

Sherritt Reports Record First Quarter Nickel and Cobalt Production at Moa JV

25.04.2019 | [Business Wire](#)

[Sherritt International Corp.](#) ("Sherritt" or the "Corporation") (TSX: S), a world leader in the mining and hydrometallurgical refining of nickel and cobalt from lateritic ores, today reported its financial results for the three months ended March 31, 2019. All amounts are in Canadian currency unless otherwise noted.

CEO COMMENTARY

"Initiatives launched in 2018 to improve operational effectiveness, increase mining equipment availability, and improve ore access paved the way for the Moa JV's highest ever first quarter nickel and cobalt production total," said David Pathe, President and CEO of Sherritt International. "Our record production results in Q1 2019 were negatively impacted, however, by the dramatic 70% decline in realized cobalt prices, contributing to considerably lower by-product revenue and higher NDCC than we have experienced in recent quarters. Our Q1 progress was also impeded by the disappointing collections on our Cuban overdue receivables."

Mr. Pathe added, "Since the start of Q2 2019, we have seen a number of positive developments, including the resumption of drilling on Block 10, the recovery of cobalt prices by more than 15%, and the continued draw down of Class 1 nickel inventories. Combined, these trends signal a more favorable outlook for our prospects for the balance of 2019 and beyond."

Q1 HIGHLIGHTS

- Sherritt's share of finished nickel production at the Moa Joint Venture ("Moa JV") in Q1 2019 was 4,397 tonnes, up 54% from last year, while finished cobalt was 426 tonnes, up 27%. The combined nickel and cobalt total for Q1 2019 marks the Moa JV's highest ever first quarter production results.
- Q1 2019 Adjusted EBITDA⁽¹⁾ was negative \$1.2 million, down from positive Adjusted EBITDA of \$35.5 million in Q1 2018. The decrease was due to a number of factors, including a 70% year-over-year decline in realized cobalt prices and lower contributions from the Oil and Gas business as a result of decreased net working-interest production stemming from maturing oil fields and a lower profit share.
- Net direct cash cost (NDCC)⁽¹⁾ at the Moa JV for Q1 2019 was US\$4.53 per pound of finished nickel sold, up from US\$2.06 per pound for Q1 2018. The increase reflects the negative impact that sharply declining cobalt prices had on by-product credits, including the settlement of approximately 200 tonnes of provisionally-priced cobalt sales (100% basis) from Q4 2018. The variance between Q1 2019 cobalt reference and realized prices that resulted from provisional pricing adjustments negatively impacted NDCC by approximately US\$0.40 per pound.
- Sherritt ended Q1 2019 with cash, cash equivalents and short-term investments of \$177.3 million, down from \$207.0 million at the end of 2018. The decrease was due to the timing of capital expenditures, interest paid on outstanding debentures and changes to working capital, including lower than expected Cuban energy receipts.
- Reached an agreement in principle, subject to final approvals, with its Cuban partners on a payment plan to reduce overdue energy receivables. Final approval of the agreement and payment schedule is expected shortly.
- Consistent with its previously announced strategy to no longer fund the Ambatovy Joint Venture ("Ambatovy JV"), Sherritt elected to not fund its share of a US\$45 million cash call and became a defaulting shareholder with reduced local influence and authority. As a result, the Ambatovy JV is no longer considered an operating segment, and its financial performance is not included in Sherritt's combined or adjusted financial results.

DEVELOPMENTS SUBSEQUENT TO THE QUARTER END

- Resumed drilling on Block 10 on April 1 using updated drilling parameters developed with the assistance of third-party experts and the results of detailed lab analysis of rock cuttings collected previously. The adoption of new drilling parameters will not result in any increases to planned capital spending previously disclosed for the Oil and Gas business. Any incremental capital spend at the Oil and Gas business in 2019 will be predicated on successful drill results on Block 10 and collections on overdue receivables. Sherritt intends to explore partnerships for further investment in Block 10 following completion of the current drilling, which is expected in the second quarter of 2019.
- On April 17, the U.S. State Department announced that effective May 2, 2019 it will implement Title III of the Helms-Burton Act, allowing U.S. citizens to bring lawsuits against foreign companies for using property that was nationalized by the Cuban government beginning in 1959. Sherritt has been working with its partners in Cuba since 1994 producing nickel, cobalt, oil and gas, and electricity, and plans to continue to operate business as usual. More details on Title III and its potential risks and uncertainties can be found in Sherritt's Annual Information Form dated February 13, 2019. See "Risk Factors & Risks Related to U.S. Government Policy Towards Cuba" for additional information.

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

Q1 2019 FINANCIAL HIGHLIGHTS⁽¹⁾

\$ millions, except as otherwise noted, for the three months ended March 31 2019	2018	Change
Revenue	\$ 31.9	\$ 39.4 (19%)
Combined Revenue ⁽²⁾	124.6	129.1 (3%)
Net loss for the period	(61.8)	(0.6) nm ⁽³⁾
Adjusted EBITDA ⁽²⁾	(1.2)	35.5 (103%)
Cash (used) provided by continuing operations	(34.6)	11.1 (412%)
Combined adjusted operating cash flow ⁽²⁾	(9.9)	6.7 (248%)
Combined free cash flow ⁽²⁾	(44.0)	15.0 (393%)
Average Exchange Rate (CAD/US\$)	1.330	1.265 N/A
Net earnings (loss) from continuing operations per share	\$ (0.16)	\$ 0.00 -

(1) The financial results for the Ambatovy JV are only discussed as part of share of earnings in associate based on financial statement amounts. Prior period non-GAAP measures have been revised to exclude the Ambatovy JV performance.

(2) For additional information see the Non-GAAP measures section.

(3) Not meaningful (nm).

	2019	2018	
\$ millions, as at	March 31	December 31	Change
Cash, cash equivalents and short term investments	\$ 177.3	\$ 207.0	(14%)
Loans and borrowings	704.4	705.7	-

Cash, cash equivalents and short-term investments at March 31, 2019 were \$177.3 million, down from \$207.0 million at December 31, 2018. The reduction in cash is largely as a result of negative changes to working capital totaling \$26.8 million, \$7.8 million in interest payments on outstanding debentures, and \$7.8 million in capital expenditures principally earmarked for resumption of drilling on Block 10. These outflows were partly offset by a \$3.3 million dividend received from the Moa JV.

During Q1 2019, Sherritt received US\$5.7 million on its Cuban overdue receivables. At March 31, 2019 total overdue energy receivables were US\$171.6 million, up from US\$152.5 million at December 31, 2018. Sherritt continues to work with its Cuban partners to finalize a payment plan to reduce the amount of overdue energy receivables. Sherritt has experienced variability in its Cuban overdue energy receivables over the years but has not incurred any losses.

Adjusted net earnings (loss)⁽¹⁾

Net loss for Q1 2019 was \$61.8 million, or \$0.16 per share, compared to a loss of \$0.6 million, or nil per share, for the same period of last year. The net loss for Q1 2019 was principally due to a 4% and 70% decline in realized prices, respectively, for nickel and cobalt at the Moa JV. Other contributing factors

included a \$5.7 million loss from the Oil and Gas business due to reduced production and a lower profit share, and a \$26.8 million share of loss for the Ambatovy JV. Adjusted net loss is summarized below:

	2019		2018	
For the three months ended March 31	\$ millions	\$/share	\$ millions	\$/share
Net loss	(61.8)	(0.16)	(0.6)	-
Adjusting items:				
Unrealized foreign exchange (gain) loss	5.8	0.01	(7.7)	(0.02)
Other	1.1	0.01	(6.5)	(0.02)
Adjusted net loss	(54.9)	(0.14)	(14.8)	(0.04)

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

METAL MARKETS

Nickel

Nickel was the best performing base metal in Q1 2019, closing at US\$5.90/lb on March 29, up almost 25% from the start of the year. The recovery was driven by a number of factors, including optimism that an international trade agreement between the U.S. and China would soon be reached. Underlying market fundamentals also contributed to the price recovery.

Combined nickel inventories on the London Metals Exchange (LME) and the Shanghai Futures Exchange at the end of Q1 2019 totaled 191,292 tonnes, down 13% from the combined total of 219,804 tonnes at the end of Q4 2018. Since the end of Q1 2018, combined Class 1 nickel inventories have declined by approximately 50%. As demand continues to exceed available supply, the nickel market is anticipated to be in a structural deficit in the coming years.

Despite the recovery of prices since the start of 2019, the average reference price for nickel in Q1 2019 was down 7% from last year, declining from US\$6.03/lb to US\$5.62/lb. Nickel prices in April 2019 have averaged at US\$5.85/lb and are currently trading on the LME at US\$5.56/lb.

Demand for nickel will continue to be driven by the stainless steel sector. According to market research by CRU, stainless steel demand is expected to grow at an average annual rate of approximately 4% through 2022 with production emanating largely from China and Indonesia. Demand for nickel – particularly Class 1 nickel – from non-stainless steel sectors is also expected to accelerate given the growth of the electric vehicle battery market. Class 1 nickel, along with cobalt, are key metals needed to manufacture electric vehicle batteries.

Beyond 2019, a shortage of Class 1 nickel is anticipated over the coming years since current market prices are below incentive levels needed to develop new nickel projects. As a result, no new Class 1 nickel supply is expected to come on stream in the near term.

Cobalt

Cobalt prices and demand experienced considerable softness and volatility in Q1 2019. The reference price for Q1 2019 was US\$18.53/lb, down 52% from US\$39.01/lb for the same period of 2018. Consistent with trends over the past several months, the price decline was driven by increased supply of intermediate product from the Democratic Republic of Congo as well as by the destocking of inventory by Chinese consumers.

Abundant available supply has recently resulted in cobalt producers selling product at significant discount to prevailing reference prices. During the run-up in prices from late 2017 through 2018, cobalt producers often sold cobalt at a premium to reference prices as consumers looked to lock supply.

Since the start of April, however, cobalt prices have risen by approximately 15% as consumers renew

purchasing activities. The recent increase in cobalt prices is expected to be sustained through the balance of 2019 albeit with some volatility due to increased speculative interest, growing demand from the electric vehicle battery market and persistent supply risk concerns linked to the Democratic Republic of Congo, which is currently the world's largest source of cobalt supply.

REVIEW OF OPERATIONS

Moa Joint Venture (50% interest) and Fort Site (100%)

\$ millions, except as otherwise noted, for the three months ended March 31	2019	2018	Change
FINANCIAL HIGHLIGHTS			
Revenue	\$ 102.3	\$ 96.3	6%
(Loss) earnings from operations	(9.5)	16.3	(158%)
Adjusted EBITDA ⁽¹⁾	4.2	27.1	(85%)
CASH FLOW			
Cash (used) provided by operations	\$ (4.1)	\$ 18.1	(123%)
Adjusted operating cash flow ⁽¹⁾	2.8	26.8	(90%)
Free cash flow ⁽¹⁾	(10.4)	13.6	(176%)
PRODUCTION VOLUMES (tonnes)			
Mixed Sulphides	4,336	3,882	12%
Finished Nickel	4,397	2,854	54%
Finished Cobalt	426	336	27%
Fertilizer	66,962	52,440	28%
NICKEL RECOVERY (%)	84%	79%	6%
SALES VOLUMES (tonnes)			
Finished Nickel	4,391	2,910	51%
Finished Cobalt	460	325	42%
Fertilizer	26,957	25,472	6%
AVERAGE-REFERENCE PRICES (US\$ per pound)			
Nickel	\$ 5.62	\$ 6.03	(7%)
Cobalt ⁽²⁾	18.53	39.01	(52%)
AVERAGE REALIZED PRICE			
Nickel (\$ per pound)	7.51	7.80	(4%)
Cobalt (\$ per pound)	14.62	48.47	(70%)
Fertilizer (\$ per tonne)	418	358	17%
UNIT OPERATING COSTS⁽¹⁾ (US\$ per pound)			
Nickel - net direct cash cost	4.53	2.06	120%
SPENDING ON CAPITAL⁽³⁾			
Sustaining	14.0	4.5	211%
Expansion	-	-	-
	14.0	4.5	211%

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

(2) Average low-grade cobalt published price per Fastmarkets MB (formerly Metals Bulletin).

(3) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.

The Moa JV produced 4,397 tonnes of finished nickel in Q1 2019, up 54% from 2,854 tonnes produced in Q1 2018. Growth was largely driven by the deployment of new mining equipment acquired throughout 2018 that resulted in improved ore access and reduced equipment downtime compared to the same period of last year. In Q1 2018, the Moa JV's results were impacted by the highest level of rainfall at Moa in more than 20 years and by transportation delays to the refinery in Fort Saskatchewan by the railway service provider. Efforts at improving ore access and mining equipment reliability at Moa have been instrumental in increasing inventory stockpiles and reducing the impact that adverse weather conditions may have on future production.

Finished cobalt production for Q1 2019 was 426 tonnes, up 27% from Q1 2018 due to higher mixed sulphides availability. The ratio of finished nickel production to cobalt production was higher in Q1 2019

compared to last year as a result of a higher nickel to cobalt ratio in mixed sulphides produced at Moa. Despite the change, which is due to ore grade variability, the nickel to cobalt ratio is consistent with historical norms.

Combined nickel and cobalt production totals for Q1 2019 represent the Moa JV's highest ever first quarter production results. Second quarter production will be impacted, however, by the annual maintenance shutdown of the refinery in Fort Saskatchewan. This year's shutdown is expected to be similar in duration to the prior years.

Revenue for Q1 2019 totaled \$102.3 million, up 6% from last year. The increase was largely due to higher sales volume of nickel and cobalt, offset, however, by a 70% decline in the cobalt realized price over Q1 2018. The realized price decline in Q1 2019 was driven by lower consumer demand and the settlement of provisional Q4 2018 pricing. The average-realized price for nickel in Q1 2019 was \$7.51/lb, down 4% from last year.

Mining, processing and refining (MPR) costs for Q1 2019 were US\$5.59/lb, up 6% from US\$5.26/lb for Q1 2018 due to the impacts of higher energy prices and higher utilization of Moa mixed sulphides relative to third-party feeds although partly offset by the impact of higher sales volume.

NDCC in Q1 2019 was US\$4.53/lb, up from US\$2.06/lb for the same period last year. The increase was largely due to lower by-product revenue stemming from lower cobalt prices and the settlement of approximately 200 tonnes of provisionally-priced cobalt sales (100% basis) from Q4 2018. The variance between Q1 2019 cobalt reference and realized prices that resulted from provisional pricing adjustments negatively impacted NDCC by approximately \$0.40 per pound. The decrease in cobalt by-product revenue was partly offset by lower third-party feed costs and a higher contribution from fertilizer sales.

Sustaining capital spending in Q1 2019 was \$14.0 million, up from \$4.5 million in Q1 2018 as the Moa JV continued its new mining equipment initiative aimed at improving equipment reliability, reducing maintenance costs and improving ore accessibility.

Consistent with its efforts to improve operational effectiveness, the Moa JV also commissioned a new slurry preparation plant dump pocket at Moa in Q1 2019 that is designed to improve ore screening and processing.

The Moa JV contributed a dividend distribution of \$3.3 million in Q1 2019.

Oil and Gas

\$ millions, except as otherwise noted, for the three months ended March 31	2019	2018	Change
FINANCIAL HIGHLIGHTS			
Revenue	\$ 9.0	\$ 18.1	(50%)
(Loss) earnings from operations	(5.7)	1.7	(435%)
Adjusted EBITDA ⁽¹⁾	(2.7)	4.6	(159%)
CASH FLOW			
Cash (used) provided by operations	(8.0)	7.3	(210%)
Adjusted operating cash flow ⁽¹⁾	(2.2)	(7.7)	71%
Free cash flow ⁽¹⁾	(14.9)	4.2	(455%)
PRODUCTION AND SALES (boepd)			
Gross working-interest (GWI) - Cuba	4,443	5,572	(20%)
Total net working-interest (NWI)	1,776	3,916	(55%)
AVERAGE-REFERENCE PRICE (US\$ per barrel)			
West Texas Intermediate (WTI)	\$ 54.79	\$ 62.85	(13%)
U.S. Gulf Coast High Sulphur Fuel Oil (USGC HSFO)	61.04	55.13	11%
Brent	62.96	66.88	(6%)
AVERAGE-REALIZED PRICE⁽¹⁾ (NWI)			
Cuba (\$ per barrel)	59.13	\$ 51.11	16%
UNIT OPERATING COSTS⁽¹⁾ (GWI)			

Cuba (\$ per barrel)	21.19	\$ 20.83	2%
SPENDING ON CAPITAL ⁽²⁾			
Development, facilities and other	\$ 1.5	\$ (0.3)	600%
Exploration	4.2	2.6	62%
	\$ 5.7	\$ 2.3	148%

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

(2) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.

Gross working-interest oil production in Cuba in Q1 2019 was 4,443 barrels of oil per day ("bopd"), down 20% from 5,572 bopd for Q1 2018. Lower production in 2019 was primarily due to natural reservoir declines and the absence of new development drilling.

Revenue in Q1 2019 was \$9.0 million, down 50% when compared to last year. The decline was attributable to lower total net working-interest production due to the impact of the decrease in profit oil percentage to 6% from 45% with the renewal of the Puerto Escondido/Yumuri PSC starting in Q2 2018. The decline was partially offset by a higher USGC HSFO reference oil price and by a weaker Canadian dollar relative to the U.S. currency.

Unit operating costs in Cuba in Q1 2019 were \$21.19 per barrel, up 2% from Q1 2018, driven largely by reduced production. Costs were also negatively impacted by a stronger U.S. dollar relative to the Canadian currency. Expenses in Cuba are generally denominated in U.S. currency.

Capital spending in Q1 2019 was \$5.7 million, up 148% from Q1 2018. Exploration capital spending was higher in Q1 2019 as a result of the sourcing of materials and supplies in advance of resumed drilling on Block 10.

Free cash flow for Q1 2019 was impacted by the timing of capital expenditures and negative changes to working capital.

Drilling on Block 10 resumed on April 1, 2019 using updated drilling parameters developed with the assistance of third-party experts and the results of detailed lab analysis of rock cuttings collected previously. The adoption of new drilling parameters will not result in any increases to planned capital spending previously disclosed for the Oil and Gas business. Any incremental capital spend at the Oil and Gas business in 2019 will be predicated on successful drill results on Block 10 and collections on overdue receivables. Sherritt intends to explore partnerships for further investment in Block 10 following completion of the current drilling, which is expected in the second quarter of 2019.

Power

\$ millions (33% basis), except as otherwise noted, for the three months ended March 31 2019				2018	Change
FINANCIAL HIGHLIGHTS					
Revenue	\$ 10.7	\$ 11.9	(10%)		
Earnings from operations	0.9	1.8	(50%)		
Adjusted EBITDA ⁽¹⁾	7.2	7.8	(8%)		
FINANCIAL HIGHLIGHTS					
Cash provided by operations	3.6	11.2	(68%)		
Adjusted operating cash flow ⁽¹⁾	6.3	7.5	(16%)		
Free cash flow ⁽¹⁾	3.1	11.1	(72%)		
PRODUCTION AND SALES					
Electricity (GWh)	173	202	(14%)		
AVERAGE-REALIZED PRICE ⁽¹⁾					
Electricity (\$/MWh)	\$ 55.74	\$ 53.24	5%		
UNIT OPERATING COSTS ⁽¹⁾ (\$/MWh)					
Base	19.83	14.44	37%		
Non-base ⁽²⁾	0.45	2.78	(84%)		

	20.28	17.22	18%
NET CAPACITY FACTOR (%)	54	63	(14%)
SPENDING ON CAPITAL ⁽³⁾			
Sustaining	\$ 0.5	\$ 0.1	400%
	\$ 0.5	\$ 0.1	400%

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

(2) Costs incurred at the Boca de Jaruco and Puerto Escondido facilities that otherwise would have been capitalized if these facilities were not accounted for as service concession arrangements.

(3) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.

Power production in Q1 2019 was 173 gigawatt hours ("GWh") of electricity, down 14% from 202 GWh for the comparable period of 2018. The decline was due to reduced gas supply and to scheduled maintenance activity on the steam turbine at Varadero.

Average-realized prices in Q1 2019 were \$55.74, up 5% from \$53.24 from last year. The increase was due to the depreciation of the Canadian dollar relative the U.S. currency.

Revenue in Q1 2019 totaled \$10.7 million, down 10% from \$11.9 million for last year. The decline was due to lower power production, partially offset by higher realized prices.

Unit operating costs in Q1 2019 were \$20.28, up 18% from \$17.22 for last year. The increase was attributable to lower sales volume and the impact of a weaker Canadian dollar in Q1 2019 as Power business costs are generally denominated in U.S. currency.

Total capital spending in Q1 2019 was negligible.

INVESTMENT IN AMBATOVY JOINT VENTURE (12% interest)

\$ millions, except as otherwise noted, for the three months ended March 31	2019	2018	Change
PRODUCTION VOLUMES (tonnes)			
Mixed Sulphides	992	675	47%
Finished Nickel	920	668	38%
Finished Cobalt	81	49	65%
Fertilizer	2,957	1,989	49%
UNIT OPERATING COSTS ⁽¹⁾			
NDCC (US\$ per pound of nickel)	\$ 5.70	\$ 5.34	7%
SPENDING ON CAPITAL ⁽²⁾ (\$ millions)			
Sustaining	2.2	2.5	(12%)
Expansion	-	-	-
	2.2	2.5	(12%)

(1) For additional information, see the Non-GAAP measures section of this release.

(2) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.

Consistent with previous disclosure, Sherritt announced on March 6, 2019 that it would not fund a cash call requested by the Ambatovy JV. As a result of this decision, Sherritt became a defaulting shareholder, losing its voting rights at the Ambatovy JV board level and incurring a reduction in influence and authority at the local level. Given these developments, Sherritt no longer considers the Ambatovy JV as an operating segment for accounting purposes, and will no longer present Ambatovy's financial results as part of Sherritt's combined financial results, including combined revenue, Adjusted EBITDA and combined cash flow. The accounting treatment for the Ambatovy JV for financial statement purposes has not changed.

Finished nickel production in Q1 2019 was 920 tonnes and finished cobalt production was 81 tonnes, up 38% and 65%, respectively, from Q1 2018. Production in Q1 2019 was impacted by an accident and fatality

in the hydrogen plant that resulted in a full shutdown of the Ambatovy plant for a period of 10 days to undertake safety reviews and complete repairs. Production in Q1 2019 was also impacted by unplanned maintenance activities in the acid plants as well as by equipment reliability issues. In Q1 2018, production was impacted by Cyclone Ava that necessitated a plant shutdown of approximately one month due to damage to equipment and facilities.

NDCC in Q1 2019 was US\$5.70/lb, up 7% from Q1 2018. The increase was attributable to lower cobalt by-product credits resulting from lower cobalt prices, which more than offset the impact of higher nickel and cobalt sales volumes.

Capital spend at Ambatovy based on Sherritt's ownership interest was \$2.2 million in Q1 2019. Capital spending in 2019 will be largely aimed at improving the reliability of the acid plants, replacement of mobile equipment at the plant site, fixing corroded equipment and restoring general plant and equipment.

2019 REVIEW OF STRATEGIC PRIORITIES

The table below lists Sherritt's Strategic Priorities for 2019, and summarizes how the Corporation has performed against those priorities on a year to date basis.

Strategic Priorities	2019 Actions
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH	Continue to improve operating environment. Optimize working capital. Operate the Metcreek plant and cobalt while maintaining production.
UPHOLD GLOBAL OPERATIONAL LEADERSHIP IN FINISHED NICKEL LATERITE PRODUCTION	Further reduce manufacturing costs. Maximize production. Achieve peer leadership.
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS	Successfully execute on existing projects. Review opportunities for new projects.

OUTLOOK

2019 Production, unit operating cost and capital spending guidance

The guidance for 2019 reflects Sherritt's targets for production, unit costs and capital spending announced on January 28, 2019.

	Guidance for	Year-to-date actual for the	Updated Guidance for
Production volumes, unit operating costs and spending on capital	2019	March 31, 2019	2019
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			

Nickel, finished	31,000 - 33,000	8,794	No change
Cobalt, finished	3,300 - 3,600	852	No change
Ambatovy Joint Venture (tonnes, 100% basis)			
Nickel, finished	40,000 - 45,000	7,667	No change
Cobalt, finished	3,500 - 4,000	675	No change
Oil & Cuba (gross working-interest, bopd)	3,800 - 4,100	4,443	No change
Oil and Gas & All operations (net working-interest, boepd)	1,800 - 2,100	1,776	No change
Electricity (GWh, 33% basis)	650 - 700	173	No change
Unit operating costs			
NDCC (US\$ per pound)			
Moa Joint Venture	\$3.40 - \$3.90	\$4.53	No change
Ambatovy Joint Venture	\$3.80 - \$4.30	\$5.70	No change
Oil and Gas - Cuba (unit operating costs, \$ per barrel)	\$25.00 - \$26.50	\$21.19	No change
Electricity (unit operating cost, \$ per MWh)	\$25.25 - \$26.75	\$20.28	No change
Spending on capital ⁽¹⁾			
Moa Joint Venture (50% basis), Fort Site (100% basis) ⁽²⁾	US\$40 (CDN\$54)	US\$11 (CDN\$14)	No change
Ambatovy Joint Venture (12% basis)	US\$10 (CDN\$14)	US\$2 (CDN\$2)	No change
Oil and Gas	US\$21 (CDN\$28)	US\$5 (CDN\$6)	No change
Power (33% basis)	US\$1 (CDN\$1)	US\$1 (CDN\$1)	No change
Spending on capital (excluding Corporate)	US\$72 (CDN\$94)	US\$19 (CDN\$23)	No change

⁽¹⁾ Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for additional information.

⁽²⁾ Spending is 50% of US\$ expenditures for the Moa JV and 100% expenditures for Fort Site fertilizer and utilities.

NON-GAAP MEASURES

The Corporation uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, adjusted operating cash flow and free cash flow to monitor the performance of the Corporation and its operating divisions. Management 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 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. See Sherritt's Management's Discussion and Analysis for the three months ended March 31, 2019 for further information and reconciliation of non-GAAP measures to the most directly comparable IFRS measure.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast April 26th, 2019 at 9:00 a.m. Eastern Time to review its Q1 2019 results. Dial-in and webcast details are as follows:

North American callers, please dial: 1-866-521-4909

International callers, please dial: 647-427-2311

Live webcast: www.sherritt.com

Please dial-in 15 minutes before the start of the call to secure a line. The conference call discussion will include a presentation that will be available from Sherritt's website.

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

COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's complete condensed consolidated financial statements and MD&A for the three months

ended March 31, 2019 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.

ABOUT SHERRITT

Sherritt is a world leader in the mining and refining of nickel and cobalt from lateritic ores with projects and operations in Canada, Cuba and Madagascar. The Corporation is the largest independent energy producer in Cuba, with extensive oil and power operations across the island. Sherritt licenses its proprietary technologies and provides metallurgical services to mining and refining operations worldwide. The Corporation'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 set out in the "Outlook" section of this press release and certain expectations regarding production volumes, operating costs and capital spending; supply, demand and pricing outlook in the nickel and cobalt markets; demand in the stainless steel and electric vehicle battery markets; anticipated payments of outstanding receivables; future distributions from the Moa Joint Venture, funding of future Ambatovy cash calls, drill plans and results on exploration wells; the impact of Title III of the Helms-Burton Act on operations; 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; development and exploration wells and enhanced oil recovery in Cuba; environmental rehabilitation provisions; availability of regulatory approvals; compliance with applicable environmental laws and regulations; debt repayments; collection of accounts receivable; and certain corporate objectives, goals and plans. 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 those 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, changes in the global price for nickel, cobalt, oil and gas, fertilizers or certain other commodities; security market fluctuations and price volatility; level of liquidity; access to capital; access to financing; risks related to the liquidity and funding of the Ambatovy Joint Venture; the risk to Sherritt's entitlements to future distributions from the Moa and Ambatovy joint ventures; risk of future non-compliance with debt restrictions and covenants and mandatory repayments; uncertainty of exploration results and Sherritt's ability to replace depleted mineral and oil and gas reserves; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba and Madagascar; 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; potential interruptions in transportation; uncertainty of gas supply for electrical generation; the Corporation's reliance on key personnel and skilled workers; the possibility of equipment and other failures; risks associated with mining, processing and refining activities; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; risks related to the Corporation's corporate structure; political, economic and other risks of foreign operations; risks related to Sherritt's operations in Madagascar; risks associated with Sherritt's operation of large projects generally; risks related to the accuracy of

capital and operating cost estimates; foreign exchange and pricing risks; 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 and maintaining the Corporation's social license to grow and operate; credit risks; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; 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; legal contingencies; risks related to the Corporation's accounting policies; identification and management of growth opportunities; uncertainty in the ability of the Corporation to obtain government permits; risks to information technologies systems and cybersecurity; 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 2019; and the Corporation's ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this press release and in the Corporation's other documents filed with the Canadian securities authorities, including without limitation the Annual Information Form of the Corporation dated February 13, 2019 for the period ending December 31, 2018, 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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