	-	-
Metals Marketing - Cobalt gain	**1.9**	**-**	-	-
Oil and Gas and Power - Trade accounts receivable, net ACL revaluation	**-**	**-**	1.2	-
Power - Revaluation of Energas payable	**0.8**	**-**	-	-
Power - Revaluation of GNC receivable	**(4.7)**	**(0.01)**	-	-
Total adjustments, before tax	**$ (1.0)**	**$ (0.02)**	$ (15.2)	$ (0.04)
Tax adjustments	**(0.1)**	**-**	(0.3)	-
Adjusted net (loss) earnings from continuing operations	**$ (0.8)**	**$ (0.00)**	$ 66.0	$ 0.17

(1) Other items primarily relate to losses in net finance (expense) income.

For the six months ended June 30	2023 $ millions	2023 $/share	2022 $ millions	2022 $/share
Net earnings from continuing operations	**$ 13.9**	**$ 0.03**	$ 97.9	$ 0.25
Adjusting items:				
Sherritt - Unrealized foreign exchange loss (gain) - continuing operations	**1.1**	**-**	(4.9)	(0.02)
Corporate - Gain on repurchase of notes	**(3.5)**	**(0.01)**	(13.8)	(0.03)
Corporate - Transaction finance charges on repurchase of notes	**-**	**-**	1.2	-
Corporate - Unrealized losses on commodity put options	**-**	**-**	(0.9)	-
Corporate - Realized losses on commodity put options	**-**	**-**	0.9	-
Moa JV - Inventory write-down/obsolescence	**1.4**	**-**	-	-
Fort Site - Inventory write-down/obsolescence	**0.8**	**-**	-	-
Metals Marketing - Inventory write-down/obsolescence	**1.1**	**-**	-	-
Metals Marketing - Cobalt gain	**2.4**	**0.01**	-	-
Oil and Gas - Gain on disposal of PP&E	**-**	**-**	(1.3)	-
Oil and Gas and Power - Trade accounts receivable, net ACL revaluation	**-**	**-**	1.5	-
Power - Revaluation of Energas payable	**8.4**	**0.02**	-	-
Power - Revaluation of GNC receivable	**(13.2)**	**(0.03)**	-	-
Other[(1)]	**-**	**-**	0.5	-
Total adjustments, before tax	**$ (1.5)**	**$ (0.01)**	$ (16.8)	$ (0.05)
Tax adjustments	**(0.2)**	**-**	(0.4)	-
Adjusted net earnings from continuing operations	**$ 12.2**	**$ 0.02**	$ 80.7	$ 0.20

(1) Other items primarily relate to losses in net finance (expense) income.

Spending on capital

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

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

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

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

$ millions, for the three months ended June 30						**2023**
	Metals	Power	Other[(1)]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures[(2)]	**$ 16.1**	**$ 0.6**	**$ -**	**$ 16.7**	**$ (12.6)**	**$ 4.1**
Intangible asset expenditures[(2)]	**-**	**-**	**0.2**	**0.2**	**-**	**0.2**
	16.1	**0.6**	**0.2**	**16.9**	**$ (12.6)**	**$ 4.3**
Adjustments:						
Accrual adjustment	**-**	**-**	**-**	**-**		
Spending on capital	**$ 16.1**	**$ 0.6**	**$ 0.2**	**$ 16.9**		

$ millions, for the three months ended June 30	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
						2022
Property, plant and equipment expenditures[2]	$ 12.2	$ -	$ -	$ 12.2	$ (8.7)	$ 3.5
Intangible asset expenditures[2]	-	-	(0.2)	(0.2)	-	(0.2)
	12.2	-	(0.2)	12.0	$ (8.7)	$ 3.3
Adjustments:						
Accrual adjustment	1.1	-	-	1.1		
Spending on capital	$ 13.3	$ -	$ (0.2)	$ 13.1		

$ millions, for the six months ended June 30	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
						2023
Property, plant and equipment expenditures[2]	**$ 25.7**	**$ 1.3**	**$ -**	**$ 27.0**	**$ (19.3)**	**$ 7.7**
Intangible asset expenditures[2]	**-**	**-**	**1.1**	**1.1**	**-**	**1.1**
	25.7	**1.3**	**1.1**	**28.1**	**$ (19.3)**	**$ 8.8**
Adjustments:						
Accrual adjustment	**-**	**-**	**(0.7)**	**(0.7)**		
Spending on capital	**$ 25.7**	**$ 1.3**	**$ 0.4**	**$ 27.4**		

$ millions, for the six months ended June 30	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
						2022
Property, plant and equipment expenditures[2]	$ 22.9	$ 0.5	$ -	$ 23.4	$ (15.8)	$ 7.6
Intangible asset expenditures[2]	-	-	0.6	0.6	-	0.6
	22.9	0.5	0.6	24.0	$ (15.8)	$ 8.2
Adjustments:						
Accrual adjustment	6.4	-	-	6.4		
Spending on capital	$ 29.3	$ 0.5	$ 0.6	$ 30.4		

(1) Includes property, plant and equipment and intangible asset expenditures of the Oil and Gas and Corporate segments.

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

Combined free cash flow

The Corporation defines free cash flow for each segment as cash provided (used) by continuing operations for operating activities, less cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets. 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. The Corporate segment's cash used by continuing operations for operating activities is adjusted to exclude distributions received from Moa JV.

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. Distributions from the Moa JV excluded from Corporate cash used by continuing operations for operating activities 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.

Free cash flow is 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, after funding cash capital requirements, to service current and future working capital needs and service debt.

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

$ millions, for the three months ended June 30								**2023**
	Metals[(1)(2)]	Power	Technol-ogies	Oil and Gas	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	$ **38.8**	$ **2.3**	$ **(3.4)**	$ **0.2**	$ **(15.4)**	$ **22.5**	$ **9.5**	$ **32.0**
Less:								
Property, plant and equipment expenditures	**(16.1)**	**(0.6)**	**-**	**-**	**-**	**(16.7)**	**12.6**	**(4.1)**
Intangible expenditures	**-**	**-**	**-**	**(0.2)**	**-**	**(0.2)**	**-**	**(0.2)**
Free cash flow	$ **22.7**	$ **1.7**	$ **(3.4)**	$ **-**	$ **(15.4)**	$ **5.6**	$ **22.1**	$ **27.7**

$ millions, for the three months ended June 30 — 2022

	Metals[1][2]	Power	Technol-ogies	Oil and Gas	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	$ 50.5	$ 9.7	$ (3.5)	$ (3.6)	$ (17.6)	$ 35.5	$ (9.9)	$ 25.6
Less:								
Property, plant and equipment expenditures	(12.2)	-	-	-	-	(12.2)	8.7	(3.5)
Intangible expenditures	-	-	-	0.2	-	0.2	-	0.2
Free cash flow	$ 38.3	$ 9.7	$ (3.5)	$ (3.4)	$ (17.6)	$ 23.5	$ (1.2)	$ 22.3

$ millions, for the six months ended June 30 — **2023**

	Metals[3][4]	Power	Technol-ogies	Oil and Gas	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	**$ 101.8**	**$ 6.7**	**$ (9.1)**	**$ 1.2**	**$ (37.6)**	**$ 63.0**	**$ (21.1)**	**$ 41.9**
Less:								
Property, plant and equipment expenditures	**(25.7)**	**(1.3)**	**-**	**-**	**-**	**(27.0)**	**19.3**	**(7.7)**
Intangible expenditures	**-**	**-**	**-**	**(1.1)**	**-**	**(1.1)**	**-**	**(1.1)**
Free cash flow	**$ 76.1**	**$ 5.4**	**$ (9.1)**	**$ 0.1**	**$ (37.6)**	**$ 34.9**	**$ (1.8)**	**$ 33.1**

$ millions, for the six months ended June 30 — 2022

	Metals[3][4]	Power	Technol-ogies	Oil and Gas	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	$ 70.7	$ 18.4	$ (7.0)	$ (5.3)	$ (31.0)	$ 45.8	$ (14.6)	$ 31.2
Less:								
Property, plant and equipment expenditures	(22.9)	(0.5)	-	-	-	(23.4)	15.8	(7.6)
Intangible expenditures	-	-	-	(0.6)	-	(0.6)	-	(0.6)
Free cash flow	$ 47.8	$ 17.9	$ (7.0)	$ (5.9)	$ (31.0)	$ 21.8	$ 1.2	$ 23.0

(1) Cash provided (used) by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $22.6 million, $(17.6) million and $33.8 million, respectively, for the three months ended June 30, 2023 (June 30, 2022 - $29.1 million, $22.3 million and $(0.9) million, respectively).

(2) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $12.6 million, $3.5 million and nil, respectively, for the three months ended June 30, 2023 (June 30, 2022 - $8.7 million, $3.5 million and nil, respectively).

(3) Cash provided (used) by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $53.4 million, $(5.2) million and $53.6 million, respectively, for the six months ended June 30, 2023 (June 30, 2022 - $58.0 million, $17.9 million and $(5.2) million, respectively).

(4) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $19.3 million, $6.4 million and nil, respectively, for the six months ended June 30, 2023 (June 30, 2022 - $15.8 million, $7.1 million and nil, respectively).

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2023

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 July 26, 2023, should be read in conjunction with Sherritt's condensed consolidated financial statements for the three and six months ended June 30, 2023 and Sherritt's audited consolidated financial statements and the MD&A for the year ended December 31, 2022. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com or on the Corporation's website at www.sherritt.com.

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

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

The business we manage

Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt's Moa Joint Venture has a current estimated mine life of 26 years and has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by 20% or 6,500 tonnes of contained nickel and cobalt (100% basis). The Corporation's Power division, through its ownership in Energas S.A., is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Additionally, its Technologies Group creates innovative, proprietary solutions for natural resource-based industries around the world to improve environmental performance and increase economic value. Sherritt's common shares are listed on the Toronto Stock Exchange under the symbol "S".

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

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

For financial statement purposes, the Fort Site, Technologies and Corporate operations (defined below) are a part of Sherritt International Corporation, the parent company, and are not separate legal entities. The Moa JV is accounted for using the equity method of accounting which recognizes the Corporation's share of earnings (loss) of Moa Joint Venture 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 wholly-owned subsidiaries established to market and sell Moa JV's nickel and cobalt production and the Corporation's cobalt inventory received under the Cobalt Swap agreement.

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

Technologies: Includes the Corporation's 100% interest in its Technologies business.

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

Corporate: Head office 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 and six months ended June 30, 2023.

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 earnings/loss from continuing operations per share, combined spending on capital 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 International Financial Reporting Standards (IFRS) measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies. Further information on the composition and usefulness of each non-GAAP and other financial measure, including reconciliation to their most directly comparable IFRS measures, is included in the Non-GAAP and other financial measures section starting on page 50.

Strategic priorities

The table below lists Sherritt's Strategic Priorities for 2023 and summarizes how the Corporation has performed against those priorities.

Strategic Priorities	Selected Actions	Status
ESTABLISH SHERRITT AS A LEADING GREEN METALS PRODUCER	Execute on plans to expand Moa JV mixed sulphide precipitate intermediate production by 20% or 6,500 tonnes of contained metals annually.	Sherritt and its Moa JV advanced the two-phase expansion program. The program remains on time and budget for completion in 2024.
	Complete and file NI 43-101 Report.	Filed technical report for the Moa JV in Q1 which indicates that current reserves estimates are sufficient to extend the life of mine 14 years to 2048 with an after-tax NPV (8%) of US$1.5 billion (100% basis) in the alternative case based on recent analyst nickel, cobalt and input commodity price forecasts.
	Rank in lowest quartile of HPAL nickel producers for NDCC.	YTD 2023 NDCC(1) of US$6.88/lb ranked Sherritt in the third cost quartile for HPAL nickel producers and second quartile for all nickel producers Cobalt and fertilizer by-product credits will drive Sherritt's ability to rank in the first quartile.
LEVERAGE TECHNOLOGIES FOR TRANSFORMATIONAL GROWTH	Support Moa JV expansion, operational improvements, ECOG(2) implementation and life of mine extension, and marketing initiatives.	Continued to support the implementation of revised mine plan based on ECOG methodology, improve mining practices and capabilities test work and provide support for on-going process plant improvements and debottlenecking work at Moa and the Fort Site locations.
	Advance Technologies solutions toward commercialization with external partnerships and funding.	Commenced its mixed hydroxide precipitate (MHP) test program, supported by a funding commitment from Natural Resources Canada (NRCan), to evaluate MHP as an additional feed for producing high purity nickel and cobalt metals at the Fort Saskatchewan refinery. In conjunction with a major mining company, advanced flowsheet enhancements on next-generation laterite (NGL) processing technology and commenced new batch testing on specific laterite opportunities to test NGL's applicability. In Q1, signed agreement with Aurora Hydrogen to support development of turquoise hydrogen production technology, including Aurora building a demonstration plant at the Sherritt Technologies facility.
ACHIEVE BALANCE SHEET STRENGTH	Effectively leverage collections on the Cobalt Swap agreement.	Received the total maximum cobalt amount of 2,082 tonnes of cobalt with an in-kind value of US$65.5 million ($88.1 million) and a cash top-up payment of US$48.5 million ($64 million) for a total of US$114 million ($152.1 million) under the Cobalt Swap agreement to complete GNC's first year obligations. Sherritt has sold 90%, $73 million, of the cobalt received and expects to sell the balance and receive all cash on sales prior to the end of Q3 2023.
	Maximize available liquidity to support growth strategy.	Amended the syndicated revolving-term credit facility to extend its maturity to April 30, 2025 and added provisions to increase the credit limit.
BE RECOGNIZED AS A SUSTAINABLE ORGANIZATION	Deliver on actions identified in the Sustainability Report.	Released 2022 Sustainability Reports. Monitoring progress towards targets and key activities.
	Achieve year-over-year ESG improvements including reduction of carbon intensity.	Advancing baseline climate-change data collection and risk and opportunity assessments
MAXIMIZE VALUE FROM CUBAN ENERGY BUSINESSES	Access additional gas supply to increase electrical power generation.	Power began receiving gas from two new wells during the quarter to provide additional gas to Energas for use in power production. 2023 guidance was positively impacted and updated accordingly.

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

(2) ECOG = Economic cut off grade.

Highlights

SELECTED 2023 DEVELOPMENTS

- Available liquidity in Canada of $125 million largely driven by the successful completion of the first year of the Cobalt Swap.
    - Final 802 tonnes of cobalt dividend required to fulfill the 2,082 tonne annual maximum volume received;
    - Cash dividend of US$48.5 million ($64 million) received as a top-up payment as the total in-kind value of cobalt received did not meet the annual dollar minimum of US$114 million (US$57 million per partner);
    - General Nickel Company's (GNC) 50% share of the cobalt and cash dividends, collectively US$57 million ($76 million) was redirected to Sherritt as payment towards the GNC receivable; and
    - Sherritt sold 1,064 tonnes, $38.4 million, of cobalt (1,760 tonnes, $68.2 million for the year to date) and has received $35.1 million in cash from sales ($53.9 million for the year to date).
- Sherritt's share of finished nickel and cobalt production at the Moa JV was 3,268 tonnes and 331 tonnes, 12% and 16% lower, respectively, than the prior year quarter. Finished nickel and cobalt production at the Moa JV for the six month period ended June 30, 2023 was 6,751 tonnes and 698 tonnes, 11% and 17% lower, respectively, than the same period in the prior year.
- Net direct cash cost (NDCC)[(1)] was US$7.22/lb in Q2 2023 compared to US$2.19/lb in Q2 2022 and US$6.88/lb for the current year to date period compared to US$2.85/lb in the prior year period, primarily due to 63% and 56% lower cobalt and 35% and 29% lower fertilizer realized prices, in the current year periods, respectively. Sherritt revised its 2023 NDCC guidance range from US$5.00 – US$5.50 to US$6.75 – US$7.25 per pound of nickel sold.
- Power began receiving gas from two new wells during the quarter which, coupled with improved equipment availability, resulted in a 29% increase in production compared to Q2 2022 and 22% for the year to date period. Sherritt updated its 2023 annual production guidance range from 575 – 625 GWh to 650 – 700 GWh and reduced its unit operating cost guidance range from $28.50 – $30.00/MWh to $27.25 – $28.75/MWh.
- Net earnings from continuing operations was $0.3 million, or $nil per share in Q2 2023, compared to $81.5 million, or $0.21 per share, in Q2 2022. Net earnings from continuing operations was $13.9 million, or $0.03 per share, for the six months ended June 30, 2023 compared to $97.9 million, or $0.25 per share, in the same period in the prior year.
- Adjusted EBITDA[(1)] for the three and six months ended June 30, 2023 was $15.7 million and $55.6 million compared to $102.0 million and $160.5 million, respectively, for the same periods in the prior year primarily as a result of lower nickel, cobalt and fertilizer average-realized prices[(1)].
- Sherritt released it 2022 Sustainability Reports which continued to show progress on its ESG goals and achieved another successful independent audit on Sherritt's conformance with the LME's responsible sourcing requirements.
- Sadly, Sherritt reported two fatalities at the Moa JV mine site. Working with our Cuban partners, a rigorous root cause analysis and review of the site's fatality prevention measures was completed, and improvements are being implemented to enhance and maintain a safe work environment. Sherritt will continue to implement safety improvements and will report on progress directly to Sherritt's Board of Directors on a quarterly basis effective Q2 2023.

DEVELOPMENTS SUBSEQUENT TO QUARTER END

- In accordance with the Cobalt Swap, subsequent to quarter-end:
    - Sherritt sold 114 tonnes, $4.3 million, of cobalt and received $13.3 million in cash from prior cobalt sales. The remaining 208 tonnes of cobalt are expected to be sold and all cash is expected to be received by the end of Q3 2023.
- Sherritt paid $3.4 million cash interest in July on its 10.75% unsecured PIK option notes due 2029 (PIK Notes). Under the terms of the PIK Notes Indenture, payment of cash interest during the preceding consecutive 12-month period permits the Corporation to provide returns to shareholders, including share repurchases and dividends.
- Sherritt received confirmation from the London Metals Exchange (LME) that Sherritt is in conformance with LME's Track B Responsible Sourcing Requirements.

WORKING CAPITAL

Cash and cash equivalents as at June 30, 2023 were $176.0 million, up from $138.3 million at March 31, 2023. During Q2 2023, Sherritt received $64.0 million as a top-up dividend on the Cobalt Swap and $35.1 million in cash from the sale of cobalt to third-parties and used $17.6 million for operating activities at Fort Site primarily due to timing of payments relative to strong pre-sales received in Q1, $9.4 million for interest payment on Second Lien Notes, $5.0 million to pay down its revolving credit facility and $5.3 million for the repurchase of $7.4 million of PIK Notes. In addition, Energas paid $8.8 million (33⅓% basis) to GNC in the quarter ($14.8 million for year to date), in Cuban pesos, in accordance with the Cobalt Swap.

Sherritt did not make any mandatory redemptions on the Second Lien Notes during the quarter as the minimum liquidity condition pursuant to the provisions of the indenture agreement was not met.

For the two-quarter period ended June 30, 2023, Excess Cash Flow, as defined and calculated pursuant to the Second Lien Notes Indenture, was $57.1 million. Subject to the minimum liquidity threshold of $75.0 million pursuant to the Second Lien Notes Indenture, at the interest payment date in October 2023, the Corporation will be required to redeem, at par, total Second Lien Notes equal to 50% of Excess Cash Flow, or $28.6 million. In determining the minimum liquidity amounts in October 2023, the $7.8 million of cash used to repurchase the 10.75% unsecured PIK option notes due 2029 during the six months ended June 30, 2023 and any amounts drawn on the Credit Facility will be added back in the calculation of minimum liquidity before and after any such redemption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

During the Quarter, Sherritt issued its 2022 sustainability, climate and tailings management reports as well as its sustainability scorecard outlining the Corporation's performance on ESG matters. Highlights include:

- Completed a Task Force on Climate-related Disclosures (TFCD)-aligned Risk and Opportunity Assessment for the Fort Site;
- Initiated a Greenhouse Gas Emissions Baseline Study in the Energas business which was completed in Q2 2023;
- Advanced project planning for carbon capture opportunities at the Fort Site and a pre-feasibility assessment for a potential solar farm at the Moa mine site;
- Spent approximately $1 million on local community investment projects in 2022;
- Continued support of long-term community development project partnerships with UNICEF and Cowater in Cuba, and the Northern Alberta Institute of Technology at the Fort Site;
- Achieved 100% alignment with the Organisation for Economic Co-operation and Development's (OECD) 5-Step Framework confirming that the minerals produced by Sherritt's joint venture do not originate from or transit through conflict-affected or high-risk areas (CAHRAs); and
- Received confirmation of conformity with the LME's Track B Responsible Sourcing Requirements. Sherritt received independent verification that its minerals are not associated with conflict, or risks such as human rights abuses, forced labour, or corruption.

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

Financial results

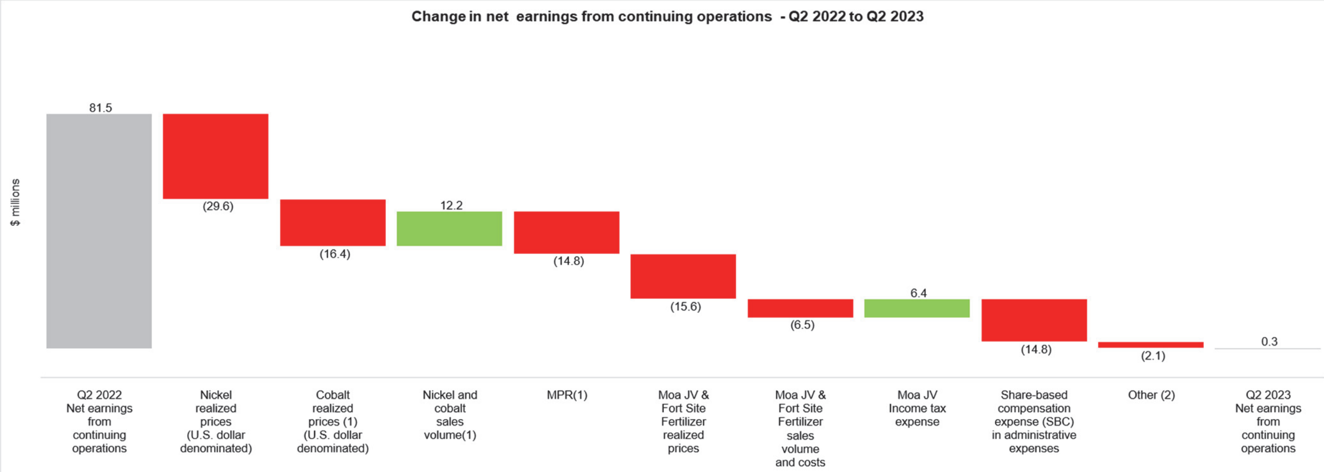
$ millions, except as otherwise noted		For the three months ended 2023 June 30		2022 June 30	Change		For the six months ended 2023 June 30		2022 June 30	Change
FINANCIAL HIGHLIGHTS										
Revenue	**$**	**93.5**	$	65.9	42%	**$**	**152.1**	$	100.0	52%
Combined revenue[(1)]		**201.1**		221.5	(9%)		**390.6**		423.7	(8%)
Earnings from operations and joint venture		**2.2**		74.0	(97%)		**23.8**		97.5	(76%)
Net earnings from continuing operations		**0.3**		81.5	(100%)		**13.9**		97.9	(86%)
Loss from discontinued operations, net of tax		**-**		(0.4)	100%		**(0.3)**		(1.1)	73%
Net earnings for the period		**0.3**		81.1	(100%)		**13.6**		96.8	(86%)
Adjusted net (loss) earnings from continuing operations[(1)]		**(0.8)**		66.0	(101%)		**12.2**		80.7	(85%)
Adjusted EBITDA[(1)]		**15.7**		102.0	(85%)		**55.6**		160.5	(65%)
Net earnings from continuing operations ($ per share) (basic and diluted)	**$**	**0.00**	$	0.21	(100%)	**$**	**0.03**	$	0.25	(88%)
Net earnings ($ per share) (basic and diluted)		**0.00**		0.20	(100%)		**0.03**		0.24	(88%)
CASH										
Cash and cash equivalents (prior period, December 31, 2022)	**$**	**176.0**	$	123.9	42%	**$**	**176.0**	$	123.9	42%
Cash provided by continuing operations for operating activities		**32.0**		25.6	25%		**41.9**		31.2	34%
Combined free cash flow[(1)]		**5.6**		23.5	(76%)		**34.9**		21.8	60%
OPERATIONAL DATA										
COMBINED SPENDING ON CAPITAL[(1)]		**16.9**	$	13.1	29%	**$**	**27.4**	$	30.4	(10%)
PRODUCTION VOLUMES										
Finished nickel (50% basis, tonnes)		**3,268**		3,704	(12%)		**6,751**		7,579	(11%)
Finished cobalt (50% basis, tonnes)		**331**		396	(16%)		**698**		842	(17%)
Fertilizer (tonnes)		**52,224**		61,965	(16%)		**110,215**		125,052	(12%)
Electricity (gigawatt hours) (33⅓% basis)		**172**		133	29%		**330**		270	22%
AVERAGE EXCHANGE RATE (CAD/US$)		**1.343**		1.277	5%		**1.348**		1.272	6%
AVERAGE-REALIZED PRICES (CAD)[(1)]										
Nickel ($ per pound)	**$**	**13.58**	$	16.99	(20%)	**$**	**15.06**	$	15.83	(5%)
Cobalt ($ per pound)		**16.36**		44.16	(63%)		**17.48**		42.62	(59%)
Fertilizer ($ per tonne)		**709.67**		1,090.96	(35%)		**663.94**		922.38	(28%)
Electricity ($ per megawatt hour)		**57.25**		55.21	4%		**57.77**		54.97	5%
UNIT OPERATING COSTS[(1)]										
Nickel (NDCC) (US$ per pound)	**$**	**7.22**	$	2.19	230%	**$**	**6.88**	$	2.85	141%
Electricity ($ per megawatt hour)		**34.13**		20.10	70%		**27.08**		17.86	52%

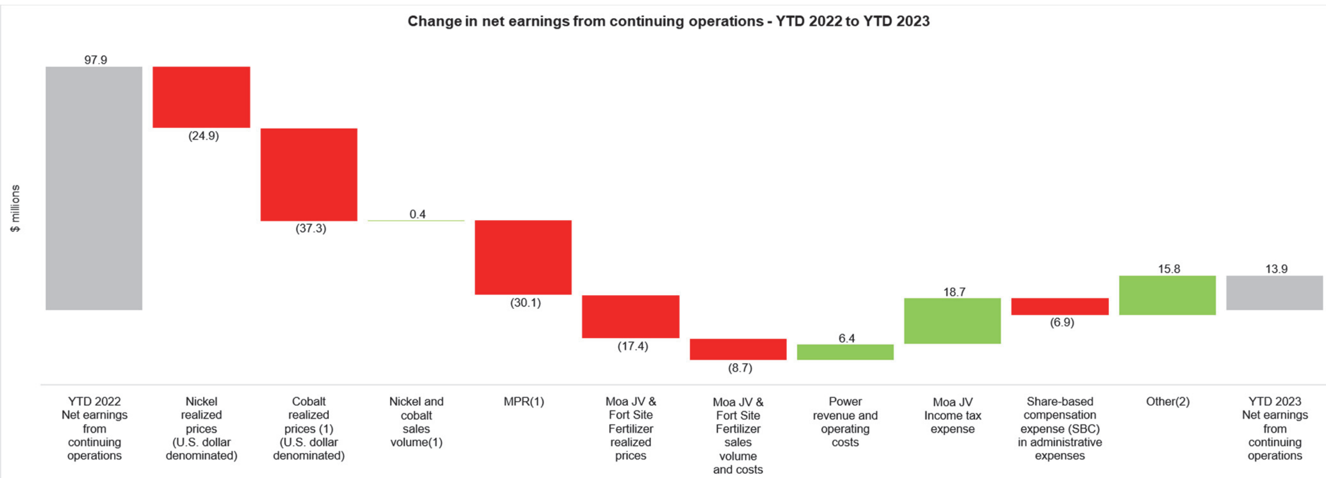
(1) Non-GAAP and other financial measures. For additional information, see the Non-GAAP and other financial measures section.

Consolidated revenue, which excludes revenue from the Moa Joint Venture as it is accounted for under the equity method, for the three and six months ended June 30, 2023 of $93.5 million and $152.1 million, respectively, was 42% and 52% higher compared to the same periods in the prior year primarily as a result of the additional sales under the Cobalt Swap agreement. In 2023, consolidated revenue included $38.4 million and $68.2 million of cobalt revenue associated with the Cobalt Swap for the three and six months periods, respectively. In the prior year, Sherritt's 50% share of cobalt revenue was recognized by the Moa JV and included in share of earnings of a joint venture rather than consolidated revenue. The positive impact of the Cobalt Swap on consolidated revenue was partly offset by lower fertilizer revenues as higher sales volumes were more than offset by lower average-realized prices[(1)]. Fertilizer revenue in Q2 2022 was impacted by record fertilizer prices following the Russian invasion of Ukraine.

Combined revenue, which includes the impact of the Corporation's consolidated financial results and the results of its 50% share of the Moa Joint Venture is a measure management uses to assess the Corporation's financial performance. In addition to the above, combined revenue was primarily impacted by lower nickel revenue as a result of lower average-realized prices on marginally higher sales volume in Q2 2023 and 5% lower sales volume in the six month period of 2023.

The change in earnings from continuing operations is detailed below:





(2) Mining, processing and refining (MPR) and cobalt by-product credits include the cost and cobalt revenue, respectively, on cobalt sold from Sherritt's 50% share of cobalt received under the Cobalt Swap.

(3) Other primarily relates to gains (losses) in net finance expense, administrative expenses excluding share-based compensation expense/recovery, Moa Joint Venture royalties, other contributions and foreign exchange gains/losses.

Earnings from continuing operations for the three and six months ended June 30, 2023 was impacted by lower nickel, cobalt and fertilizer average-realized prices compared to the same periods in the prior year. Sales volume for nickel was higher in Q2 2023 but lower for the six month period, compared to the prior year periods, while the sales volume for cobalt and fertilizer was higher for each of the current year periods.

Mining, processing and refining (MPR) costs for the three and six months ended June 30, 2023, which includes Sherritt's share of cost of the Cobalt Swap cobalt for current year periods, was up 31% and 27% compared to the same periods in the prior year, respectively. Higher MPR costs reflect the cost impact of lower production volumes and the cost associated with the significantly higher cobalt sales volume in the current year periods. The higher MPR were partly offset by lower input commodity prices. In Q2 2023, global sulphur, natural gas, and fuel oil prices decreased 49%, 50% and 24%, respectively, compared to Q2 2022. For the six month period of 2023, global sulphur, natural gas, and fuel oil prices decreased 35%, 45% and 13%, respectively, while diesel prices increased 33%, compared to the same period in the prior year. The six month period in 2023 also includes the impact of higher opening inventory costs on nickel and cobalt sold in the period. The impact of the redirected share of cobalt under the Cobalt Swap on earnings was not significant.

Administrative expenses for Q2 2023 were higher compared to the same period in the prior year primarily as a result of the change in share-based compensation recoveries. The current period recovery of $0.6 million compared to a recovery of $15.4 million in the prior year period as a result of a 44% decrease of $0.34 in the Corporation's share price in the prior year. For the six months ended June 30, 2023 administrative expenses were lower compared to the same period in the prior year primarily due to a decrease in share-based compensation expense. Higher share-based compensation expense in the prior year period was a result of a 13% increase of $0.05 in the Corporation's share price on a significantly higher number of vested units prior to cash payment in the first quarter of 2023.

CONSOLIDATED FINANCIAL POSITION

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

$ millions, except as noted, as at	**2023 June 30**	2022 December 31	Change
Working capital(1)	**$ 150.0**	$ 61.7	143%
Current ratio(2)	**1.59:1**	1.17:1	36%
Cash and cash equivalents	**$ 176.0**	$ 123.9	42%
Total assets	**1,413.6**	1,555.6	(9%)
Loans and borrowings	**357.4**	350.9	2%
Total liabilities	**721.5**	860.7	(16%)
Shareholders' equity	**692.1**	694.9	-

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

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

Significant factors influencing operations

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

NICKEL

Nickel reference prices declined steadily during the quarter, opening at US$10.48/lb, closing the quarter at US$9.13/lb and averaging US$10.12/lb for Q2 2023. The increase in interest rates by the United States and other countries, the ongoing conflict between Russia and Ukraine, a muted reopening of China's economy after the Chinese New Year, and a steady supply of nickel pig iron (NPI) and MHP intermediates have contributed to heightened volatility in the nickel metal market.

Nickel demand is expected to grow by 9.7% to reach 3.2 million tons in 2023[(1)]. China continues its efforts to stimulate consumption through monetary stimulus and reduced lending rates. Analysts forecast a 5% growth in stainless steel demand in China for 2023. In contrast, Europe has experienced a slowdown in stainless steel demand as inventory levels decrease and delivery times shorten. The forecast for stainless steel demand in Europe for 2023 suggests a modest 1% increase.

Refined nickel supply is expected to increase by 13.3% in 2023, to 3.54 Mt. Growth will continue in 2024 and 2025 at 9.6% and 5.1%, respectively, reaching 4.09 Mt by 2025[(1)]. The potential for even more supply to come online in the next few years appears far more certain than the global demand to absorb the production.

This anticipated surplus of nickel, especially in the forms of matte and MHP, will flow into nickel sulphate, a crucial component in electric vehicle (EV) batteries, as conversion of Class II nickel to nickel salts continues. Class II nickel may also be converted into Class I metal inventories on the London Metal Exchange (LME) and Shanghai Futures Exchange (SHFE). This supply could alleviate decreasing metal inventories, as Chinese producers are seeking qualification for their nickel metal on both exchanges. In the short term, the supply surplus of both Class I and Class II, is expected to continue to hold prices down, while factors like the continued demand growth from stainless steel and lithium ion battery consumption and the need to incentivize new projects with improved environmental performance for future supply may provide upside potential.

COBALT

The average Argus Chemical Grade cobalt reference price declined steadily during April and May reaching a low of US$13.63/lb at the end of May, but recovered in June. Prices opened the quarter at US$16.78/lb and closed at US$15.25/lb averaging US$15.27/lb in Q2 2023.

The cobalt market is currently experiencing an oversupply due to new projects in Indonesia, and expansions of existing projects in the Democratic Republic of Congo (DRC). In response to the decline in cobalt prices as a result of oversupply, Glencore, one of the major cobalt producers, announced their intention to withhold material from the market to provide support to prices. This announcement likely provided some impact to rising prices in June, counteracting downward pressure from news of the previously stranded cobalt hydroxide supply returning to market as a result of the settlement reached between the DRC government and the CMOC Group Limited's (CMOC) Tenke Fungurume operation. News of China's State Reserve Bureau purchases also likely led to price support in June.

Cobalt is primarily used in batteries for electric vehicles (EVs), energy storage systems, and consumer electronics such as mobile phones, portable devices and computers. As consumer electronic technology matures and battery technology evolves, the demand for cobalt in consumer electronics is expected to grow at a slower pace. Increasing EV adoption rates will have a significant positive impact on lithium-ion battery demand and as a result cobalt demand, yet this will be partially muted as alternative battery chemistries with lower or no cobalt content are adopted.

Cobalt supply is set to increase by 12% in 2023, reaching 223 kt, and another 12% in 2024, reaching 250 kt. DRC will contribute 57% of the new supply, while Indonesia will account for 31%. Demand is expected to grow by 12% each year, reaching 206 kt and 229kt in 2023 and 2024 respectively, driven predominately by lithium-ion batteries and electric vehicles sector growth[(2)]. With supply growth potentially outpacing demand growth, the cobalt market could remain oversupplied until 2027 and this would limit the ability for prices to increase significantly in the short-term to medium-term.

FERTILIZER

Fertilizer prices have significantly decreased due to lower energy prices and increased natural gas availability from the United States leading to redirection of energy trade routes and reduced natural gas prices, a key input commodity to fertilizer production. Fertilizer prices for 2023 are expected to remain reasonably consistent with those realized in Q2.

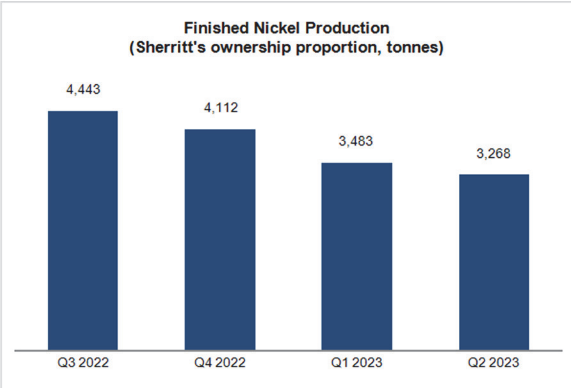
(1) Wood Mackenzie, Nickel Demand, June 2023
(2) Benchmark Minerals, Q2 Cobalt Forecast, June 2023.

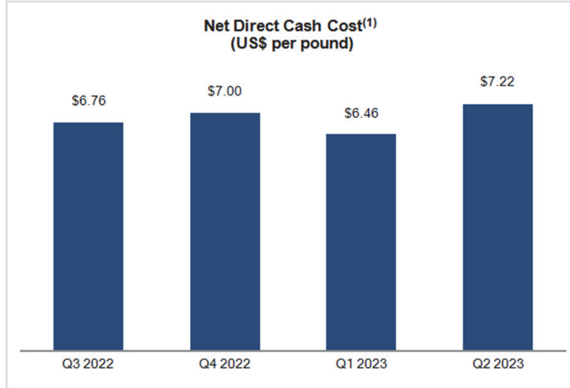
Review of operations

METALS

	For the three months ended			For the six months ended		
	2023	2022		**2023**	2022	
$ millions (Sherritt's share), except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue[1]	**$ 185.6**	$ 208.0	(11%)	**$ 362.1**	$ 395.6	(8%)
Cost of sales[1]	**182.2**	128.7	42%	**326.7**	247.3	32%
Earnings from operations	**3.8**	77.8	(95%)	**34.8**	144.9	(76%)
Adjusted EBITDA[2]	**18.6**	91.3	(80%)	**63.1**	171.9	(63%)
CASH FLOW						
Cash provided by continuing operations for operating activities	**$ 38.8**	$ 50.5	(23%)	**$ 101.8**	$ 70.7	44%
Free cash flow[2]	**22.7**	38.3	(41%)	**76.1**	47.8	59%
PRODUCTION VOLUME (tonnes)						
Mixed Sulphides	**3,783**	3,906	(3%)	**7,533**	8,032	(6%)
Finished Nickel	**3,268**	3,704	(12%)	**6,751**	7,579	(11%)
Finished Cobalt	**331**	396	(16%)	**698**	842	(17%)
Fertilizer	**52,224**	61,965	(16%)	**110,215**	125,052	(12%)
NICKEL RECOVERY[3] (%)	**85%**	89%	(4%)	**85%**	89%	(4%)
SALES VOLUME (tonnes)						
Finished Nickel	**3,188**	3,148	1%	**6,532**	6,906	(5%)
Finished Cobalt	**1,064**	248	329%	**1,795**	646	178%
Fertilizer	**63,384**	49,951	27%	**93,263**	81,390	15%
AVERAGE REFERENCE PRICE (US$ per pound)						
Nickel[4]	**$ 10.12**	$ 13.13	(23%)	**$ 10.94**	$ 12.54	(13%)
Cobalt[5]	**15.27**	38.19	(60%)	**16.46**	37.00	(56%)
AVERAGE-REALIZED PRICE[2]						
Nickel ($ per pound)	**$ 13.58**	$ 16.99	(20%)	**$ 15.06**	$ 15.83	(5%)
Cobalt ($ per pound)	**16.36**	44.16	(63%)	**17.48**	42.62	(59%)
Fertilizer ($ per tonne)	**709.67**	1,090.96	(35%)	**663.94**	922.38	(28%)
UNIT OPERATING COST[2] (US$ per pound)						
Nickel - net direct cash cost[2]	**$ 7.22**	$ 2.19	230%	**$ 6.88**	$ 2.85	141%
SPENDING ON CAPITAL[2]						
Sustaining	**$ 13.6**	$ 12.5	9%	**$ 19.5**	$ 28.2	(31%)
Growth	**2.5**	0.8	213%	**6.2**	1.1	464%
	$ 16.1	$ 13.3	21%	**$ 25.7**	$ 29.3	(12%)

(1) The Financial Highlights, and cash flow amounts for Metals combine the operations 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 original nickel content of the ore that was mined.
(4) The average nickel reference price for the six months ended June 30, 2022 was impacted by the suspension of nickel trading and disruption events on the LME during the month of March 2022.
(5) Average standard-grade cobalt price published by Argus.





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

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

	For the three months ended			For the six months ended		
	2023	2022		**2023**	2022	
$ millions, except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
REVENUE						
Nickel	**$ 95.5**	$ 118.0	(19%)	**$ 216.9**	$ 241.0	(10%)
Cobalt	**38.4**	24.1	59%	**69.2**	60.7	14%
Fertilizers	**45.0**	54.5	(17%)	**61.9**	75.1	(18%)
Other	**6.7**	11.4	(41%)	**14.1**	18.8	(25%)
	$ 185.6	$ 208.0	(11%)	**$ 362.1**	$ 395.6	(8%)
COST OF SALES[(2)]						
Mining, processing and refining (MPR)[(3)]	**$ 59.8**	$ 62.4	(4%)	**$ 125.3**	$ 128.3	(2%)
Third-party feed costs	**3.7**	5.1	(27%)	**9.3**	11.2	(17%)
Finished cobalt cost[(4)]	**43.3**	-	-	**75.6**	-	-
Fertilizers	**37.6**	25.1	50%	**51.0**	38.1	34%
Selling costs	**8.7**	4.7	85%	**14.6**	9.5	54%
Other	**14.3**	17.9	(20%)	**22.6**	33.2	(32%)
	$ 167.4	$ 115.2	45%	**$ 298.4**	$ 220.3	35%
NET DIRECT CASH COST[(1)] (US$ per pound of nickel)						
Mining, processing and refining costs[(5)]	**$ 8.72**	$ 7.54	16%	**$ 8.47**	$ 7.02	21%
Third-party feed costs	**0.39**	0.58	(33%)	**0.48**	0.58	(17%)
Cobalt by-product credits[(5)]	**(2.04)**	(2.73)	25%	**(1.81)**	(3.14)	42%
Net fertilizer by-product credit	**(0.91)**	(3.66)	75%	**(0.84)**	(2.19)	62%
Net impact of redirected cobalt[(6)]	**0.29**	-	-	**0.21**	-	-
Other[(7)]	**0.77**	0.46	67%	**0.37**	0.58	(36%)
	$ 7.22	$ 2.19	230%	**$ 6.88**	$ 2.85	141%

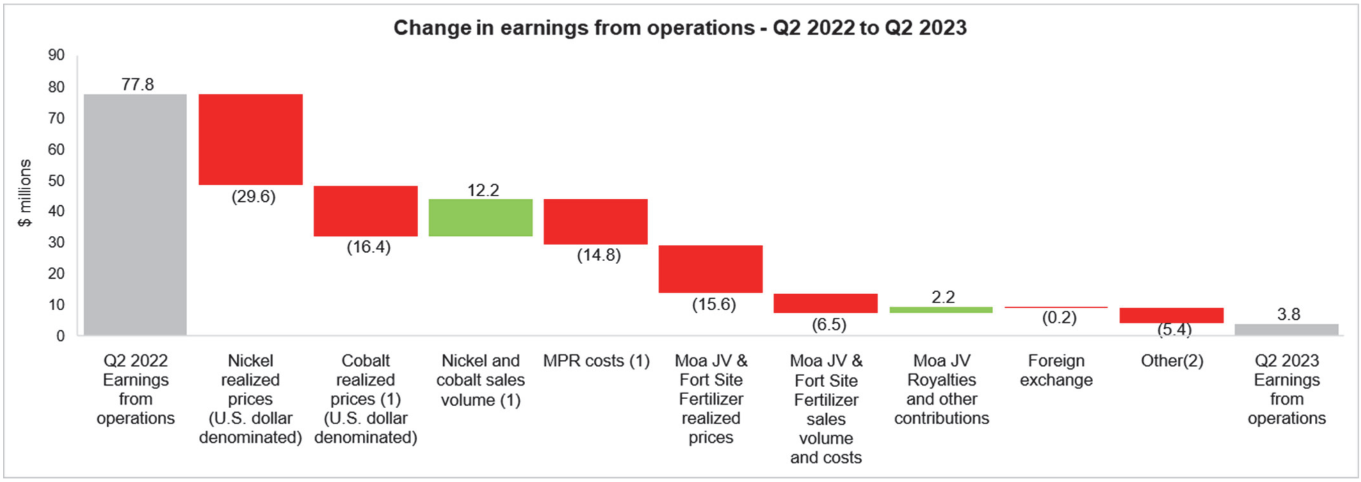
(1) Non-GAAP and other financial measure. For additional information, see the Non-GAAP and other financial measures section.
(2) Excludes depletion, depreciation and amortization.
(3) Effective January 1, 2023, MPR costs exclude the cost of cobalt volumes sold in accordance with the Cobalt Swap.
(4) Finished cobalt cost 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) MPR and cobalt by-product credits include the cost and cobalt revenue, respectively, on cobalt sold from Sherritt's 50% share of cobalt received under the Cobalt Swap.
(6) Net impact of redirected cobalt includes the finished cobalt cost less cobalt by-product credits per pound of nickel sold on the cobalt sold from GNC's redirected cobalt received by Sherritt under the Cobalt Swap.
(7) Includes the marketing costs, discounts, and other by-product credits.

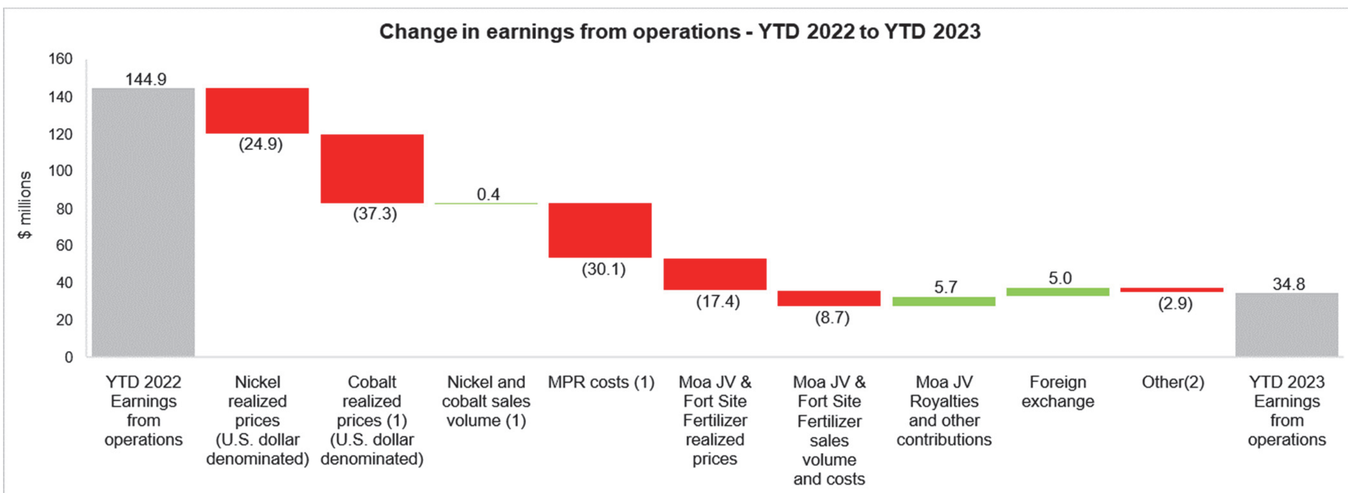
The following table summarizes average prices for key input commodities for the Moa Joint Venture and Fort Site[(1)]:

	For the three months ended			For the six months ended		
	2023	2022		**2023**	2022	
	June 30	June 30	Change	**June 30**	June 30	Change
Sulphur (US$ per tonne)	**$ 246.42**	$ 485.87	(49%)	**$ 269.79**	$ 414.90	(35%)
Diesel (US$ per litre)	**0.96**	1.06	(9%)	**1.14**	0.86	33%
Fuel oil (US$ per tonne)	**449.18**	588.97	(24%)	**450.98**	519.99	(13%)
Natural gas cost ($ per gigajoule)	**3.23**	6.52	(50%)	**3.10**	5.66	(45%)

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

The following graphs summarize the change in earnings from operations for Metals:





(1) MPR and cobalt by-product credits include the costs and cobalt revenue, respectively, on cobalt sold from Sherritt's 50% share of cobalt received under the Cobalt Swap.

(2) Other is primarily composed of sulphuric acid revenue and costs, third-party feed costs, selling costs, administrative costs and depletion, depreciation and amortization.

Revenue for the three and six months ended June 30, 2023 was 11% and 8% lower, respectively, compared to the same periods in the prior year.

During the current year periods, lower nickel revenue was primarily a result of 20% lower average-realized price[1] on unchanged sales volume in Q2 2023 and 5% lower average-realized price on 5% lower sales volume for the six month period compared to the same periods in the prior year.

Higher cobalt revenue for the three and six months ended June 30, 2023 was primarily attributable to a 329% and 178% increase in sales volume, respectively. Cobalt revenue included the additional 50% of sale volume of re-directed finished cobalt received and sold by Sherritt under the Cobalt Swap. These increases more than offset the impact of a 63% and 59% decline in average-realized prices, respectively. On a comparative basis, based on Sherritt's 50% share only, cobalt sales volume was 532 tonnes in Q2 2023 compared to 248 tonnes in Q2 2022 and 915 tonnes compared to 646 tonnes for the six month periods.

Fertilizer revenue was lower for the three and six months ended June 30, 2023 primarily as a result of the 35% and 28% lower average-realized price compared to the prior year periods, respectively. The impact of lower average-realized price was partly offset by a 27% and 15% increase in sales volume in the current year periods, respectively.

Mixed sulphides production at the Moa JV for the three and six months ended June 30, 2023 were 3,783 tonnes and 7,533 tonnes, down 3% and 6%, respectively, from the same periods in the prior year. While ore blending challenges from Q1 2023 were resolved, the lower production in Q2 was primarily due to unplanned maintenance in the hydrogen plant which was resolved in the quarter.

Sherritt's share of finished nickel production for the three and six months ended June 30, 2023 totaled 3,268 tonnes and 6,751 tonnes and were 12% and 11% lower, respectively, than the same periods in the prior year primarily as a result of lower mixed sulphide feed availability at the refinery. The annual refinery shutdown occurred in Q2 similar to last year and production has since resumed to normal.

Finished cobalt production for the three and six months ended June 30, 2023 of 331 tonnes and 698 tonnes were 16% and 17% lower, respectively, consistent with lower nickel production.

Maintenance challenges at the Moa mine in the first half of the year, coupled with the ore blending challenges in Q1 have impacted feed availability at the refinery. As a result, full year production is expected to be at the lower end of the guidance range for the year; however, additional third-party feed has been secured to utilize existing refinery capacity and offset shortfalls in Moa mine production from the first half of the year.

Fertilizer production for the three and six months ended June 30, 2023 was 16% lower and 12% lower, respectively, compared to the same periods in the prior year, in line with metals production and unplanned ammonia plant maintenance during the period.

Mining, processing and refining (MPR) costs per pound of nickel sold for the three and six months ended June 30, 2023, which includes Sherritt's share of cost of the Cobalt Swap cobalt for current year periods, was up 16% and 21% compared to the same periods in the prior year, respectively. Higher MPR costs reflect lower production volumes and the cost associated with the significantly higher cobalt sales in the current year periods. The higher MPR costs were partly offset by lower input commodity prices in Q2, including a 49% decrease in global sulphur prices, a 50% decrease in natural gas prices, and a 24% decrease in fuel oil prices. For the six months ended June 30, 2023, global sulphur, natural gas, and fuel oil prices decreased 35%, 45% and 13%, respectively, while diesel prices increased 33%.

NDCC[1] per pound of nickel sold for the three and six months ended June 30, 2023 increased to US$7.22/lb in Q2 2023 from US$2.19/lb in Q2 2022 and to US$6.88/lb from US$2.85/lb for the comparative six month periods. The higher NDCC's in 2023 were primarily due to significantly lower fertilizer and cobalt by-product credits[2] as lower average-realized prices more than offset higher sales volumes, and higher MPR costs in the current year periods.

Based on the NDCC for the six month ended June 30, 2023 of US$6.88/lb, expected production and realized prices for cobalt for the balance of the year, Sherritt revised its 2023 NDCC guidance range from US$5.00 – US$5.50 to US$6.75 – US$7.25 per pound of nickel sold. Revised NDCC guidance reflects a full year average cobalt reference price of US$16.80/lb compared to US$23.50/lb in Sherritt's original estimates and incremental costs from third-party feed purchases in the second half of the year as noted above. Continuing maintenance challenges in the fertilizer business are expected to impact fertilizer production volumes reducing fertilizer by-product credits for the remainder of the year.

Sustaining spending on capital(1) in Q2 2023 was $13.6 million, up 9% from $12.5 million in Q2 2022 and $19.5 million year to date, 29% lower than the same period in the prior year primarily due to timing of planned spending at both the Moa JV and Fort Site. Growth spending on capital for the three and six months ended June 30, 2023 was $2.5 million and $6.2 million, respectively, most of which was related to spending on the slurry preparation plant as part of the Moa JV expansion program.

Based on spending to date and expected timing of spending for the balance of the year, 2023 guidance for sustaining and growth spending on capital are unchanged for the year.

(1) Non-GAAP and other financial measures. For additional information see the Non-GAAP and other financial measures section.
(2) Cobalt by-product credits include Sherritt's share of cobalt revenue per pound of nickel sold only.

Moa JV expansion program update

Progress for the expansion program in Q2 2023 included:

Slurry Preparation Plant (SPP):

The SPP construction continues to progress and remains on budget and on time for expected completion in early-2024:

- structural steel and field assembly of major equipment completed;
- installation of piping, electrical cable tray and electrical cables and instrumentation progressing on schedule;
- slurry and water return pipelines are 72% complete and are expected to be finished in early Q4 2023; and
- the commissioning plan and schedule is being developed and is expected to be completed in August, 2023

Processing Plant:

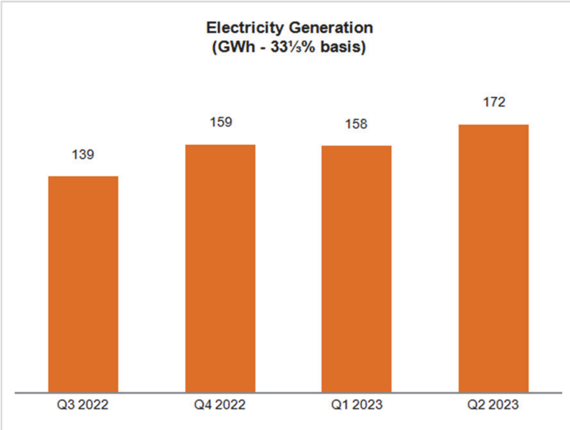
The processing plant expansion is progressing on schedule for an expected end of year 2024 completion:

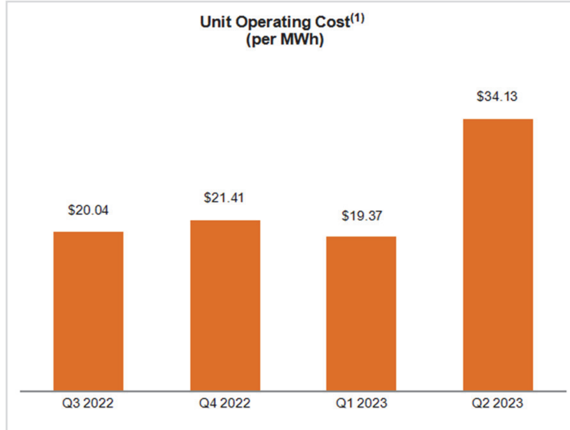
- 53% of procurement packages for the Sixth Leach Train have been awarded within budget, including all long lead items;
- an effort-hour loaded schedule has been developed for the Sixth Leach Train and is currently under review and is expected to be finalized in Q3 2023;
- engineering for the Fifth Sulphide Precipitation Train is in progress and is expected to be completed in Q3 2023; and
- vendor selected to supply the materials and erect the acid tanks to whom the contract is expected to be awarded when the construction permit is granted by the Cuban authorities, expected in the second half of 2023.

POWER

	For the three months ended			For the six months ended		
$ millions (Sherritt's share, 33⅓% basis), except as otherwise noted	**2023 June 30**	2022 June 30	Change	**2023 June 30**	2022 June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 10.9**	$ 8.6	27%	**$ 21.2**	$ 17.6	20%
Cost of sales	**6.5**	6.5	-	**9.9**	12.5	(21%)
Earnings from operations	**3.3**	2.3	43%	**9.2**	2.8	229%
Adjusted EBITDA(1)	**4.0**	6.3	(37%)	**10.4**	10.7	(3%)
CASH FLOW						
Cash provided by continuing operations for operating activities	**$ 2.3**	$ 9.7	(76%)	**$ 6.7**	$ 18.4	(64%)
Free cash flow(1)	**1.7**	9.7	(82%)	**5.4**	17.9	(70%)
PRODUCTION AND SALES VOLUME						
Electricity (GWh(2))	**172**	133	29%	**330**	270	22%
AVERAGE-REALIZED PRICE(1)						
Electricity (per MWh(2))	**$ 57.25**	$ 55.21	4%	**$ 57.77**	$ 54.97	5%
UNIT OPERATING COST(1)						
Electricity (per MWh)	**34.13**	20.10	70%	**27.08**	17.86	52%
SPENDING ON CAPITAL(1)						
Sustaining	**$ 0.6**	$ -	-	**$ 1.3**	$ 0.5	160%
	$ 0.6	$ -	-	**$ 1.3**	$ 0.5	160%

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





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

Power revenue is composed of the following:

	For the three months ended			For the six months ended		
	2023	2022		**2023**	2022	
$ millions (33⅓% basis)	**June 30**	June 30	Change	**June 30**	June 30	Change
Electricity sales	**$ 9.9**	$ 7.3	36%	**$ 19.1**	$ 14.8	29%
By-products and other	**1.0**	1.3	(23%)	**2.1**	2.8	(25%)
	$ 10.9	$ 8.6	27%	**$ 21.2**	$ 17.6	20%

Revenue for the three and six months ended June 30, 2023 was $10.9 million and $21.2 million, respectively, which is up 27% and 20% compared to the same periods in the prior year primarily due to higher production.

Electricity production for the three and six months ended June 30, 2023 was 172 GWh and 330 GWh compared to 133 GWh and 270 GWh, respectively in the prior year periods. The increase in electricity production in the current year periods is a result of increased equipment availability as one turbine was brought back online following completion of maintenance work, and successful efforts to increase availability of gas.

During the quarter, Energas began receiving additional gas from two gas wells drilled by Union Cubapetroleo. The gas is provided to Energas free of charge for the use in power generation. Opportunities to further increase gas supply for additional power production continue to be investigated

Unit operating costs(1) for the three and six months ended June 30, 2023 were $34.13/MWh, and $27.08/MWh, up 70% and 52%, respectively, from the same periods in 2022 primarily driven by higher maintenance costs due to timing of maintenance, partly offset by higher sales volumes.

As a result of successful efforts to increase available gas from two new wells, Sherritt updated its 2023 annual production guidance range from 575 – 625 GWh to 650 – 700 GWh and reduced its unit operating cost guidance range from $28.50 – $30.00/MWh to $27.25 – $28.75/MWh.

The Power business unit had $0.6 million spending on capital(1) in Q2 2023 primarily driven by maintenance activities. Spending on capital is in line with guidance for the year.

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

TECHNOLOGIES

	For the three months ended			For the six months ended		
	2023	2022		**2023**	2022	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 0.4**	$ 0.8	(50%)	**$ 0.7**	$ 1.1	(36%)
Cost of sales	**(4.1)**	(3.7)	11%	**(8.9)**	(8.0)	11%
Loss from operations	**$ (3.7)**	$ (2.9)	28%	**$ (8.2)**	$ (6.9)	19%

During the three months ended June 30, 2023, Technologies continued to provide technical support, process optimization and technology development services to the Moa JV and the Fort Site and continued to support the Moa JV's expansion program. These activities included supporting the implementation of revised mine plan based on ECOG methodology, improving mining practices and capabilities testwork and providing support for on-going process plant improvements and debottlenecking work at Moa and the Fort Site locations. Technologies also continued to progress on commercialization activities around proprietary technologies and innovative industry solutions, as well as assist in assessment of other strategic growth opportunities for Sherritt. As well in the quarter, Technologies:

- Commenced its mixed hydroxide precipitate (MHP) test program, supported by a funding commitment from Natural Resources Canada (NRCan), to evaluate MHP as an additional feed for producing high purity nickel and cobalt metals at the Fort Saskatchewan refinery. Initial batch testing of MHP commenced with the expectation that continuous piloting will commence in H2 2023;
- Advanced its flowsheet enhancements on its next-generation laterite (NGL) processing technology and commenced new batch testing on specific laterite opportunities to test NGL's applicability. Additional testing and engineering work is expected to occur in H2 2023 to support discussions with major mining companies to jointly develop NGL.

For descriptions of ongoing commercialization projects, see the Corporation's Annual Information Form for the year ended December 31, 2022 available on Sherritt's website or on SEDAR.com.

CORPORATE

	For the three months ended			For the six months ended		
	2023	2022		**2023**	2022	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
EXPENSES						
Administrative expenses	**$ 5.0**	$ (8.8)	157%	**$ 10.8**	$ 15.1	(28%)

Corporate's administrative expenses are primarily composed of employee costs, share-based compensation expenses, legal fees and third-party consulting and audit fees.

Administrative expenses at Corporate for the three months ended June 30, 2023 were higher compared to the same period in the prior year primarily as a result of the change in share-based compensation recoveries. The current period recovery of $0.7 million compared to a recovery of $13.5 million in the prior year period as a result of a 44% decrease of $0.34 in the Corporation's share price in the prior year.

Administrative expenses at Corporate for the six months ended June 30, 2023 were lower compared to the same period in the prior year primarily due to a $6.0 million decrease in share-based compensation expense. Higher share-based compensation expense in the prior year period was a result of a 13% increase of $0.05 in the Corporation's share price on a significantly higher number of vested units prior to cash payment in the first quarter of 2023.

Outlook

2023 PRODUCTION VOLUMES, UNIT OPERATING COSTS AND SPENDING ON CAPITAL GUIDANCE

Production volumes, unit operating costs and spending on capital	Guidance for 2023 - Total	Year-to-date actuals - Total	Updated 2023 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	30,000 - 32,000	13,502	No change
Cobalt, finished	3,100 - 3,400	1,396	No change
Electricity (GWh, 33⅓% basis)	575 - 625	330	650 - 700
Unit operating costs(1)			
Moa Joint Venture - NDCC (US$ per pound)	$5.00 - $5.50	$6.88	$6.75 - $7.25
Electricity (unit operating cost, $ per MWh)	$28.50 - $30.00	$27.08	$27.25 - $28.75
Spending on capital(1)($ millions)			
Sustaining			
Metals: Moa Joint Venture (50% basis), Fort Site (100% basis)	$70.0	$19.5	No change
Power (33⅓% basis)	$4.4	$1.3	No change
Growth			
Metals: Moa Joint Venture (50% basis)	$20.0	$6.2	No change
Spending on capital(2)	$94.4	$27.0	No change

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

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

Moa Joint Venture

Maintenance challenges at the Moa mine in the first half of the year, coupled with the ore blending challenges in Q1 have impacted feed availability at the refinery. As a result, full year production is expected to be at the lower end of the guidance range for the year, however, additional third-party feed has been secured to utilize existing refinery capacity and offset shortfalls in Moa mine production from the first half of the year.

Based on the NDCC for the six months ended June 30, 2023 of US$6.88, expected production and materially lower realized prices for cobalt for the balance of the year, Sherritt revised its 2023 NDCC guidance range from US$5.00 – US$5.50 to US$6.75 – US$7.25 per pound of nickel sold. Revised NDCC guidance reflects a full year average cobalt reference price of US$16.80/lb compared to US$23.50/lb in Sherritt's original estimates and incremental costs from third-party feed purchases in the second half of the year as noted above. Continuing maintenance challenges in the fertilizer business are expected to impact fertilizer production volumes reducing fertilizer by-product credits for the remainder of the year.

Power

As a result of successful efforts to increase available gas from two new wells, Sherritt updated its 2023 annual production guidance range from 575 – 625 GWh to 650 – 700 GWh and reduced its unit operating cost guidance range from $28.50 – $30.00/MWh to $27.25 – $28.75/MWh.

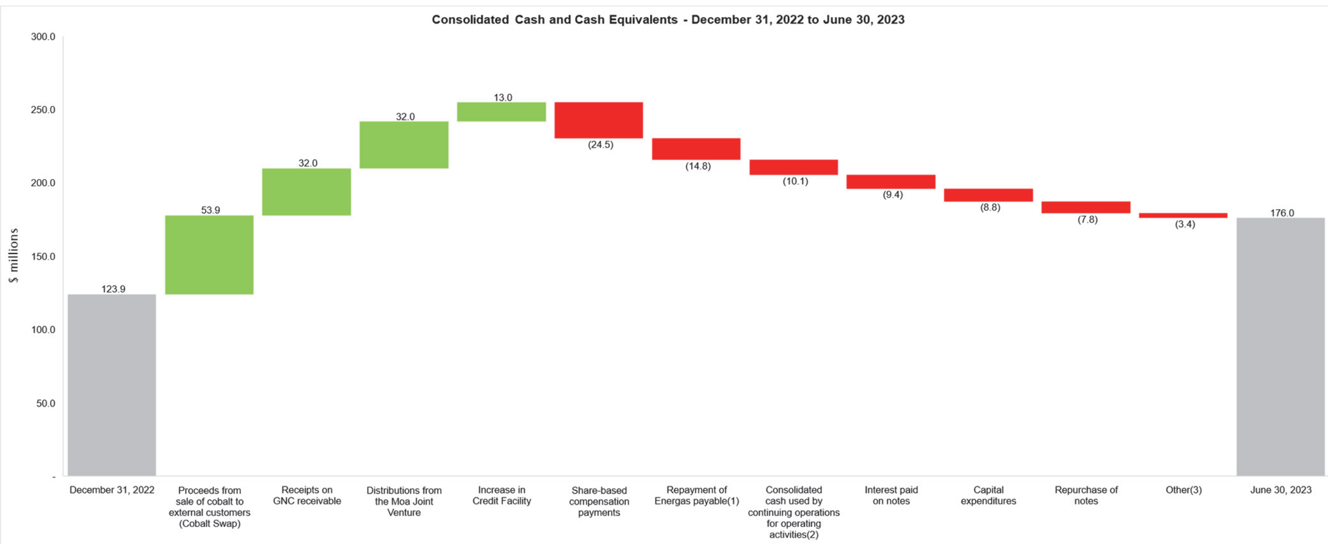
Liquidity

As at June 30, 2023, total available liquidity was $217.5 million, which is composed of cash and cash equivalents of $176.0 million and $41.5 million of available credit facilities and excludes restricted cash of $1.4 million. Refer to the Capital resources section for further details on the 8.50% second lien secured notes due 2026 ("Second Lien Notes"), the PIK notes and the syndicated revolving-term credit facility ("Credit Facility"), including repurchases of the PIK Notes during the six months ended June 30, 2023.

The main factors that affect liquidity include realized sales prices, collection of receivables, production levels, cash production costs, working capital requirements, capital expenditure requirements, the timing of distributions from the Moa JV, the timing of cobalt sales and receipts, repayments of non-current loans and borrowings, credit capacity and debt and equity capital market conditions.

The Corporation's liquidity requirements are met through a variety of sources, including cash and cash equivalents, cash generated from operations, existing credit facilities, leases, derivatives and debt and equity capital markets.

Cash and cash equivalents as at June 30, 2023 increased by $52.1 million from December 31, 2022. The components of this change are shown below:



(1) The repayment of the Energas payable was made in Cuban pesos and did not impact cash in Canada.

(2) Excludes proceeds from Cobalt Swap, distributions from the Moa JV, share-based compensation payments and interest paid on notes presented separately above.

(3) Other is composed of the effect of exchange rate changes on cash and cash equivalents, repayment of other financial liabilities, fees paid on repurchase of notes and cash used by discontinued operations.

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

$ millions, as at June 30, 2023		Cash		Cash equivalents		Total
Canada	$	58.2	$	25.1	$	83.3
Cuba[1]		92.3		-		92.3
Other		0.4		-		0.4
	$	150.9	$	25.1	$	176.0
The Corporation's share of cash and cash equivalents in the Moa JV, not included in the above balances:					$	16.1

(1) As at June 30, 2023, $90.4 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2022 - $96.7 million).

The Corporation's share of cash and cash equivalents in the Moa JV decreased since year end due to significant cash distributions to the Corporation under the Cobalt Swap in order to meet the annual US$57.0 million total value of cobalt and cash distributions to the Corporation.

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.

	For the three months ended			For the six months ended		
	2023	2022		**2023**	2022	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
Cash provided (used) by operating activities						
Cash provided (used) by operating activities:						
Fort Site	**$ (17.6)**	$ 22.3	(179%)	**$ (1.8)**	$ 18.5	(110%)
Metals Marketing[1]	**(1.3)**	(0.9)	(44%)	**(0.3)**	(5.2)	94%
Power	**2.3**	9.7	(76%)	**9.1**	19.0	(52%)
Technologies	**(3.4)**	(3.5)	3%	**(8.0)**	(6.8)	(18%)
Oil and Gas	**0.2**	(3.6)	106%	**3.0**	(4.9)	161%
Corporate[2]	**(6.0)**	(2.4)	(150%)	**(12.4)**	(11.9)	(4%)
Distributions from Moa JV						
Proceeds from Cobalt Swap - Sherritt share	**17.6**	-	-	**27.0**	-	-
Proceeds from Cobalt Swap - GNC redirected share	**17.6**	-	-	**27.0**	-	-
Cash distributions - Cobalt Swap	**32.0**	-	-	**32.0**	-	-
Cash distributions - normal course	**-**	19.2	(100%)	**-**	43.4	(100%)
Interest paid on Second Lien Notes	**(9.4)**	(15.2)	38%	**(9.4)**	(15.2)	38%
Share-based compensation payments	**(0.1)**	-	-	**(24.5)**	(5.7)	(330%)
Other cash provided by operating activities	**0.2**	-	-	**0.3**	-	-
Cash provided by continuing operations	**32.0**	25.6	25%	**41.9**	31.2	34%
Cash used by discontinued operations	**(0.2)**	(0.6)	67%	**(0.3)**	(0.9)	67%
Cash provided by operating activities	**$ 31.8**	$ 25.0	27%	**$ 41.6**	$ 30.3	37%
Cash provided (used) by investing activities	**$ 27.9**	$ (3.0)	1030%	**$ 23.6**	$ (6.5)	463%
Cash used by financing activities	**(19.5)**	(45.6)	57%	**(10.6)**	(46.0)	77%
Effect of exchange rate changes on cash and cash	**(2.5)**	2.7	(193%)	**(2.5)**	1.2	(308%)
Increase (decrease) in cash and cash equivalents	**$ 37.7**	$ (20.9)	280%	**$ 52.1**	$ (21.0)	348%
Cash and cash equivalents:						
Beginning of the period	**$ 138.3**	$ 145.5	(5%)	**$ 123.9**	$ 145.6	(15%)
End of the period	**$ 176.0**	$ 124.6	41%	**$ 176.0**	$ 124.6	41%

(1) Excluding proceeds from the Cobalt Swap, presented separately above.

(2) Excluding distributions received from Moa JV and interest paid on second lien secured notes, presented separately above.

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

Cash provided by operating activities was higher for the three and six months ended June 30, 2023 compared to the same period in the prior year, primarily as a result of the following:

- Higher cash used by operating activities at Fort Site primarily due to lower average-realized prices for fertilizer and timing of payments to suppliers during the three and six months ended June 30, 2023, respectively, compared to the prior year periods;
- Higher and lower cash provided by operating activities at Metals Marketing primarily due to timing of customer receipts during the three and six months ended June 30, 2023, respectively, compared to the prior year periods;
- Lower cash provided by operating activities at Power primarily due to higher production costs as a result of higher maintenance in the current year periods;
- Higher cash provided by operating activities at Oil and Gas primarily due to higher receipts on oil and gas service revenue;
- Higher cash used by operating activities at Corporate primarily due to the timing of working capital payments;
- In the current year period, distributions from the Moa JV were in the form of cobalt pursuant to the Cobalt Swap, for which the Corporation received $35.1 million and $53.9 million in cash from the sale of cobalt (Sherritt and GNC's redirected share), respectively, for the three and six months ended June 30, 2023. Normal course cash distributions from the Moa JV equally to each partner can resume in the second half of 2023 given that the Corporation has now received a total value of cobalt and cash distributions of US$114.0 million pursuant to the Cobalt Swap.

Included in investing and financing activities for the three and six months ended June 30, 2023 are receipts on the GNC receivable and repayments of the Energas payable under the Cobalt Swap, expenditures on property, plant and equipment and intangible assets, repurchase of PIK notes and repayments of/increases in the Credit Facility.

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO ADJUSTED EBITDA

The Corporation's increase in cash and cash equivalents reconciles to Adjusted EBITDA(1) as follows for the three and six months ended June 30, 2023:

$ millions	For the three months ended June 30, 2023	For the six months ended June 30, 2023
Adjusted EBITDA(1)	$ 15.7	$ 55.6
Add (deduct):		
Moa JV Adjusted EBITDA(1)	(20.8)	(65.8)
Distributions from the Moa JV		
Proceeds from Cobalt Swap - Sherritt share	17.6	27.0
Proceeds from Cobalt Swap - GNC redirected share	17.6	27.0
Cash distributions - Cobalt Swap	32.0	32.0
Interest received	0.7	1.2
Interest paid	(10.9)	(12.4)
Net change in non-cash working capital	(61.6)	(72.5)
Finished cobalt cost of sales	43.3	75.6
Share-based compensation (recovery) expense	(0.8)	1.1
Share-based compensation payments	(0.1)	(24.5)
Other(2)	(0.7)	(2.4)
Cash provided by continuing operations for operating activities per financial statements	32.0	41.9
Deduct:		
Cash used by discontinued operations	(0.2)	(0.3)
Repurchase of notes	(5.3)	(7.8)
Repayment of (increase in) loans and borrowings	(5.0)	13.0
Repayment of other financial liabilities	(9.2)	(15.7)
Property, plant, equipment and intangible asset expenditures	(4.3)	(8.8)
Receipts of advances, loans receivable and other financial assets	32.2	32.4
Effect of exchange rate changes on cash and cash equivalents	(2.5)	(2.5)
Other(2)	-	(0.1)
Change in cash and cash equivalents	$ 37.7	$ 52.1

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

(2) Other is composed of impairment of inventory, changes in environmental rehabilitation provisions and fees paid on repurchases of notes.

The Moa JV's Adjusted EBTIDA is based on revenue, cost of sales and other expenses recognized by the Moa JV based on the accrual method. Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements including anticipated nickel and cobalt prices, planned spending on capital at the Moa JV including growth capital, working capital needs and other expected liquidity requirements. Available cash is also impacted by changes in working capital primarily related to changes in inventory, and timing of receipts and payments, including receipts on nickel and cobalt sales subsequent to shipment.

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS(1)

The following table provides a summary of consolidated significant liquidity and capital commitments based on existing commitments and debt obligations (including accrued interest). For amounts payable that are not fixed, including mandatory redemptions discussed below, the amount disclosed is determined by reference to the conditions existing as at June 30, 2023.

Canadian $ millions, as at June 30, 2023	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	$ 146.4	$ 146.4	$ -	$ -	$ -	$ -	$ -
Income taxes payable	1.9	1.9	-	-	-	-	-
8.50% second lien secured notes due 2026 (includes principal, interest and premium)	313.7	18.8	18.8	18.8	257.3	-	-
10.75% unsecured PIK option notes due 2029 (includes principal and interest)	108.3	6.8	6.8	6.8	6.8	6.8	74.3
Syndicated revolving-term credit facility	67.9	5.4	62.5	-	-	-	-
Other non-current financial liabilities	1.3	-	-	-	0.1	-	1.2
Provisions	186.8	19.6	6.5	0.9	0.2	1.5	158.1
Energas payable	97.3	14.3	19.2	27.0	24.8	12.0	-
Lease liabilities	14.6	2.8	2.4	1.8	1.3	1.3	5.0
Capital commitments	7.3	7.3	-	-	-	-	-
Total	$ 945.5	$ 223.3	$ 116.2	$ 55.3	$ 290.5	$ 21.6	$ 238.6

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

SECOND LIEN NOTES

As at June 30, 2023, the outstanding principal amount of Second Lien Notes is $221.3 million.

The indenture governing the Second Lien Notes (the “Second Lien Notes Indenture”) requires mandatory redemptions from excess cash (subject to the minimum liquidity condition noted below and the other terms and conditions set forth in the Second Lien Notes Indenture). The mandatory Excess Cash Flow redemption provision is in effect beginning with the two-quarter period ending June 30, 2021 and mandatory redemptions are based on Excess Cash Flow (a measure calculated based on cash provided by (used in) operating activities excluding Energas, less sustaining property, plant and equipment expenditures excluding Energas, plus all cash distributed by Energas to the Corporation held in Canada, including cash distributions received by the Corporation from GNC pursuant to the Cobalt Swap and its assumption of the Energas CSA), which mandatory redemption shall be required to be made only if the Corporation has minimum liquidity of $75.0 million calculated in accordance with the Second Lien Notes Indenture. Expected mandatory Excess Cash Flow redemptions have been included in the calculation of the effective interest rate of the Second Lien Notes.

During the six months ended June 30, 2023, the Corporation paid interest of $9.4 million on the Second Lien Notes and did not make any mandatory redemptions, as the minimum liquidity condition pursuant to the provisions of the Second Lien Notes Indenture was not met.

For the two-quarter period ended June 30, 2023, Excess Cash Flow, as defined and calculated pursuant to the Second Lien Notes Indenture, was $57.1 million. Subject to the minimum liquidity threshold of $75.0 million pursuant to the Second Lien Notes Indenture, at the interest payment date in October 2023, the Corporation will be required to redeem, at par, total Second Lien Notes equal to 50% of Excess Cash Flow, or $28.6 million. In determining the minimum liquidity amounts in October 2023, the $7.8 million of cash used to repurchase the 10.75% unsecured PIK option notes due 2029 during the six months ended June 30, 2023 and any amounts drawn on the Credit Facility will be added back in the calculation of minimum liquidity before and after any such redemption.

Under the Second Lien Notes Indenture, the Corporation is subject to various restrictions, which limit, among other things, restricted payments, which in addition to restricted payments made pursuant to certain limited ordinary course "baskets", can only be made if certain financial ratios are met and subject to certain customary carve-outs and permissions. As at June 30, 2023, the Corporation met the required financial ratio and has the capacity to make restricted payments up to $113.6 million.

PIK NOTES

During the six months ended June 30, 2023, the Corporation repurchased $11.2 million of principal of the PIK Notes at a cost of $7.8 million, plus $0.1 million of accrued interest, resulting in a gain on repurchase of notes of $3.5 million.

During the six months ended June 30, 2023, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest due in January of $3.8 million and added the payment-in-kind interest to the principal amount owed to noteholders.

As at June 30, 2023, the outstanding principal amount of the PIK Notes is $63.4 million.

Subsequent to period end, the Corporation paid the July 2023 cash interest payment on the PIK Notes of $3.4 million. Under the terms of the PIK Notes Indenture, payment of cash interest during the preceding consecutive 12-month period permits the Corporation to provide returns to shareholders through share repurchase and dividends.

CREDIT FACILITY

During the three months ended March 31, 2023, the Credit Facility was amended to extend its maturity for one year from April 30, 2024 to April 30, 2025, with no other changes to the terms, financial covenants or restrictions.

During the three months ended June 30, 2023, the Credit Facility was amended to (i) add an accordion feature, which allows additional lenders to join the credit facility and increase the maximum credit available by up to $25.0 million, subject to certain conditions and (ii) increase the permitted debt outside of the Credit Facility from $25.0 million to $35.0 million, with no other significant changes to the terms, financial covenants or restrictions.

As at June 30, 2023, the Corporation was in compliance with all Credit Facility covenants.

As at June 30, 2023, the outstanding principal amount of the Credit Facility is $58.0 million.

COMMON SHARES

As at July 26, 2023, the Corporation had 397,288,680 common shares outstanding. An additional 6,612,673 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 Annual Information Form.

Basis of presentation and critical accounting judgments

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

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

The condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2022, except for amendments to IAS 12 and IAS 8, which were adopted effective January 1, 2023. For further information, see note 4 of the condensed consolidated financial statements for the three and six months ended June 30, 2023.

The critical accounting estimates and judgments used in the preparation of the condensed consolidated financial statements are consistent with those used in the Corporation's annual consolidated financial statements as at and for the year ended December 31, 2022.

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	**2023 Jun 30**	2023 Mar 31	2022 Dec 31	2022 Sept 30	2022 Jun 30	2022 Mar 31	2021 Dec 31	2021 Sep 30
Revenue	**$ 93.5**	$ 58.6	$ 48.6	$ 30.2	$ 65.9	$ 34.1	$ 36.6	$ 20.7
Share of earnings of Moa Joint Venture, net of tax	**11.5**	29.9	23.5	22.0	47.4	47.9	33.2	7.5
Net earnings (loss) from continuing operations	**0.3**	13.6	(7.3)	(26.9)	81.5	16.4	14.4	(15.5)
(Loss) earnings from discontinued operations, net of tax(1)	**-**	(0.3)	0.3	0.6	(0.4)	(0.7)	(0.3)	(0.7)
Net earnings (loss) for the period	**$ 0.3**	$ 13.3	$ (7.0)	$ (26.3)	$ 81.1	$ 15.7	$ 14.1	$ (16.2)
Net earnings (loss) per share, basic ($ per share)								
Net (loss) earnings from continuing operations	**$ 0.00**	$ 0.03	$ (0.02)	$ (0.07)	$ 0.21	$ 0.04	$ 0.04	$ (0.04)
Net earnings (loss)	**0.00**	0.03	(0.02)	(0.07)	0.20	0.04	0.04	(0.04)

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

In general, net earnings or losses of the Corporation are primarily affected by production and sales volumes, commodity prices, maintenance and operating costs, and exchange rates. The average Canadian dollar cost to purchase one U.S. dollar for the above quarters ranged from $1.2600 (Q3 2021) to $1.3578 (Q4 2022) and period-end rates ranged between $1.2496 (Q1 2022) to $1.3707 (Q3 2022).

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

- Q2 2023: $2.2 million gain on repurchase of notes. The net impact of the Cobalt Swap on the Corporation's net earnings was not material;
- Q1 2023: $1.3 million gain on repurchase of notes, $1.9 million of share-based compensation expense within cost of sales and administrative expenses and $0.9 million of unrealized foreign exchange losses in continuing operations. The net impact of the Cobalt Swap on the Corporation's net earnings was not material;
- Q4 2022: $7.1 million gain on repurchase of notes, $4.0 million gain on modification of Cuban receivables, $2.4 million revaluation gain on the GNC receivable, $4.0 million revaluation loss on the Energas payable, $4.1 million of unrealized foreign exchange losses in continuing operations, $15.0 million loss on environmental rehabilitation provisions and $10.7 million of share-based compensation expense within cost of sales and administrative expenses;

- Q3 2022: $48.5 million revaluation loss on allowances for expected credit losses on Energas conditional sales agreement receivable, $4.6 million of unrealized foreign exchange gains in continuing operations and $2.6 million of share-based compensation recovery within cost of sales and administrative expenses;
- Q2 2022: $13.8 million gain on repurchase of notes, $17.2 million of share-based compensation recovery within cost of sales and administrative expenses and $3.8 million of unrealized foreign exchange gains in continuing operations;
- Q1 2022: $26.6 million of share-based compensation expense within cost of sales and administrative expenses and $1.1 million of unrealized foreign exchange gains in continuing operations;
- Q4 2021: $1.4 million of unrealized foreign exchange gains in continuing operations and $0.6 million of share-based compensation expense related to the planned retirement of a senior executive; and
- Q3 2021: $1.2 million gain on disposal of assets and $3.1 million of other contractual benefits expense related to the departures of two senior executives.

Off-balance sheet arrangements

As at June 30, 2023, the Corporation had no foreign exchange or commodity options, futures or forward contracts.

Transactions with related parties

The Corporation enters into transactions related to its joint arrangements. For further detail, refer to notes 7 and 19 of the Corporation's condensed consolidated financial statements for the three and six months ended June 30, 2023.

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.

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

As at June 30, 2023, the Corporation's CEO and CFO have certified that the disclosure controls and procedures are effective and that during the three and six months ended June 30, 2023, the Corporation did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Supplementary information

SENSITIVITY ANALYSIS

The following table shows the approximate impact on the Corporation's net earnings (loss) and earnings (loss) per share from continuing operations for the three months ended June 30, 2023 from a change in selected key variables. The impact is measured by changing one variable at a time and may not necessarily be indicative of sensitivities on future results.

Factor		Increase	Approximate change in quarterly net earnings (loss) (CAD$ millions) Increase/ (decrease)	Approximate change in quarterly basic earnings (loss) per share (EPS) Increase/ (decrease)
Prices				
Nickel - LME price per pound(1)	US$	1.00	$ 7	$ 0.02
Cobalt - Argus price per pound(1)	US$	5.00	6	0.02
Fertilizers - price per tonne(1)	$	50.00	3	0.01
Exchange rate				
Strengthening of the Canadian dollar relative to the U.S. dollar	$	0.05	(4)	(0.01)
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 income (loss) line items to their respective comparative periods for the Moa JV are included below.

Statements of financial position

Canadian $ millions, 100% basis, as at		**2023 June 30**		2022 December 31	Variance	
Assets						
Cash and cash equivalents	**$**	**32.2**	$	43.6	(11.4)	Decrease is primarily due to cash distributions made under the Cobalt Swap, partially offset by cash provided by operating activities.
Other current assets		**27.4**		90.1	(62.7)	Decrease is primarily due to cash distributions to shareholders in the prior year and declared as dividends during 2023, reducing the receivable from shareholders.
Trade accounts receivable, net		**92.6**		178.0	(85.4)	Decrease is primarily due to lower nickel sales volumes and realized prices coupled with lower cobalt sales volumes. Lower cobalt sales volumes were due to cobalt distributions under the Cobalt Swap.
Inventories		**375.5**		399.1	(23.6)	Decrease is primarily due to the distribution of finished cobalt inventories pursuant to the Cobalt Swap.
Other non-current assets		**21.8**		16.8	5.0	
Property, plant and equipment		**1,073.7**		1,102.8	(29.1)	Decrease is primarily due to depletion, depreciation and amortization, partially offset by an increase in the U.S. dollar relative to the Canadian dollar and capital additions.
Total assets		**1,623.2**		1,830.4	(207.2)	
Liabilities						
Trade accounts payable and accrued liabilities		**74.9**		87.9	(13.0)	Decrease is primarily due to timing of payments to suppliers and lower input commodity costs.
Income taxes payable		**1.0**		4.1	(3.1)	
Other current financial liabilities		**0.2**		0.2	-	
Other current liabilities		**1.5**		-		
Loans and borrowings		**19.4**		26.0	(6.6)	Decrease is primarily due to payments made on outstanding debt.
Environmental rehabilitation provisions		**76.2**		84.0	(7.8)	Decrease is primarily due to changes in estimates primarily as a result of an increase in discount rates.
Other non-current financial liabilities		**4.1**		4.6	(0.5)	
Deferred income taxes		**22.9**		23.7	(0.8)	
Total liabilities		**200.2**		230.5	(30.3)	
Net assets of Moa Joint Venture	**$**	**1,423.0**	$	1,599.9	(176.9)	
Proportion of Sherritt's ownership interest		**50%**		50%		
Total		**711.5**		800.0		
Intercompany capitalized interest elimination		**(42.6)**		(44.0)		
Investment in Moa Joint Venture	**$**	**668.9**	$	756.0		

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 Moa JV's functional currency is the U.S. dollar. During the six months ended June 30, 2023, the U.S. dollar increased in value relative to the Canadian dollar, resulting in higher assets and liabilities reported in Canadian dollars as compared to December 31, 2022.

Statements of comprehensive income

Canadian $ millions, 100% basis	For the six months ended 2023 June 30	2022 June 30	Variance	
Revenue	**$ 477.1**	$ 647.5	(170.4)	Decrease is primarily due to a decrease in cobalt revenue primarily due to cobalt distributions pursuant to the Cobalt Swap, which are not recognized as revenue by the Moa JV, and lower nickel revenue due to lower nickel sales volumes and realized prices.
Cost of sales	**(390.6)**	(395.4)	4.8	Decrease is primarily due to a decrease in cobalt cost of sales primarily due to cobalt distributions pursuant to the Cobalt Swap, which are not recognized as cost of sales by the Moa JV coupled with lower royalties primarily due to lower mixed sulphide revenue. These amounts are partially offset by an increase in the U.S. dollar relative to the Canadian dollar.
Cobalt gain	**5.5**	-	5.5	Difference between the cost to produce finished cobalt and the in-kind value of cobalt distributed under the Cobalt Swap.
Administrative expenses	**(5.0)**	(5.5)	0.5	
Earnings from operations	**87.0**	246.6	(159.6)	
Financing income	**1.9**	0.2	1.7	
Financing expense	**(1.4)**	(14.2)	12.8	Decrease is primarily due to the impact of changes in foreign exchange rates on Euro and Canadian dollar denominated receivables.
Net finance expense	**0.5**	(14.0)	14.5	
Earnings before income tax	**87.5**	232.6	(145.1)	
Income tax expense	**(8.6)**	(45.9)	37.3	Decrease is primarily due to lower taxable earnings in 2023 as compared to 2022 at one of the operating companies of the Moa JV.
Net earnings and comprehensive income of Moa Joint Venture	**$ 78.9**	$ 186.7	(107.8)	
Proportion of Sherritt's ownership interest	**50%**	50%	-	
Total	**39.5**	93.4	(53.9)	
Intercompany elimination	**1.9**	1.9	-	
Share of earnings of Moa Joint Venture, net of tax	**$ 41.4**	$ 95.3	(53.9)	

For the six months ended June 30, 2023, Moa JV’s revenue was positively impacted and cost of sales and other expenses were negatively impacted by a stronger average U.S. dollar relative to the Canadian dollar compared to the same periods 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 $138.3 million, with no significant payments due in the next five years;
- Trade accounts payable and accrued liabilities of $37.5 million;
- Income taxes payable of $0.5 million;
- Lease liabilities of $0.4 million;
- Loans and borrowings of $10.8 million; and
- Property, plant and equipment commitments of $35.4 million. $7.1 million (50% basis) in spending on growth capital is expected in 2023, all of which has been committed, for the ordering of long-lead materials and equipment, and civil and mechanical construction.

Property, plant and equipment commitments include normal course expenditures and those associated with tailings management facilities.

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 measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies.

The non-GAAP and other financial measures are reconciled to the most directly comparable IFRS 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 operations. Combined revenue includes the Corporation's consolidated revenue and revenue of the Moa JV on a 50% basis, which is accounted for using the equity method for accounting purposes.

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:

	For the three months ended			For the six months ended		
	2023	2022		**2023**	2022	
$ millions	**June 30**	June 30	Change	**June 30**	June 30	Change
Revenue by reportable segment						
Metals[1]	**$ 185.6**	$ 208.0	(11%)	**$ 362.1**	$ 395.6	(8%)
Power	**10.9**	8.6	27%	**21.2**	17.6	20%
Technologies	**0.4**	0.8	(50%)	**0.7**	1.1	(36%)
Oil and Gas	**4.1**	4.0	3%	**6.2**	9.0	(31%)
Corporate	**0.1**	0.1	-	**0.4**	0.4	-
Combined revenue	**$ 201.1**	$ 221.5	(9%)	**$ 390.6**	$ 423.7	(8%)
Adjustment for Moa Joint Venture	**(107.6)**	(155.6)		**(238.5)**	(323.7)	
Financial statement revenue	**$ 93.5**	$ 65.9	42%	**$ 152.1**	$ 100.0	52%

(1) Revenue of Metals for the three months ended June 30, 2023 is composed of revenue recognized by the Moa JV of $107.6 million (50% basis), which is equity-accounted and included in share of earnings of Moa JV, net of tax, coupled with revenue recognized by Fort Site of $36.4 million and Metals Marketing of $41.6 million, both of which are included in consolidated revenue (for the three months ended June 30, 2022 - $155.6 million, $50.1 million and $2.3 million, respectively). Revenue of Metals for the six months ended June 30, 2023 is composed of revenue recognized by the Moa JV of $238.5 million (50% basis), coupled with revenue recognized by Fort Site of $50.0 million and Metals Marketing of $73.6 million (for the six months ended June 30, 2022 - $323.7 million, $67.6 million and $4.3 million, respectively).

Adjusted EBITDA

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

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 earnings from operations and joint venture per the financial statements to Adjusted EBITDA:

$ millions, for the three months ended June 30							**2023**
	Metals[(1)]	Power	Techno-logies	Oil and Gas	Corporate	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	**$ 3.8**	**$ 3.3**	**$ (3.7)**	**$ 1.5**	**$ (4.9)**	**$ 2.2**	**$ 2.2**
Add:							
Depletion, depreciation and amortization	**3.3**	**0.7**	**0.1**	**-**	**0.1**	**-**	**4.2**
Adjustments for share of earnings of Moa Joint Venture:							
Depletion, depreciation and amortization	**11.5**	**-**	**-**	**-**	**-**	**-**	**11.5**
Net finance income	**-**	**-**	**-**	**-**	**-**	**(3.0)**	**(3.0)**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**0.8**	**0.8**
Adjusted EBITDA	**$ 18.6**	**$ 4.0**	**$ (3.6)**	**$ 1.5**	**$ (4.8)**	**$ -**	**$ 15.7**

$ millions, for the three months ended June 30							2022
	Metals[(1)]	Power	Techno-logies	Oil and Gas	Corporate	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture per financial statements	$ 77.8	$ 2.3	$ (2.9)	$ (2.3)	$ 8.9	$ (9.8)	$ 74.0
Add:							
Depletion, depreciation and amortization	2.8	4.0	0.1	0.2	0.4	-	7.5
Adjustments for share of earnings of Moa Joint Venture:							
Depletion, depreciation and amortization	10.7	-	-	-	-	-	10.7
Net finance expense	-	-	-	-	-	2.7	2.7
Income tax expense	-	-	-	-	-	7.1	7.1
Adjusted EBITDA	$ 91.3	$ 6.3	$ (2.8)	$ (2.1)	$ 9.3	$ -	$ 102.0

$ millions, for the six months ended June 30	Metals[1]	Power	Techno-logies	Oil and Gas	Corporate	Adjustment for Moa Joint Venture	Total 2023
Earnings (loss) from operations and joint venture per financial statements	$ 34.8	$ 9.2	$ (8.2)	$ 0.1	$ (10.4)	$ (1.7)	$ 23.8
Add:							
Depletion, depreciation and amortization	5.6	1.2	0.1	0.1	0.4	-	7.4
Adjustments for share of earnings of Moa Joint Venture:							
Depletion, depreciation and amortization	22.7	-	-	-	-	-	22.7
Net finance income	-	-	-	-	-	(2.6)	(2.6)
Income tax expense	-	-	-	-	-	4.3	4.3
Adjusted EBITDA	$ 63.1	$ 10.4	$ (8.1)	$ 0.2	$ (10.0)	$ -	$ 55.6

$ millions, for the six months ended June 30	Metals[1]	Power	Techno-logies	Oil and Gas	Corporate	Adjustment for Moa Joint Venture	Total 2022
Earnings (loss) from operations and joint venture per financial statements	$ 144.9	$ 2.8	$ (6.9)	$ (0.7)	$ (14.7)	$ (27.9)	$ 97.5
Add (deduct):							
Depletion, depreciation and amortization	5.4	7.9	0.1	0.7	0.7	-	14.8
Gain on disposal of property, plant and equipment	-	-	-	(1.3)	-	-	(1.3)
Adjustments for share of earnings of Moa Joint Venture:							
Depletion, depreciation and amortization	21.6	-	-	-	-	-	21.6
Net finance income	-	-	-	-	-	5.0	5.0
Income tax expense	-	-	-	-	-	22.9	22.9
Adjusted EBITDA	$ 171.9	$ 10.7	$ (6.8)	$ (1.3)	$ (14.0)	$ -	$ 160.5

(1) Adjusted EBITDA of Metals for the three months ended June 30, 2023 is composed of Adjusted EBITDA at Moa JV of $20.8 million (50% basis), Adjusted EBITDA at Fort Site of $4.9 million and Adjusted EBITDA at Metals Marketing of $(7.1) million (for the three months ended June 30, 2022 - $68.0 million, $23.9 million and $(0.6) million, respectively).

(2) Adjusted EBITDA of Metals for the six months ended June 30, 2023 is composed of Adjusted EBITDA at Moa JV of $65.8 million (50% basis), Adjusted EBITDA at Fort Site of $8.0 million and Adjusted EBITDA at Metals Marketing of $(10.7) million (for the six months ended June 30, 2022 - $144.9 million, $28.2 million and $(1.2) million, respectively).

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given division. The average-realized price for power excludes by-product revenue, as this revenue is not earned directly for power generation. Transactions by a Moa JV marketing company, included in other revenue, are excluded.

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

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

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

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

$ millions, except average-realized price and sales volume, for the three months ended June 30							**2023**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 95.5**	**$ 38.4**	**$ 45.0**	**$ 10.9**	**$ 11.3**	**$ (107.6)**	**$ 93.5**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(1.0)**			
Revenue for purposes of average-realized price calculation	**95.5**	**38.4**	**45.0**	**9.9**			
Sales volume for the period	**7.0**	**2.4**	**63.4**	**172**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	**$ 13.58**	**$ 16.36**	**$ 709.67**	**$ 57.25**			

$ millions, except average-realized price and sales volume, for the three months ended June 30							2022
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 118.0	$ 24.1	$ 54.5	$ 8.6	$ 16.3	$ (155.6)	$ 65.9
Adjustments to revenue:							
By-product revenue	-	-	-	(1.3)			
Revenue for purposes of average-realized price calculation	118.0	24.1	54.5	7.3			
Sales volume for the period	6.9	0.5	50.0	133			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	$ 16.99	$ 44.16	$ 1,090.96	$ 55.21			

$ millions, except average-realized price and sales volume, for the six months ended June 30							**2023**
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	**$ 216.9**	**$ 69.2**	**$ 61.9**	**$ 21.2**	**$ 21.4**	**$ (238.5)**	**$ 152.1**
Adjustments to revenue:							
By-product revenue	**-**	**-**	**-**	**(2.1)**			
Revenue for purposes of average-realized price calculation	**216.9**	**69.2**	**61.9**	**19.1**			
Sales volume for the period	**14.4**	**4.0**	**93.3**	**330**			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[(2)(3)(4)]	**$ 15.06**	**$ 17.48**	**$ 663.94**	**$ 57.77**			

$ millions, except average-realized price and sales volume, for the six months ended June 30							2022
	Metals						
	Nickel	Cobalt	Fertilizer	Power	Other[1]	Adjustment for Moa Joint Venture	Total
Revenue per financial statements	$ 241.0	$ 60.7	$ 75.1	$ 17.6	$ 29.3	$ (323.7)	$ 100.0
Adjustments to revenue:							
By-product revenue	-	-	-	(2.8)			
Revenue for purposes of average-realized price calculation	241.0	60.7	75.1	14.8			
Sales volume for the period	15.2	1.4	81.4	270			
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours			
Average-realized price[2][3][4]	$ 15.83	$ 42.62	$ 922.38	$ 54.97			

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

Unit operating cost/NDCC

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

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

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

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

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

$ millions, except unit cost and sales volume, for the three months ended June 30				Adjustment for Moa	**2023**
	Metals	Power	Other[1]	Joint Venture	Total
Cost of sales per financial statements	**$ 182.2**	**$ 6.5**	**$ 6.4**	**$ (99.0)**	**$ 96.1**
Less:					
Depletion, depreciation and amortization in cost of sales	**(14.7)**	**(0.4)**			
	167.5	**6.1**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(90.1)**	**-**			
Cobalt gain	**(1.9)**	**-**			
Impact of opening/closing inventory and other[2]	**(6.1)**	**-**			
Cost of sales for purposes of unit cost calculation	**69.4**	**6.1**			
Sales volume for the period	**7.0**	**172**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	**$ 9.87**	**$ 34.13**			
Unit operating cost (US$ per pound) (NDCC)[5]	**$ 7.22**				

$ millions, except unit cost and sales volume, for the three months ended June 30				Adjustment for Moa	2022
	Metals	Power	Other[1]	Joint Venture	Total
Cost of sales per financial statements	$ 128.7	$ 6.5	$ 10.2	$ (96.9)	$ 48.5
Less:					
Depletion, depreciation and amortization in cost of sales	(13.5)	(4.0)			
	115.2	2.5			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(90.1)	-			
Impact of opening/closing inventory and other[2]	(5.9)	-			
Cost of sales for purposes of unit cost calculation	19.2	2.5			
Sales volume for the period	6.9	133			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost[3][4]	$ 2.77	$ 20.10			
Unit operating cost (US$ per pound) (NDCC)[5]	$ 2.19				

$ millions, except unit cost and sales volume, for the six months ended June 30	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
					2023
Cost of sales per financial statements	**$ 326.7**	**$ 9.9**	**$ 14.1**	**$ (195.3)**	**$ 155.4**
Less:					
Depletion, depreciation and amortization in cost of sales	**(28.2)**	**(0.9)**			
	298.5	**9.0**			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	**(145.2)**	**-**			
Cobalt gain	**(2.4)**	**-**			
Impact of opening/closing inventory and other(2)	**(17.1)**	**-**			
Cost of sales for purposes of unit cost calculation	**133.8**	**9.0**			
Sales volume for the period	**14.4**	**330**			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	**$ 9.29**	**$ 27.08**			
Unit operating cost (US$ per pound) (NDCC)(5)	**$ 6.88**				

$ millions, except unit cost and sales volume, for the six months ended June 30	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
					2022
Cost of sales per financial statements	$ 247.3	$ 12.5	$ 16.9	$ (197.7)	$ 79.0
Less:					
Depletion, depreciation and amortization in cost of sales	(27.0)	(7.9)			
	220.3	4.6			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(154.6)	-			
Impact of opening/closing inventory and other(2)	(10.6)	-			
Cost of sales for purposes of unit cost calculation	55.1	4.6			
Sales volume for the period	15.2	270			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	$ 3.62	$ 17.86			
Unit operating cost (US$ per pound) (NDCC)(5)	$ 2.85				

(1) Other is composed of the cost of sales of the Oil and Gas and Technologies reportable segments.
(2) Other is primarily composed of royalties and other contributions, sales discounts and other non-cash items.
(3) Unit operating cost/NDCC may not calculate exactly based on amounts presented due to foreign exchange and rounding.
(4) Power, unit operating cost price per MWh.
(5) 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 operational performance. These adjusting items include, but are not limited to, inventory 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. 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 operational performance 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 core operations by adjusting for items or transactions that are not reflective of its core operating activities.

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

For the three months ended June 30		2023 $ millions	2023 $/share	2022 $ millions	2022 $/share
Net earnings from continuing operations	$	**0.3**	$ **0.00**	$ 81.5	$ 0.21
Adjusting items:					
Sherritt - Unrealized foreign exchange loss (gain) - continuing operations		**0.2**	**-**	(3.8)	(0.01)
Corporate - Gain on repurchase of notes		**(2.2)**	**(0.01)**	(13.8)	(0.03)
Corporate - Transaction finance charges on repurchase of notes		**-**	**-**	1.2	-
Moa JV - Inventory write-down/obsolescence		**1.1**	**-**	-	-
Fort Site - Inventory write-down/obsolescence		**0.8**	**-**	-	-
Metals Marketing - Inventory write-down/obsolescence		**1.1**	**-**	-	-
Metals Marketing - Cobalt gain		**1.9**	**-**	-	-
Oil and Gas and Power - Trade accounts receivable, net ACL revaluation		**-**	**-**	1.2	-
Power - Revaluation of Energas payable		**0.8**	**-**	-	-
Power - Revaluation of GNC receivable		**(4.7)**	**(0.01)**	-	-
Total adjustments, before tax	**$**	**(1.0)**	**$ (0.02)**	$ (15.2)	$ (0.04)
Tax adjustments		**(0.1)**	**-**	(0.3)	-
Adjusted net (loss) earnings from continuing operations	**$**	**(0.8)**	**$ (0.00)**	$ 66.0	$ 0.17

For the six months ended June 30		2023 $ millions	2023 $/share	2022 $ millions	2022 $/share
Net earnings from continuing operations	$	**13.9**	$ **0.03**	$ 97.9	$ 0.25
Adjusting items:					
Sherritt - Unrealized foreign exchange loss (gain) - continuing operations		**1.1**	**-**	(4.9)	(0.02)
Corporate - Gain on repurchase of notes		**(3.5)**	**(0.01)**	(13.8)	(0.03)
Corporate - Transaction finance charges on repurchase of notes		**-**	**-**	1.2	-
Corporate - Unrealized losses on commodity put options		**-**	**-**	(0.9)	-
Corporate - Realized losses on commodity put options		**-**	**-**	0.9	-
Moa JV - Inventory write-down/obsolescence		**1.4**	**-**	-	-
Fort Site - Inventory write-down/obsolescence		**0.8**	**-**	-	-
Metals Marketing - Inventory write-down/obsolescence		**1.1**	**-**	-	-
Metals Marketing - Cobalt gain		**2.4**	**0.01**	-	-
Oil and Gas - Gain on disposal of PP&E		**-**	**-**	(1.3)	-
Oil and Gas and Power - Trade accounts receivable, net ACL revaluation		**-**	**-**	1.5	-
Power - Revaluation of Energas payable		**8.4**	**0.02**	-	-
Power - Revaluation of GNC receivable		**(13.2)**	**(0.03)**	-	-
Other(1)		**-**	**-**	0.5	-
Total adjustments, before tax	**$**	**(1.5)**	**$ (0.01)**	$ (16.8)	$ (0.05)
Tax adjustments		**(0.2)**	**-**	(0.4)	-
Adjusted net earnings from continuing operations	**$**	**12.2**	**$ 0.02**	$ 80.7	$ 0.20

(1) Other items primarily relate to losses in net finance (expense) income.

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, oil and gas and power generation.

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

$ millions, for the three months ended June 30	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements **2023**
Property, plant and equipment expenditures[2]	**$ 16.1**	**$ 0.6**	**$ -**	**$ 16.7**	**$ (12.6)**	**$ 4.1**
Intangible asset expenditures[2]	**-**	**-**	**0.2**	**0.2**	**-**	**0.2**
	16.1	**0.6**	**0.2**	**16.9**	**$ (12.6)**	**$ 4.3**
Adjustments:						
Accrual adjustment	**-**	**-**	**-**	**-**		
Spending on capital	**$ 16.1**	**$ 0.6**	**$ 0.2**	**$ 16.9**		

$ millions, for the three months ended June 30	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements 2022
Property, plant and equipment expenditures[2]	$ 12.2	$ -	$ -	$ 12.2	$ (8.7)	$ 3.5
Intangible asset expenditures[2]	-	-	(0.2)	(0.2)	-	(0.2)
	12.2	-	(0.2)	12.0	$ (8.7)	$ 3.3
Adjustments:						
Accrual adjustment	1.1	-	-	1.1		
Spending on capital	$ 13.3	$ -	$ (0.2)	$ 13.1		

$ millions, for the six months ended June 30	Metals	Power	Other[1]	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements **2023**
Property, plant and equipment expenditures[2]	**$ 25.7**	**$ 1.3**	**$ -**	**$ 27.0**	**$ (19.3)**	**$ 7.7**
Intangible asset expenditures[2]	**-**	**-**	**1.1**	**1.1**	**-**	**1.1**
	25.7	**1.3**	**1.1**	**28.1**	**$ (19.3)**	**$ 8.8**
Adjustments:						
Accrual adjustment	**-**	**-**	**(0.7)**	**(0.7)**		
Spending on capital	**$ 25.7**	**$ 1.3**	**$ 0.4**	**$ 27.4**		

$ millions, for the six months ended June 30				Combined total	Adjustment for Moa Joint Venture	2022 Total derived from financial statements
	Metals	Power	Other(1)			
Property, plant and equipment expenditures(2)	$ 22.9	$ 0.5	$ -	$ 23.4	$ (15.8)	$ 7.6
Intangible asset expenditures(2)	-	-	0.6	0.6	-	0.6
	22.9	0.5	0.6	24.0	$ (15.8)	$ 8.2
Adjustments:						
Accrual adjustment	6.4	-	-	6.4		
Spending on capital	$ 29.3	$ 0.5	$ 0.6	$ 30.4		

(1) Includes property, plant and equipment and intangible asset expenditures of the Oil and Gas and Corporate segments.

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

Combined free cash flow

The Corporation defines free cash flow for each segment as cash provided (used) by continuing operations for operating activities, less cash expenditures on property, plant and equipment and intangible assets, including exploration and evaluation assets. 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. The Corporate segment's cash used by continuing operations for operating activities is adjusted to exclude distributions received from Moa JV.

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. Distributions from the Moa JV excluded from Corporate cash used by continuing operations for operating activities 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.

Free cash flow is 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, after funding cash capital requirements, to service current and future working capital needs and service debt.

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

$ millions, for the three months ended June 30	Metals(1)(2)	Power	Technol-ogies	Oil and Gas	Corporate	**Combined total**	Adjustment for Moa Joint Venture	**2023 Total derived from financial statements**
Cash provided (used) by continuing operations for operating activities	**$ 38.8**	**$ 2.3**	**$ (3.4)**	**$ 0.2**	**$ (15.4)**	**$ 22.5**	**$ 9.5**	**$ 32.0**
Less:								
Property, plant and equipment expenditures	**(16.1)**	**(0.6)**	**-**	**-**	**-**	**(16.7)**	**12.6**	**(4.1)**
Intangible expenditures	**-**	**-**	**-**	**(0.2)**	**-**	**(0.2)**	**-**	**(0.2)**
Free cash flow	**$ 22.7**	**$ 1.7**	**$ (3.4)**	**$ -**	**$ (15.4)**	**$ 5.6**	**$ 22.1**	**$ 27.7**

$ millions, for the three months ended June 30	Metals(1)(2)	Power	Technol- ogies	Oil and Gas	Corporate	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
2022								
Cash provided (used) by continuing operations for operating activities	$ 50.5	$ 9.7	$ (3.5)	$ (3.6)	$ (17.6)	$ 35.5	$ (9.9)	$ 25.6
Less:								
Property, plant and equipment expenditures	(12.2)	-	-	-	-	(12.2)	8.7	(3.5)
Intangible expenditures	-	-	-	0.2	-	0.2	-	0.2
Free cash flow	$ 38.3	$ 9.7	$ (3.5)	$ (3.4)	$ (17.6)	$ 23.5	$ (1.2)	$ 22.3

$ millions, for the six months ended June 30	Metals(3)(4)	Power	Technol- ogies	Oil and Gas	Corporate	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
2023								
Cash provided (used) by continuing operations for operating activities	**$ 101.8**	**$ 6.7**	**$ (9.1)**	**$ 1.2**	**$ (37.6)**	**$ 63.0**	**$ (21.1)**	**$ 41.9**
Less:								
Property, plant and equipment expenditures	**(25.7)**	**(1.3)**	**-**	**-**	**-**	**(27.0)**	**19.3**	**(7.7)**
Intangible expenditures	**-**	**-**	**-**	**(1.1)**	**-**	**(1.1)**	**-**	**(1.1)**
Free cash flow	**$ 76.1**	**$ 5.4**	**$ (9.1)**	**$ 0.1**	**$ (37.6)**	**$ 34.9**	**$ (1.8)**	**$ 33.1**

$ millions, for the six months ended June 30	Metals(3)(4)	Power	Technol- ogies	Oil and Gas	Corporate	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
2022								
Cash provided (used) by continuing operations for operating activities	$ 70.7	$ 18.4	$ (7.0)	$ (5.3)	$ (31.0)	$ 45.8	$ (14.6)	$ 31.2
Less:								
Property, plant and equipment expenditures	(22.9)	(0.5)	-	-	-	(23.4)	15.8	(7.6)
Intangible expenditures	-	-	-	(0.6)	-	(0.6)	-	(0.6)
Free cash flow	$ 47.8	$ 17.9	$ (7.0)	$ (5.9)	$ (31.0)	$ 21.8	$ 1.2	$ 23.0

(1) Cash provided (used) by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $22.6 million, $(17.6) million and $33.8 million, respectively, for the three months ended June 30, 2023 (June 30, 2022 - $29.1 million, $22.3 million and $(0.9) million, respectively).

(2) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $12.6 million, $3.5 million and nil, respectively, for the three months ended June 30, 2023 (June 30, 2022 - $8.7 million, $3.5 million and nil, respectively).

(3) Cash provided (used) by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $53.4 million, $(5.2) million and $53.6 million, respectively, for the six months ended June 30, 2023 (June 30, 2022 - $58.0 million, $17.9 million and $(5.2) million, respectively).

(4) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $19.3 million, $6.4 million and nil, respectively, for the six months ended June 30, 2023 (June 30, 2022 - $15.8 million, $7.1 million and nil, respectively).

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as “believe”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “likely”, “may”, “will”, “could”, “should”, “suspect”, “outlook”, “potential”, “projected”, “continue” or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding strategies, plans and estimated production amounts resulting from expansion of mining operations at the Moa Joint Venture, growing and increasing nickel and cobalt production, optimizing mine planning and performance, extending the Moa life of mine, conversion of mineral resources to reserves, expansion program update as it relates to the Slurry Preparation Plant and Moa Processing Plant, commercializing Technologies projects and growing shareholder value; statements set out in the “Outlook” section of this MD&A and certain expectations regarding production volumes and increases, inventory levels, operating costs and capital spending and intensity; sales volumes; revenue, costs and earnings; the availability of additional gas supplies to be used for power generation; Sherritt’s strategy, plans, targets and goals in respect of environmental and social governance issues, including climate change and greenhouse gas emissions reduction targets; the anticipated repayment of all outstanding receivables through dividends, including in the form of finished cobalt or cash, the timing and amount of cobalt dividend distributions; sales of finished cobalt and associated receipts; distributions from the Corporation’s Moa Joint Venture in general; the anticipated second lien secured notes becoming due in 2026; the opportunity to pursue options for providing returns to shareholders as a result of the payment of cash interest on the PIK Notes; the impact of the U.S. sanctions on Cuba; anticipated economic conditions in Cuba; sufficiency of working capital management and capital project funding; strengthening the Corporation’s capital structure and amounts of certain other commitments. Forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; production results; realized prices for production; earnings and revenues; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; the commercialization of certain proprietary technologies and services; 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; risks related to the U.S. government policy toward Cuba; and certain corporate objectives, goals and plans for 2023. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this MD&A not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, security market fluctuations and price volatility; level of liquidity and the related ability of the Moa Joint Venture to pay dividends; access to capital; access to financing; the risk to Sherritt’s entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa Joint Venture, the impact of infectious diseases (including the COVID-19 pandemic), the impact of global conflicts; changes in the global price for nickel, cobalt, oil, gas, fertilizers or certain other commodities; risks related to Sherritt’s operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; political, economic and other risks of foreign operations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; 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; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; risks to information technologies systems and cybersecurity; identification and management of growth opportunities; the ability to replace depleted mineral reserves; risk of future non-compliance with debt restrictions and covenants; 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; potential interruptions in transportation; uncertainty of gas supply for electrical generation; reliance on key personnel and skilled workers; growth opportunity risks; the possibility of equipment and other failures; 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; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; credit risks; shortage of equipment and supplies; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; legal contingencies; risks related to the Corporation’s accounting policies; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2023; and the ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents.

The Corporation, together with its Moa Joint Venture is pursuing a range of growth and expansion opportunities, including without limitation, process technology solutions, development projects, commercial implementation opportunities, life of mine extension opportunities and the conversion of mineral resources to reserves. In addition to the risks noted above, factors that could, alone or in combination, prevent the Corporation from successfully achieving these opportunities may include, without limitation: identifying suitable commercialization and other partners; successfully advancing discussions and successfully concluding applicable agreements with external parties and/or partners; successfully attracting required financing; successfully developing and proving technology required for the potential opportunity; successfully overcoming technical and technological challenges; successful environmental assessment and stakeholder engagement; successfully obtaining intellectual property protection; successfully completing test work and engineering studies, prefeasibility and feasibility studies, piloting, scaling from small scale to large scale production, , procurement, construction, commissioning, ramp-up to commercial scale production and completion; and securing regulatory and government approvals. There can be no assurance that any opportunity will be successful, commercially viable, completed on time or on budget, or will generate any meaningful revenues, savings or earnings, as the case may be, for the Corporation. In addition, the Corporation will incur costs in pursuing any particular opportunity, which may be significant. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in the Corporation's other documents filed with the Canadian securities authorities, including without limitation the Annual Information Form of the Corporation dated March 31, 2023 for the period ending December 31, 2022, which is available on SEDAR at www.sedar.com.

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

As at and for the three and six months ended June 30, 2023 and 2022

Condensed consolidated statements of comprehensive (loss) income

Unaudited, Canadian $ millions, except per share amounts	Note	For the three months ended 2023 June 30	2022 June 30	For the six months ended 2023 June 30	2022 June 30
Revenue	5	**$ 93.5**	$ 65.9	**$ 152.1**	$ 100.0
Cost of sales	6	**(96.1)**	(48.5)	**(155.4)**	(79.0)
Administrative (expenses) recoveries	6	**(6.7)**	9.2	**(14.3)**	(18.8)
Share of earnings of Moa Joint Venture, net of tax	7	**11.5**	47.4	**41.4**	95.3
Earnings from operations and joint venture		**2.2**	74.0	**23.8**	97.5
Interest income on financial assets measured at amortized cost	8	**0.1**	3.9	**0.2**	7.7
Revaluation of allowances for expected credit losses	8	**-**	(1.2)	**-**	(2.0)
Other financing items	8	**7.0**	13.3	**8.3**	13.4
Financing expense	8	**(8.1)**	(8.2)	**(17.2)**	(18.1)
Net finance (expense) income		**(1.0)**	7.8	**(8.7)**	1.0
Earnings before income tax		**1.2**	81.8	**15.1**	98.5
Income tax expense		**(0.9)**	(0.3)	**(1.2)**	(0.6)
Net earnings from continuing operations		**0.3**	81.5	**13.9**	97.9
Loss from discontinued operations, net of tax		**-**	(0.4)	**(0.3)**	(1.1)
Net earnings for the period		**$ 0.3**	$ 81.1	**$ 13.6**	$ 96.8
Other comprehensive (loss) income					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences on foreign operations, net of tax		**(16.4)**	19.7	**(16.9)**	10.0
Items that will not be subsequently reclassified to profit or loss:					
Actuarial losses on pension plans, net of tax		**-**	(0.9)	**0.2**	(1.6)
Other comprehensive (loss) income		**(16.4)**	18.8	**(16.7)**	8.4
Total comprehensive (loss) income		**$ (16.1)**	$ 99.9	**$ (3.1)**	$ 105.2
Net earnings from continuing operations per common share:					
Basic and diluted	9	**$ 0.00**	$ 0.21	**$ 0.03**	$ 0.25
Net earnings per common share:					
Basic and diluted	9	**$ 0.00**	$ 0.20	**$ 0.03**	$ 0.24

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	2023 June 30	2022 December 31
ASSETS			
Current assets			
Cash and cash equivalents	10	**$ 176.0**	$ 123.9
Restricted cash		**1.4**	1.4
Advances, loans receivable and other financial assets	11	**40.1**	74.8
Trade accounts receivable, net	10	**134.1**	186.4
Inventories	12	**41.9**	37.7
Prepaid expenses		**8.9**	5.1
		402.4	429.3
Non-current assets			
Investment in Moa Joint Venture	7	**668.9**	756.0
Advances, loans receivable and other financial assets	11	**178.7**	207.1
Property, plant and equipment		**147.7**	148.6
Intangible assets		**14.6**	13.8
Other non-financial assets		**1.0**	0.8
Deferred income taxes		**0.3**	-
		1,011.2	1,126.3
Total assets		**$ 1,413.6**	$ 1,555.6
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Loans and borrowings	13	**$ 59.0**	$ 46.5
Trade accounts payable and accrued liabilities		**146.4**	209.7
Other financial liabilities	13, 14	**22.0**	81.8
Deferred revenue		**3.5**	12.9
Provisions		**19.6**	15.7
Income taxes payable		**1.9**	1.0
		252.4	367.6
Non-current liabilities			
Loans and borrowings	13	**298.4**	304.4
Other financial liabilities	13, 14	**77.4**	88.4
Other non-financial liabilities		**12.0**	9.4
Provisions		**80.7**	90.5
Deferred income taxes		**0.6**	0.4
		469.1	493.1
Total liabilities		**721.5**	860.7
Shareholders' equity			
Capital stock	17	**2,894.9**	2,894.9
Deficit		**(2,821.4)**	(2,835.0)
Reserves		**233.7**	233.4
Accumulated other comprehensive income		**384.9**	401.6
		692.1	694.9
Total liabilities and shareholders' equity		**$ 1,413.6**	$ 1,555.6

Commitments for expenditures (note 15)

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

Condensed consolidated statements of cash flow

		For the three months ended		For the six months ended	
		2023	2022	**2023**	2022
Unaudited, Canadian $ millions	Note	**June 30**	June 30	**June 30**	June 30
Operating activities					
Net earnings from continuing operations		**$ 0.3**	$ 81.5	**$ 13.9**	$ 97.9
Add (deduct):					
Finished cobalt cost of sales	6	**43.3**	-	**75.6**	-
Depletion, depreciation and amortization	5, 6	**4.2**	7.5	**7.4**	14.8
Share-based compensation (recovery) expense	6, 14	**(0.8)**	(17.2)	**1.1**	9.4
Share of earnings of Moa Joint Venture, net of tax	7	**(11.5)**	(47.4)	**(41.4)**	(95.3)
Net finance expense	8	**1.0**	(7.8)	**8.7**	(1.0)
Income tax expense		**0.9**	0.3	**1.2**	0.6
Net change in non-cash working capital	16	**(61.6)**	3.6	**(72.5)**	(18.4)
Interest received		**0.7**	0.4	**1.2**	1.6
Interest paid		**(10.9)**	(15.8)	**(12.4)**	(16.3)
Income tax paid		**(0.2)**	(0.2)	**(0.4)**	(0.4)
Proceeds from Cobalt Swap	5	**35.1**	-	**53.9**	-
Distributions received from Moa Joint Venture - Cobalt Swap	7	**32.0**	-	**32.0**	-
Distributions received from Moa Joint Venture - normal course	7	**-**	19.2	**-**	43.4
Share-based compensation payments		**(0.1)**	-	**(24.5)**	(5.7)
Other operating items		**(0.4)**	1.5	**(1.9)**	0.6
Cash provided by continuing operations		**32.0**	25.6	**41.9**	31.2
Cash used by discontinued operations		**(0.2)**	(0.6)	**(0.3)**	(0.9)
Cash provided by operating activities		**31.8**	25.0	**41.6**	30.3
Investing activities					
Property, plant and equipment expenditures	5	**(4.1)**	(3.5)	**(7.7)**	(7.6)
Intangible asset expenditures	5	**(0.2)**	0.2	**(1.1)**	(0.6)
Receipts of advances, loans receivable and other financial assets	11	**32.2**	0.3	**32.4**	0.4
Net proceeds from sale of property, plant and equipment		**-**	-	**-**	1.3
Cash provided (used) by continuing operations		**27.9**	(3.0)	**23.6**	(6.5)
Cash provided (used) by investing activities		**27.9**	(3.0)	**23.6**	(6.5)
Financing activities					
Repurchase of notes	13	**(5.3)**	(44.8)	**(7.8)**	(44.8)
Repayment of other financial liabilities		**(9.2)**	(0.5)	**(15.7)**	(0.9)
(Repayment of) increase in loans and borrowings	13	**(5.0)**	-	**13.0**	-
Fees paid on repurchase of notes		**-**	(0.3)	**(0.1)**	(0.3)
Cash used by continuing operations		**(19.5)**	(45.6)	**(10.6)**	(46.0)
Cash used by financing activities		**(19.5)**	(45.6)	**(10.6)**	(46.0)
Effect of exchange rate changes on cash and cash equivalents		**(2.5)**	2.7	**(2.5)**	1.2
Increase (decrease) in cash and cash equivalents		**37.7**	(20.9)	**52.1**	(21.0)
Cash and cash equivalents at beginning of the period		**138.3**	145.5	**123.9**	145.6
Cash and cash equivalents at end of the period	10	**$ 176.0**	$ 124.6	**$ 176.0**	$ 124.6

Condensed consolidated statements of changes in shareholders' equity

Unaudited, Canadian $ millions

	Capital stock	Deficit	Reserves	Accumulated other comprehensive income (loss)	Total
Balance as at December 31, 2021	**$ 2,894.9**	**$ (2,898.5)**	**$ 233.4**	**$ 355.2**	**$ 585.0**
Total comprehensive income:					
Net earnings for the period	-	96.8	-	-	96.8
Foreign currency translation differences on foreign operations, net of tax	-	-	-	10.0	10.0
Actuarial losses on pension plans, net of tax	-	-	-	(1.6)	(1.6)
	-	96.8	-	8.4	105.2
Balance as at June 30, 2022	**$ 2,894.9**	**$ (2,801.7)**	**$ 233.4**	**$ 363.6**	**$ 690.2**
Total comprehensive income:					
Net loss for the period	-	(33.3)	-	-	(33.3)
Foreign currency translation differences on foreign operations, net of tax	-	-	-	35.8	35.8
Actuarial gains on pension plans, net of tax	-	-	-	2.2	2.2
	-	(33.3)	-	38.0	4.7
Balance as at December 31, 2022	**$ 2,894.9**	**$ (2,835.0)**	**$ 233.4**	**$ 401.6**	**$ 694.9**
Total comprehensive loss:					
Net earnings for the period	-	13.6	-	-	13.6
Foreign currency translation differences on foreign operations, net of tax	-	-	-	(16.9)	(16.9)
Actuarial gains on pension plans, net of tax	-	-	-	0.2	0.2
	-	13.6	-	(16.7)	(3.1)
Stock option plan expense	-	-	0.3	-	0.3
Balance as at June 30, 2023	**$ 2,894.9**	**$ (2,821.4)**	**$ 233.7**	**$ 384.9**	**$ 692.1**

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

Notes to the condensed consolidated financial statements

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Sherritt International Corporation ("Sherritt" or "the Corporation") is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt's Moa Joint Venture has a current estimated mine life of 26 years and has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by 20% or 6,500 tonnes of contained nickel and cobalt (100% basis). The Corporation's Power division, through its ownership in Energas S.A., is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Additionally, its Technologies Group creates innovative, proprietary solutions for natural resource-based industries around the world to improve environmental performance and increase economic value.

The Corporation is domiciled in Ontario, Canada and its registered office is 22 Adelaide Street West, Toronto, Ontario, M5H 4E3. These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors of Sherritt on July 26, 2023. The Corporation is listed on the Toronto Stock Exchange under the symbol "S".

2. BASIS OF PRESENTATION

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

These condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2022, except for amendments to IAS 12 and IAS 8, which were adopted effective January 1, 2023 as described below.

These condensed consolidated financial statements have been prepared using the same critical accounting estimates and judgments as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2022.

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

4. ACCOUNTING PRONOUNCEMENTS

Adoption of new and amended accounting pronouncements

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which made amendments to IAS 12 Income Taxes ("IAS 12"). The amendment narrowed the scope of the IAS 12 recognition exemption related to the recognition of deferred tax when an entity accounts for transactions, such as leases or decommissioning obligations, by recognizing both an asset and a liability. The exemption no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The amendments apply for annual periods beginning on or after January 1, 2023. Effective January 1, 2023, the Corporation adopted these requirements. The application of this amendment did not have a material impact on the Corporation's condensed consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the IASB issued Definition of Accounting Estimates, which made amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment replaced the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting estimates are developed if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendment clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the current period's consolidated statements of comprehensive income (loss), or the consolidated statements of comprehensive income (loss) of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments apply for annual periods beginning on or after January 1, 2023. Effective January 1, 2023, the Corporation adopted these requirements. The application of this amendment did not have a material impact on the Corporation's condensed 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.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In October 2022, the IASB finalised issuance of Classification of Liabilities as Current or Non-Current, which made amendments to IAS 1 Presentation of Financial Statements. The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. Classification is unaffected by the expectations that the Corporation will exercise its right to defer settlement of a liability. Lastly, the amendment clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The Corporation is currently evaluating the impact of this standard on its condensed consolidated financial statements.

5. SEGMENTED INFORMATION

The Corporation revised the presentation of its segmented information commencing with the three months ended March 31, 2023 as a result of a change in the information reviewed by the chief operating decision maker due to the Corporation's agreement with its Cuban partners to recover its total outstanding Cuban receivables over five years (the Cobalt Swap) (note 11). The former Moa JV and Fort Site reportable segment and Metals Other reportable segment were combined into one new Metals reportable segment, which includes all of the Corporation's mining, refining and sales of nickel and cobalt. Segmented information for the prior period was restated in the current period for comparative purposes to reflect the new Metals reportable segment.

Canadian $ millions, for the three months ended June 30							2023
	Metals(1)	Power	Tech-nologies	Oil and Gas	Corporate	Adjustments for Moa Joint Venture	Total
Revenue	$ 185.6	$ 10.9	$ 0.4	$ 4.1	$ 0.1	$ (107.6)	$ 93.5
Cost of sales	(182.2)	(6.5)	(4.1)	(2.3)	-	99.0	(96.1)
Cobalt gain	1.9	-	-	-	-	(1.9)	-
Administrative expenses	(1.5)	(1.1)	-	(0.3)	(5.0)	1.2	(6.7)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	-	11.5	11.5
Earnings (loss) from operations and joint venture	3.8	3.3	(3.7)	1.5	(4.9)	2.2	2.2
Interest income on financial assets measured at amortized cost							0.1
Revaluation of allowances for expected credit losses							-
Other financing items							7.0
Financing expense							(8.1)
Net finance expense							(1.0)
Earnings before income tax							1.2
Income tax expense							(0.9)
Net earnings from continuing operations							0.3
Net earnings for the period							$ 0.3

Supplementary information							
Depletion, depreciation and amortization	$ 14.8	$ 0.7	$ 0.1	$ -	$ 0.1	$ (11.5)	$ 4.2
Property, plant and equipment expenditures	16.1	0.6	-	-	-	(12.6)	4.1
Intangible asset expenditures	-	-	-	0.2	-	-	0.2

Canadian $ millions, as at June 30							2023
Non-current assets(2)	$ 625.4	$ 16.7	$ 0.7	$ 8.2	$ 5.5	$ (494.2)	$ 162.3
Total assets	1,065.6	348.0	0.8	22.7	75.2	(98.7)	1,413.6

Canadian $ millions, for the three months ended June 30							2022 (Restated)
	Metals[1]	Power	Tech-nologies	Oil and Gas	Corporate	Adjustments for Moa Joint Venture	Total
Revenue	$ 208.0	$ 8.6	$ 0.8	$ 4.0	$ 0.1	$ (155.6)	$ 65.9
Cost of sales	(128.7)	(6.5)	(3.7)	(6.5)	-	96.9	(48.5)
Administrative (expenses) recoveries	(1.5)	0.2	-	0.2	8.8	1.5	9.2
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	-	47.4	47.4
Earnings (loss) from operations and joint venture	77.8	2.3	(2.9)	(2.3)	8.9	(9.8)	74.0
Interest income on financial assets measured at amortized cost							3.9
Revaluation of allowances for expected credit losses							(1.2)
Other financing items							13.3
Financing expense							(8.2)
Net finance income							7.8
Earnings before income tax							81.8
Income tax expense							(0.3)
Net earnings from continuing operations							81.5
Loss from discontinued operations, net of tax							(0.4)
Net earnings for the period							$ 81.1

Supplementary information							
Depletion, depreciation and amortization	$ 13.5	$ 4.0	$ 0.1	$ 0.2	$ 0.4	$ (10.7)	$ 7.5
Property, plant and equipment expenditures	12.2	-	-	-	-	(8.7)	3.5
Intangible asset expenditures	-	-	-	(0.2)	-	-	(0.2)

Canadian $ millions, as at December 31							2022 (Restated)
Non-current assets[2]	$ 639.5	$ 15.4	$ 0.8	$ 8.1	$ 6.0	$ (507.4)	$ 162.4
Total assets	1,199.6	415.3	1.8	25.9	28.0	(115.0)	1,555.6

Canadian $ millions, for the six months ended June 30							**2023**
	Metals[1]	**Power**	**Tech-nologies**	**Oil and Gas**	**Corporate**	**Adjustments for Moa Joint Venture**	**Total**
Revenue	**$ 362.1**	**$ 21.2**	**$ 0.7**	**$ 6.2**	**$ 0.4**	**$ (238.5)**	**$ 152.1**
Cost of sales	**(326.7)**	**(9.9)**	**(8.9)**	**(5.2)**	**-**	**195.3**	**(155.4)**
Cobalt gain	**2.4**	**-**	**-**	**-**	**-**	**(2.4)**	**-**
Administrative expenses	**(3.0)**	**(2.1)**	**-**	**(0.9)**	**(10.8)**	**2.5**	**(14.3)**
Share of earnings of Moa Joint Venture, net of tax	**-**	**-**	**-**	**-**	**-**	**41.4**	**41.4**
Earnings (loss) from operations and joint venture	**34.8**	**9.2**	**(8.2)**	**0.1**	**(10.4)**	**(1.7)**	**23.8**
Interest income on financial assets measured at amortized cost							**0.2**
Revaluation of allowances for expected credit losses							**-**
Other financing items							**8.3**
Financing expense							**(17.2)**
Net finance expense							**(8.7)**
Earnings before income tax							**15.1**
Income tax expense							**(1.2)**
Net earnings from continuing operations							**13.9**
Loss from discontinued operations, net of tax							**(0.3)**
Net earnings for the period							**$ 13.6**

Supplementary information							
Depletion, depreciation and amortization	**$ 28.3**	**$ 1.2**	**$ 0.1**	**$ 0.1**	**$ 0.4**	**$ (22.7)**	**$ 7.4**
Property, plant and equipment expenditures	**25.7**	**1.3**	**-**	**-**	**-**	**(19.3)**	**7.7**
Intangible asset expenditures	**-**	**-**	**-**	**1.1**	**-**	**-**	**1.1**

Canadian $ millions, as at June 30							**2023**
Non-current assets[2]	**$ 625.4**	**$ 16.7**	**$ 0.7**	**$ 8.2**	**$ 5.5**	**$ (494.2)**	**$ 162.3**
Total assets	**1,065.6**	**348.0**	**0.8**	**22.7**	**75.2**	**(98.7)**	**1,413.6**

Canadian $ millions, for the six months ended June 30	Metals(1)	Power	Technologies	Oil and Gas	Corporate	Adjustments for Moa Joint Venture	2022 (Restated) Total
Revenue	$ 395.6	$ 17.6	$ 1.1	$ 9.0	$ 0.4	$ (323.7)	$ 100.0
Cost of sales	(247.3)	(12.5)	(8.0)	(8.9)	-	197.7	(79.0)
Administrative expenses	(3.4)	(2.3)	-	(0.8)	(15.1)	2.8	(18.8)
Share of earnings of Moa Joint Venture, net of tax	-	-	-	-	-	95.3	95.3
Earnings (loss) from operations and joint venture	144.9	2.8	(6.9)	(0.7)	(14.7)	(27.9)	97.5
Interest income on financial assets measured at amortized cost							7.7
Revaluation of allowances for expected credit losses							(2.0)
Other financing items							13.4
Financing expense							(18.1)
Net finance income							1.0
Earnings before income tax							98.5
Income tax expense							(0.6)
Net earnings from continuing operations							97.9
Loss from discontinued operations, net of tax							(1.1)
Net earnings for the period							$ 96.8
Supplementary information							
Depletion, depreciation and amortization	$ 27.0	$ 7.9	$ 0.1	$ 0.7	$ 0.7	$ (21.6)	$ 14.8
Property, plant and equipment expenditures	22.9	0.5	-	-	-	(15.8)	7.6
Intangible asset expenditures	-	-	-	0.6	-	-	0.6
Canadian $ millions, as at December 31							2022 (Restated)
Non-current assets(2)	$ 639.5	$ 15.4	$ 0.8	$ 8.1	$ 6.0	$ (507.4)	$ 162.4
Total assets	1,199.6	415.3	1.8	25.9	28.0	(115.0)	1,555.6

(1) Included in the Metals segment are the operations of the Corporation's 50% interest in the Moa Joint Venture, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan and its 100% interest in subsidiaries which market and sell certain of Moa Joint Venture's nickel and cobalt production.

(2) Non-current assets are composed of property, plant and equipment and intangible assets.

Disaggregation of revenue by product and service type

Revenue in the below table excludes the revenue of the equity-accounted investment in the Moa Joint Venture.

Canadian $ millions	For the three months ended **2023 June 30 Total revenue**	For the three months ended 2022 June 30 Total revenue	For the six months ended **2023 June 30 Total revenue**	For the six months ended 2022 June 30 Total revenue
Cobalt	**$ 38.4**	$ -	**$ 68.2**	$ -
Fertilizer(1)	**38.2**	51.0	**53.1**	69.2
Oil and gas service revenue	**4.1**	4.0	**6.2**	9.0
Power generation(2)	**9.9**	7.3	**19.1**	14.8
Other	**2.9**	3.6	**5.5**	7.0
	$ 93.5	$ 65.9	**$ 152.1**	$ 100.0

(1) Due to the seasonal nature of the fertilizer operations in Fort Saskatchewan, higher fertilizer revenue is expected in the second and fourth quarters of the year. For the year ended December 31, 2022, 43% of fertilizer revenue was recorded in the second quarter, 29% was recognized in the fourth quarter and the remaining 28% was recognized in the first and third quarters combined.

(2) Included in power generation revenue for the three and six months ended June 30, 2023 is $7.0 million and $14.0 million, respectively of revenue from service concession arrangements ($5.7 million and $11.5 million for the three and six months ended June 30, 2022, respectively).

Cobalt revenue

Cobalt revenue relates to cobalt sold by the Corporation to third parties from the cobalt volumes received through distributions under the Cobalt Swap (note 11) during the three and six months ended June 30, 2023. The Corporation received $35.1 million and $53.9 million of cash from cobalt sales during the three and six months ended June 30, 2023, respectively, with the balance recorded in trade accounts receivable, net (note 10). $13.3 million of cash was received subsequent to period end.

Cobalt revenue is recognized consistent with the Corporation's revenue recognition policy as disclosed in the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2022.

6. EXPENSES

Cost of sales includes the following:

Canadian $ millions	For the three months ended 2023 June 30	2022 June 30	For the six months ended 2023 June 30	2022 June 30
Employee costs	**$ 18.6**	$ 17.1	**$ 35.9**	$ 33.2
Severance	**0.1**	-	**0.7**	0.4
Depletion, depreciation and amortization of property, plant and equipment and intangible assets	**3.9**	7.0	**6.7**	13.9
Raw materials and consumables	**13.5**	29.5	**29.4**	49.5
Finished cobalt(1)	**43.3**	-	**75.6**	-
Repairs and maintenance	**25.6**	9.2	**36.4**	19.5
Inventory write-down/obsolescence	**1.8**	-	**1.8**	-
Shipping and treatment costs	**1.2**	0.6	**2.0**	1.0
(Gain) loss on environmental rehabilitation provisions	**(2.5)**	2.7	**(3.9)**	2.1
Share-based compensation (recovery) expense	**(0.2)**	(1.8)	**0.3**	1.7
Changes in inventories and other	**(9.2)**	(15.8)	**(29.5)**	(42.3)
	$ 96.1	$ 48.5	**$ 155.4**	$ 79.0

(1) Finished cobalt relates to the cost of finished cobalt distributed to the Corporation pursuant to the Cobalt Swap (note 11) and sold to external 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.

Administrative expenses (recoveries) include the following:

Canadian $ millions	For the three months ended 2023 June 30	2022 June 30	For the six months ended 2023 June 30	2022 June 30
Employee costs	**$ 5.4**	$ 4.4	**$ 10.3**	$ 9.1
Severance	**-**	-	**-**	0.1
Depreciation	**0.3**	0.5	**0.7**	0.9
Share-based compensation (recovery) expense	**(0.6)**	(15.4)	**0.8**	7.7
Consulting services and audit fees	**1.0**	0.8	**2.2**	1.5
Other	**0.6**	0.5	**0.3**	(0.5)
	$ 6.7	$ (9.2)	**$ 14.3**	$ 18.8

7. JOINT ARRANGEMENTS

Investment in Moa Joint Venture

During the three and six months ended June 30, 2023, the Moa Joint Venture distributed 802 tonnes and 2,082 tonnes of finished cobalt (100% basis), respectively, to the Corporation with an in-kind value of $29.9 million (US$22.2 million) and $88.1 million (US$65.5 million) (100% basis), respectively, pursuant to the Cobalt Swap (note 11). The total volume of cobalt distributions during the six months ended June 30, 2023 represents 100% of the annual maximum cobalt volume to be distributed to the Corporation pursuant to the Cobalt Swap.

During the three and six months ended June 30, 2023, the Moa Joint Venture paid cash distributions of $64.0 million (US$48.5 million) (100% basis), half of which was paid to the Corporation representing its 50% ownership interest and half of which was redirected by GNC to the Corporation to settle the GNC receivable pursuant to the Cobalt Swap (note 11), 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. During the three and six months ended June 30, 2022, the Moa Joint Venture paid cash distributions of $38.4 million and $86.8 million, respectively, of which $19.2 million and $43.4 million, respectively, was paid to the Corporation representing its 50% ownership interest.

All finished cobalt and cash distributions were declared as dividends during the six months ended June 30, 2023.

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	**2023 June 30**	2022 December 31
Assets		
Cash and cash equivalents	**$ 32.2**	$ 43.6
Other current assets	**27.4**	90.1
Trade accounts receivable, net	**92.6**	178.0
Inventories	**375.5**	399.1
Other non-current assets	**21.8**	16.8
Property, plant and equipment	**1,073.7**	1,102.8
Total assets	**1,623.2**	1,830.4
Liabilities		
Trade accounts payable and accrued liabilities	**74.9**	87.9
Income taxes payable	**1.0**	4.1
Other current financial liabilities	**0.2**	0.2
Other current non-financial liabilities	**1.5**	-
Loans and borrowings(1)	**19.4**	26.0
Environmental rehabilitation provisions	**76.2**	84.0
Other non-current financial liabilities	**4.1**	4.6
Deferred income taxes	**22.9**	23.7
Total liabilities	**200.2**	230.5
Net assets of Moa Joint Venture	**$ 1,423.0**	$ 1,599.9
Proportion of Sherritt's ownership interest	**50%**	50%
Total	**711.5**	800.0
Intercompany capitalized interest elimination	**(42.6)**	(44.0)
Investment in Moa Joint Venture	**$ 668.9**	$ 756.0

(1) Included in loans and borrowings is $7.3 million of current financial liabilities (December 31, 2022 - $11.3 million) and $12.1 million of non-current financial liabilities (December 31, 2022 - $14.7 million).

Statements of comprehensive income

Canadian $ millions, 100% basis	For the three months ended 2023 June 30	2022 June 30	For the six months ended 2023 June 30	2022 June 30
Revenue	**$ 215.3**	$ 311.3	**$ 477.1**	$ 647.5
Cost of sales[(1)]	**(197.9)**	(193.9)	**(390.6)**	(395.4)
Cobalt gain[(2)]	**4.0**	-	**5.5**	-
Administrative expenses	**(2.4)**	(2.9)	**(5.0)**	(5.5)
Earnings from operations	**19.0**	114.5	**87.0**	246.6
Financing income	**1.3**	0.1	**1.9**	0.2
Financing expense	**1.7**	(7.5)	**(1.4)**	(14.2)
Net finance income (expense)	**3.0**	(7.4)	**0.5**	(14.0)
Earnings before income tax	**22.0**	107.1	**87.5**	232.6
Income tax expense[(3)]	**(1.5)**	(14.2)	**(8.6)**	(45.9)
Net earnings and comprehensive income of Moa Joint Venture	**$ 20.5**	$ 92.9	**$ 78.9**	$ 186.7
Proportion of Sherritt's ownership interest	**50%**	50%	**50%**	50%
Total	**10.3**	46.5	**39.5**	93.4
Intercompany elimination	**1.2**	0.9	**1.9**	1.9
Share of earnings of Moa Joint Venture, net of tax	**$ 11.5**	$ 47.4	**$ 41.4**	$ 95.3

(1) Included in cost of sales for the three and six months ended June 30, 2023 is depreciation and amortization of $23.0 million and $45.4 million, respectively ($21.3 million and $43.1 million for the three and six months ended June 30, 2022, respectively).

(2) During the three and six months ended June 30, 2023, the Moa Joint Venture recognized cobalt gains of $4.0 million and $5.5 million, respectively, representing the difference between the in-kind value of cobalt distributed and the Moa Joint Venture's cost to produce finished cobalt distributed to the Corporation pursuant to the Cobalt Swap. Of the $4.0 million and $5.5 million cobalt gains (100% basis) recognized by the Moa Joint Venture during the three and six months ended June 30, 2023, $0.1 million and $0.8 million, respectively, (100% basis) were related to finished cobalt distributed to the Corporation and not yet sold to external customers, which are eliminated within the intercompany elimination (50% basis) above until sold to external customers.

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

Joint operation

The following provides information relating to the Corporation's interest in Energas S.A. (Energas) on a 33⅓% basis:

Canadian $ millions, 33⅓% basis, as at	2023 June 30	2022 December 31
Current assets[(1)]	**$ 110.9**	$ 118.0
Non-current assets	**12.7**	11.4
Current liabilities	**6.6**	8.3
Non-current liabilities	**64.7**	68.5
Net assets	**$ 52.3**	$ 52.6

(1) Included in current assets is $90.4 million of cash and cash equivalents (December 31, 2022 - $96.7 million).

Canadian $ millions, 33⅓% basis	For the three months ended 2023 June 30	2022 June 30	For the six months ended 2023 June 30	2022 June 30
Revenue	**$ 10.9**	$ 8.6	**$ 21.2**	$ 17.6
Expenses	**(9.0)**	(4.6)	**(20.3)**	(13.1)
Net earnings	**$ 1.9**	$ 4.0	**$ 0.9**	$ 4.5

8. NET FINANCE EXPENSE

Canadian $ millions	Note	For the three months ended 2023 June 30	2022 June 30	For the six months ended 2023 June 30	2022 June 30
Interest income on trade accounts receivable, net		**-**	0.1	**-**	0.3
Interest income on advances and loans receivable		**0.1**	3.8	**0.2**	7.4
Interest income on financial assets measured at amortized cost		**0.1**	3.9	**0.2**	7.7
Revaluation of allowances for expected credit losses:					
Trade accounts receivable, net		**-**	(1.2)	**-**	(1.5)
Energas conditional sales agreement receivable		**-**	-	**-**	(0.5)
Revaluation of allowances for expected credit losses		**-**	(1.2)	**-**	(2.0)
Revaluation of GNC receivable	10	**4.7**	-	**13.2**	-
Revaluation of Energas payable	10	**(0.8)**	-	**(8.4)**	-
Unrealized gain on commodity put options		**-**	-	**-**	0.9
Realized loss on commodity put options		**-**	-	**-**	(0.9)
Gain on repurchase of notes	13	**2.2**	13.8	**3.5**	13.8
Other interest income and unrealized gains (losses) on financial instruments		**0.9**	(0.5)	**-**	(0.4)
Other financing items		**7.0**	13.3	**8.3**	13.4
Interest expense and accretion on loans and borrowings		**(8.1)**	(10.3)	**(16.1)**	(20.9)
Unrealized foreign exchange (loss) gain		**(0.2)**	3.8	**(1.1)**	4.9
Realized foreign exchange gain		**0.3**	-	**0.5**	-
Other interest expense and finance charges		**(0.1)**	(1.7)	**(0.4)**	(2.0)
Accretion expense on environmental rehabilitation provisions		**-**	-	**(0.1)**	(0.1)
Financing expense		**(8.1)**	(8.2)	**(17.2)**	(18.1)
Net finance (expense) income		**$ (1.0)**	$ 7.8	**$ (8.7)**	$ 1.0

9. EARNINGS PER SHARE

Canadian $ millions, except share amounts in millions and per share amounts in dollars	For the three months ended 2023 June 30	2022 June 30	For the six months ended 2023 June 30	2022 June 30
Net earnings from continuing operations	**$ 0.3**	$ 81.5	**$ 13.9**	$ 97.9
Loss from discontinued operations, net of tax	**-**	(0.4)	**(0.3)**	(1.1)
Net earnings for the period - basic and diluted	**$ 0.3**	$ 81.1	**$ 13.6**	$ 96.8
Weighted-average number of common shares - basic and diluted(1)	**397.3**	397.3	**397.3**	397.3
Net earnings from continuing operations per common share:				
Basic and diluted	**$ 0.00**	$ 0.21	**$ 0.03**	$ 0.25
Loss from discontinued operations, net of tax, per common share:				
Basic and diluted	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
Net earnings per common share:				
Basic and diluted	**$ 0.00**	$ 0.20	**$ 0.03**	$ 0.24

(1) The determination of the weighted-average number of common shares - diluted excludes 6.6 million shares related to stock options that were anti-dilutive for the three and six months ended June 30, 2023 (2.7 million for the three and six months ended June 30, 2022).

10. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents consist of:

Canadian $ millions, as at		**2023 June 30**		2022 December 31
Cash equivalents	**$**	**25.1**	$	0.2
Cash held in banks		**150.9**		123.7
	$	**176.0**	$	123.9

Cash and cash equivalents of the Corporation and its wholly-owned subsidiaries held in Canada was $83.3 million as at June 30, 2023 (December 31, 2022 - $20.3 million).

The Corporation's cash balances are deposited with major financial institutions rated A (low) or higher by independent rating agencies, except for institutions located in Cuba that are not rated. The total cash held in Cuban bank deposit accounts was $92.3 million as at June 30, 2023 (December 31, 2022 - $101.6 million).

As at June 30, 2023, $90.4 million of the Corporation's cash and cash equivalents was held by Energas in Cuban bank deposit accounts (December 31, 2022 - $96.7 million). These funds are for use locally by the joint operation, including repayment of Energas' payable to GNC (note 13) and for payments under the Energas Payment Agreement (Moa Swap) to facilitate foreign currency payments for the operating and maintenance costs of Energas, as well as to cover future payments owed to Sherritt, including dividends.

Fair value measurement

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

Canadian $ millions, as at	Note				**2023 June 30**				2022 December 31
		Hierarchy level		**Carrying value**		**Fair value**		Carrying value	Fair value
Liabilities:									
8.50% second lien secured notes due 2026[1]	13	1	**$**	**235.2**	**$**	**188.4**	$	233.6	$ 185.9
10.75% unsecured PIK option notes due 2029[1]	13	1		**63.2**		**43.7**		70.8	38.9

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

Trade accounts receivable, net

Canadian $ millions, as at		**2023 June 30**		2022 December 31
Trade accounts receivable	**$**	**107.8**	$	155.8
Allowance for expected credit losses		**(19.0)**		(19.5)
Accounts receivable from Moa Joint Venture		**24.8**		27.4
Other		**20.5**		22.7
	$	**134.1**	$	186.4

Aging of trade accounts receivable, net

Canadian $ millions, as at		**2023 June 30**		2022 December 31
Not past due	**$**	**127.8**	$	169.9
Past due no more than 30 days		**0.9**		4.4
Past due for more than 30 days but no more than 60 days		**2.2**		3.3
Past due for more than 60 days		**3.2**		8.8
	$	**134.1**	$	186.4

Allowance for expected credit losses

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

Canadian $ millions	As at 2022 December 31	Revaluation(1)	Foreign exchange and other non-cash items	As at 2023 June 30
		For the six months ended June 30, 2023		
Lifetime expected credit losses				
Trade accounts receivable, net	$ (19.5)	$ -	$ 0.5	$ (19.0)

Canadian $ millions	As at 2021 December 31	Revaluation(1)	Derecognition	Foreign exchange and other non-cash items	As at 2022 December 31
		For the year ended December 31, 2022			
Lifetime expected credit losses					
Trade accounts receivable, net	$ (21.8)	$ (0.4)	$ 2.2	$ 0.5	$ (19.5)
Energas conditional sales agreement(2)	(8.0)	(49.0)	57.0	-	-

(1) Revaluation of ACLs are recognized within net finance expense (note 8).

(2) Included in the $49.0 million revaluation loss presented above is a $48.5 million loss on revaluation of the allowance for expected credit losses on the Energas CSA recognized during the year ended December 31, 2022 as a result of the Cobalt Swap signed by the Corporation with its Cuban partners to recover its total outstanding Cuban receivables over five years.

Fair value hierarchy

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

The following significant unobservable inputs were used to determine the fair value of the GNC receivable as at June 30, 2023:

- Forecast in-kind cobalt prices from US$12/lb to US$21/lb. A $10 increase in forecast in-kind cobalt prices would increase the fair value by $6.4 million, while a $10 decrease in forecast in-kind cobalt prices would decrease the fair value by $5.4 million. The settlement of the GNC receivable is based on an in-kind value of cobalt, calculated as a cobalt reference price from the month preceding distribution, modified mutually between the Corporation and GNC in consideration of selling costs incurred by the Corporation.
- Discount rate of 12%. A 5 percentage point increase in the discount rate would decrease the fair value by $23.8 million, while a 5 percentage point decrease in the discount rate would increase the fair value by $27.6 million.

The following is a reconciliation of the fair value of the GNC receivable from December 31, 2022 to June 30, 2023 and the comparative period:

Canadian $ millions	Note	For the six months ended 2023 June 30	For the six months ended 2022 June 30
Balance, beginning of the period		$ 279.1	$ -
Revaluation of GNC receivable in net finance expense	8	13.2	-
Settlements		(76.0)	-
Balance, end of the period	11	$ 216.3	$ -

The following significant unobservable inputs were used to determine the fair value of the Energas payable as at June 30, 2023:

- Forecast in-kind cobalt prices from US$12/lb to US$21/lb. A $10 increase in forecast in-kind cobalt prices would increase the fair value by $1.9 million, while a $10 decrease in forecast in-kind cobalt prices would decrease the fair value by $1.5 million.
- Discount rate of 10%. A 5 percentage point increase in the discount rate would decrease the fair value by $8.6 million, while a 5 percentage point decrease in the discount rate would increase the fair value by $10.0 million.

The following is a reconciliation of the fair value of the Energas payable from December 31, 2022 to June 30, 2023 and the comparative period:

Canadian $ millions	Note		For the six months ended 2023 June 30		For the six months ended 2022 June 30
Balance, beginning of the period		$	82.6	$	-
Revaluation of Energas payable in net finance expense	8		8.4		-
Settlements			(14.8)		-
Balance, end of the period	13	$	76.2	$	-

11. ADVANCES, LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Canadian $ millions, as at	Note		2023 June 30		2022 December 31
Advances and loans receivable					
GNC receivable(1)	10	$	216.3	$	279.1
Other financial assets					
Finance lease receivables			2.5		2.8
			218.8		281.9
Current portion of advances, loans receivable and other financial assets(2)			(40.1)		(74.8)
Non-current portion of advances, loans receivable and other financial assets		$	178.7	$	207.1

(1) As at June 30, 2023, the non-current portion of the GNC receivable agreement is $177.2 million (December 31, 2022 - $205.2 million).

(2) Included in the current portion of advances, loans receivable and other financial assets is the current portion of the GNC receivable of $39.1 million (December 31, 2022 - $73.9 million).

GNC receivable

The principal balance of the GNC receivable as at June 30, 2023 is $292.0 million (December 31, 2022 - $368.0 million), reflecting settlements of $76.0 million during the six months ended June 30, 2023, of which $44.0 million (US$32.8 million) were non-cash through receipts of finished cobalt and $32.0 million (US$24.2 million) were through receipts of cash.

No interest accrues on the GNC receivable over the five-year period. In the event that the total outstanding receivables are not fully repaid by December 31, 2027, interest will accrue retroactively at 8.0% from January 1, 2023 on the unpaid principal amount, and the unpaid principal and interest amounts will become due and payable by GNC to the Corporation.

12. INVENTORIES

Canadian $ millions, as at		2023 June 30		2022 December 31
Raw materials	$	0.1	$	0.1
Materials in process		1.6		0.3
Finished products		17.3		14.6
		19.0		15.0
Spare parts and operating materials		22.9		22.7
	$	41.9	$	37.7

Finished products inventories as at June 30, 2023 includes $9.8 million of finished cobalt received by the Corporation pursuant to the Cobalt Swap (note 11) and not yet sold to external customers (December 31, 2022 – nil).

For the three and six months ended June 30, 2023, the cost of inventories included in cost of sales was $78.3 million and $124.8 million, respectively ($27.9 million and $42.0 million for the three and six months ended June 30, 2022, respectively).

13. LOANS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings

Canadian $ millions	Note	As at 2022 December 31	For the six months ended June 30, 2023 — Cash flows: Increase in loans and borrowings	Cash flows: Repurchase of notes	Non-cash changes: Other	As at 2023 June 30
8.50% second lien secured notes due 2026	10	$ 233.6	$ -	$ -	$ 1.6	$ 235.2
10.75% unsecured PIK option notes due 2029	10	70.8	-	(7.8)	0.2	63.2
Syndicated revolving-term credit facility		46.5	13.0	-	(0.5)	59.0
		$ 350.9	$ 13.0	$ (7.8)	$ 1.3	$ 357.4
Current portion of loans and borrowings		(46.5)				(59.0)
Non-current portion of loans and borrowings		$ 304.4				$ 298.4

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

As at June 30, 2023, the outstanding principal amount of Second Lien Notes is $221.3 million.

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

The indenture governing the Second Lien Notes (the "Second Lien Notes Indenture") requires mandatory redemptions from excess cash (subject to the minimum liquidity condition noted below and the other terms and conditions set forth in the Second Lien Notes Indenture). The mandatory Excess Cash Flow redemption provision is in effect beginning with the two-quarter period ending June 30, 2021 and mandatory redemptions are based on Excess Cash Flow (a measure calculated based on cash provided by (used in) operating activities excluding Energas, less sustaining property, plant and equipment expenditures excluding Energas, plus all cash distributed by Energas to the Corporation held in Canada, including cash distributions received by the Corporation from GNC pursuant to the Cobalt Swap and its assumption of the Energas CSA), which mandatory redemption shall be required to be made only if the Corporation has minimum liquidity of $75.0 million calculated in accordance with the Second Lien Notes Indenture. Expected mandatory Excess Cash Flow redemptions have been included in the calculation of the effective interest rate of the Second Lien Notes.

During the six months ended June 30, 2023, the Corporation paid interest of $9.4 million on the Second Lien Notes and did not make any mandatory redemptions, as the minimum liquidity condition pursuant to the provisions of the Second Lien Notes Indenture was not met.

For the two-quarter period ended June 30, 2023, Excess Cash Flow, as defined and calculated pursuant to the Second Lien Notes Indenture, was $57.1 million. Subject to the minimum liquidity threshold of $75.0 million pursuant to the Second Lien Notes Indenture, at the interest payment date in October 2023, the Corporation will be required to redeem, at par, total Second Lien Notes equal to 50% of Excess Cash Flow, or $28.6 million. In determining the minimum liquidity amounts in October 2023, the $7.8 million of cash used to repurchase the 10.75% unsecured PIK option notes due 2029 during the six months ended June 30, 2023 and any amounts drawn on the Credit Facility will be added back in the calculation of minimum liquidity before and after any such redemption.

Under the Second Lien Notes Indenture, the Corporation is subject to various restrictions, which limit, among other things, restricted payments, which in addition to restricted payments made pursuant to certain limited ordinary course "baskets", can only be made if certain financial ratios are met and subject to certain customary carve-outs and permissions. As at June 30, 2023, the Corporation met the required financial ratio and has the capacity to make restricted payments up to $113.6 million.

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

During the six months ended June 30, 2023, the Corporation repurchased $11.2 million of principal of the PIK Notes at a cost of $7.8 million, plus $0.1 million of accrued interest, resulting in a gain on repurchase of notes of $3.5 million (note 8).

During the six months ended June 30, 2023, in accordance with the terms of the PIK Notes Indenture, the Corporation elected not to pay cash interest due in January of $3.8 million and added the payment-in-kind interest to the principal amount owed to noteholders.

As at June 30, 2023, the outstanding principal amount of the PIK Notes is $63.4 million.

Subsequent to period end, the Corporation paid the July 2023 cash interest payment on the PIK Notes of $3.4 million. Under the terms of the PIK Notes Indenture, payment of cash interest during the preceding consecutive 12-month period permits the Corporation to provide returns to shareholders through share repurchase and dividends.

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

Syndicated revolving-term credit facility (“Credit Facility”)

During the three months ended March 31, 2023, the Credit Facility was amended to extend its maturity for one year from April 30, 2024 to April 30, 2025, with no other changes to the terms, financial covenants or restrictions.

During the three months ended June 30, 2023, the Credit Facility was amended to (i) add an accordion feature, which allows additional lenders to join the credit facility and increase the maximum credit available by up to $25.0 million, subject to certain conditions and (ii) increase the permitted debt outside of the Credit Facility from $25.0 million to $35.0 million, with no other significant changes to the terms, financial covenants or restrictions.

As at June 30, 2023, the outstanding principal amount of the Credit Facility is $58.0 million.

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

Other financial liabilities

Canadian $ millions, as at	Note		**2023 June 30**		2022 December 31
Energas payable[(1)]	10	**$**	**76.2**	$	82.6
Lease liabilities			**11.6**		12.6
Share-based compensation liability	14		**10.2**		34.6
Other financial liabilities			**1.4**		40.4
			99.4		170.2
Current portion of other financial liabilities[(2)]			**(22.0)**		(81.8)
Non-current portion of other financial liabilities		**$**	**77.4**	$	88.4

(1) As at June 30, 2023, the non-current portion of the Energas payable is $62.9 million (December 31, 2022 - $68.2 million).

(2) As at June 30, 2023, the current portion of other financial liabilities includes the current portions of the Energas payable of $13.3 million (December 31, 2022 - $14.4 million), a share-based compensation liability of $6.8 million (note 14) (December 31, 2022 - $28.2 million) and nil other financial liability (December 31, 2022 - $37.2 million) to the Moa Joint Venture for cobalt distributions received pursuant to the Cobalt Swap (note 11) that had not yet been declared as dividends, which was extinguished upon declaration as dividends.

Energas payable

During the six months ended June 30, 2023, $14.8 million (US$11.0 million) (33⅓% basis) of cash was paid by Energas to GNC in Cuban pesos. The outstanding principal balance of the Energas payable as at June 30, 2023 is $97.3 million (33⅓% basis) (December 31, 2022 - $112.1 million).

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

14. SHARE-BASED COMPENSATION PLANS

Equity-settled stock option plan

As at June 30, 2023, 6,612,673 stock options (December 31, 2022 – 2,701,741) remained outstanding for which the Corporation recognized a $0.3 million share-based compensation expense during the three and six months ended June 30, 2023 (nil and nil for the three and six months ended June 30, 2022, respectively).

Cash-settled share-based compensation plans

The Corporation's liabilities for Restricted Share Units ("RSUs"), Performance Share Units ("PSUs") and Deferred Share Units ("DSUs") are measured at fair value at each reporting date until settlement based on the market value of the Corporation's shares, which is based on the 5-day volume-weighted average price (VWAP). RSUs and PSUs settle three years after grant date and DSUs settle following departure from the Board of Directors.

Cash payments for share-based units are primarily made in the first quarter of each year and are dependent upon the market value of the Corporation's shares on the settlement date, and in the case of PSUs, cash payments are also dependent upon the achievement of the market condition described above. The market value of the Corporation's shares as at June 30, 2023 and December 31, 2022 was $0.48 and $0.50, respectively.

A summary of the Corporation's RSUs and PSUs outstanding and vested as at June 30, 2023 is shown below. The Corporation's share-based compensation liabilities are measured based on the vested units at the end of each reporting period disclosed above, which reflects the completion of the service condition and best estimate of the number of units expected to vest.

As at June 30		**2023**
Grant year	**RSUs**	**PSUs**
2021	**6,187,151**	**6,187,151**
2022	**5,131,317**	**5,131,317**
2023	**3,823,888**	**5,588,275**
Outstanding, end of the period	**15,142,356**	**16,906,743**
Vested, end of the period	**8,260,823**	**8,448,095**

A total of 6,288,064 DSUs are outstanding and vested as at June 30, 2023, granted between 2012 and 2023.

During the three and six months ended June 30, 2023, the Corporation recognized a share-based compensation recovery of $0.8 million and expense of $1.1 million, respectively, during which time the market value of the Corporation's common shares decreased by $0.06 and $0.02, respectively. During the three and six months ended June 30, 2022, the Corporation recognized a share-based compensation recovery of $17.2 million and expense of $9.4 million, respectively, during which time the market value of the Corporation's common shares decreased by $0.34 and increased by $0.05, respectively.

Share-based compensation liability

Canadian $ millions, as at	Note		2023 June 30		2022 December 31
Share-based compensation liability	13	$	**10.2**	$	34.6
Current portion of share-based compensation liability			**(6.8)**		(28.2)
Non-current portion of share-based compensation liability		$	**3.4**	$	6.4

Share-based compensation expense

		For the three months ended				For the six months ended			
Canadian $ millions	Note		**2023 June 30**		2022 June 30		**2023 June 30**		2022 June 30
Share-based compensation (recovery) expense	6	$	**(0.8)**	$	(17.2)	$	**1.1**	$	9.4

15. COMMITMENTS FOR EXPENDITURES

Canadian $ millions, as at June 30		2023
Property, plant and equipment commitments	$	**7.3**
Moa Joint Venture:		
Property, plant and equipment commitments(1)		**35.4**

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

16. SUPPLEMENTAL CASH FLOW INFORMATION

Working capital is defined as the Corporation's current assets less current liabilities and was $150.0 million as at June 30, 2023 ($61.7 million - December 31, 2022).

Net change in non-cash working capital

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

	For the three months ended				For the six months ended			
Canadian $ millions		**2023 June 30**		2022 June 30		**2023 June 30**		2022 June 30
Trade accounts receivable, net	$	**13.2**	$	45.0	$	**(2.4)**	$	(20.2)
Inventories		**10.6**		0.5		**4.6**		(5.0)
Prepaid expenses		**(5.1)**		(2.7)		**(3.9)**		(1.4)
Trade accounts payable and accrued liabilities		**(54.8)**		(17.5)		**(64.0)**		14.5
Deferred revenue		**(25.5)**		(21.7)		**(6.8)**		(6.3)
	$	**(61.6)**	$	3.6	$	**(72.5)**	$	(18.4)

Non-cash transactions

During the three and six months ended June 30, 2023, investing activities excluded $14.9 million and $44.0 million, respectively, of non-cash settlements of the GNC receivable (note 11), which was partially settled through receipts of finished cobalt pursuant to the Cobalt Swap. An additional $32.0 million of the GNC receivable was settled through receipts of cash during the three and six months ended June 30, 2023, presented within Receipts of advances, loans receivables and other financial assets on the condensed consolidated statements of cash flow.

17. 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. The changes in the Corporation's outstanding common shares were as follows:

Canadian $ millions, except share amounts		For the six months ended 2023 June 30		For the year ended 2022 December 31
	Number	**Capital stock**	Number	Capital stock
Balance, beginning of the period	**397,288,680**	**$ 2,894.9**	397,288,680	$ 2,894.9
Balance, end of the period	**397,288,680**	**$ 2,894.9**	397,288,680	$ 2,894.9

18. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

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 liquid financial resources to fund current and non-current obligations and to meet its capital commitments in a cost-effective manner.

The main factors that affect liquidity include realized sales prices, collection of receivables, production and sales volumes, cash production costs, distributions from the Moa Joint Venture, working capital requirements, capital expenditure requirements, repayments of non-current loans and borrowing obligations, credit capacity and debt and equity capital market conditions.

The Corporation's liquidity requirements are met through a variety of sources, including cash and cash equivalents, cash generated from operations and distributions from the Moa Joint Venture (including pursuant to the Cobalt Swap), existing credit facilities, leases, derivatives and debt and equity capital markets.

Capital risk management

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

Subject to the limitations within the Second Lien Notes Indenture and Credit Facility agreements, in order to maintain or adjust its capital structure, the Corporation may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, repay outstanding debt, issue new debt (unsecured, convertible and/or other types of available debt instruments), refinance existing debt with different characteristics, acquire or dispose of assets or adjust the amount of cash and short-term investment balances.

Financial obligation maturity analysis

The Corporation's significant contractual commitments, obligations, and interest and principal repayments in respect of its financial liabilities, income taxes payable and provisions are presented in the following table. For amounts payable that are not fixed, including mandatory redemptions of the Second Lien Notes (note 13), the amount disclosed is determined by reference to the conditions existing as at June 30, 2023.

Canadian $ millions, as at June 30, 2023	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	$ 146.4	$ 146.4	$ -	$ -	$ -	$ -	$ -
Income taxes payable	1.9	1.9	-	-	-	-	-
8.50% second lien secured notes due 2026 (includes principal, interest and premium)	313.7	18.8	18.8	18.8	257.3	-	-
10.75% unsecured PIK option notes due 2029 (includes principal and interest)	108.3	6.8	6.8	6.8	6.8	6.8	74.3
Syndicated revolving-term credit facility	67.9	5.4	62.5	-	-	-	-
Other non-current financial liabilities	1.3	-	-	-	0.1	-	1.2
Provisions	186.8	19.6	6.5	0.9	0.2	1.5	158.1
Energas payable	97.3	14.3	19.2	27.0	24.8	12.0	-
Lease liabilities	14.6	2.8	2.4	1.8	1.3	1.3	5.0
Total	$ 938.2	$ 216.0	$ 116.2	$ 55.3	$ 290.5	$ 21.6	$ 238.6

19. RELATED PARTY TRANSACTIONS

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

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