Sherritt Reports Second Quarter 2024 Results; Metals and Power Deliver Strong Performance; Net Direct Cash Cost Significantly Improved

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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, 2024. All amounts are in Canadian dollars unless otherwise noted.

Leon Binedell, President and CEO of Sherritt commented, "We are encouraged by the strong operational turnaround and improved performance delivered by both our Metals and Power businesses in line with our plans developed last year in response to the market decline and operational challenges experienced. At Metals, nickel, cobalt and fertilizer production benefitted from improved operating reliability and increased mixed sulphides availability as we begin to see the positive impacts of the slurry preparation plant commissioned earlier this year. Notably, our net direct cash cost of US$5.75 per pound was a significant improvement and with our continued focus on operating stability, margin improvement and cash generation, we see the potential to realize further cost improvements ahead. At Power, we continue to achieve increased production and improved utilization. We are pleased to announce an additional well is scheduled to be drilled this year which will increase our output further. The additional supply of gas in Power has resulted in a materially higher dividend of $5.1 million received in Canada this quarter and we expect to continue receiving higher dividends going forward."

Mr. Binedell continued, "With nickel and cobalt both facing headwinds and prices considered at or near the bottom, our lower operating costs and the advancements in operational improvements we have made, place us in a strong position to weather these near-term market uncertainties unlike many non-Chinese linked suppliers which have already announced their exit from the market. Once these near-term market uncertainties abate, we will ultimately capitalize on the future growth opportunities ahead with strong demand expected over the medium-term for the responsibly sourced critical minerals we produce."

SECOND QUARTER 2024 SELECTED DEVELOPMENTS

- Sherritt's share(1) of finished nickel and cobalt production at the Moa Joint Venture ("Moa JV") was 3,383 tonnes and 342 tonnes, respectively.
- Sherritt's share of finished nickel and cobalt sales was 3,791 tonnes and 390 tonnes, respectively. Nickel sales volumes exceeded production volumes on continued strong spot sales which are expected to continue in the second half of the year, driving progress on reducing nickel inventory.
- Net direct cash cost ("NDCC")(2) was US$5.75/lb benefitting from lower mining, processing and refining costs per pound of nickel sold ("MPR/lb"), the largest component of NDCC(2), which improved 15% compared to Q2 2023. Compared to Q1 2024, NDCC(2) continued to improve as expected decreasing by 21%.
- Received $5.1 million of dividends in Canada from Energas during the quarter. Based on current 2024 guidance estimates for production volumes, unit operating costs(2) and spending on capital(2) disclosed in the Outlook section of the MD&A, Sherritt expects total dividends in Canada from Energas to exceed $10.0 million in 2024(3).
- Electricity production was 205 GWh benefitting from increased gas supply from the two wells that went into production at the end of Q2 2023.
- Electricity unit operating cost(2) was $42.74/MWh reflecting timing of higher scheduled maintenance, partly offset by higher sales volume.
- 2024 guidance for production volumes, unit operating costs/NDCC(1) and spending on capital(1) remain unchanged.

- Net loss from continuing operations was $11.5 million, or $(0.03) per share primarily due to lower average-realized prices(2) for nickel, cobalt and fertilizers, partly offset by higher nickel sales volumes.
- Adjusted net loss from continuing operations(2) was $10.0 million or $(0.03) per share, which primarily excludes a non-cash $5.3 million revaluation loss on the net receivable pursuant to the Cobalt Swap(4) on updates to valuation assumptions and a $3.4 million unrealized gain on nickel put options.
- Adjusted EBITDA(2) was $13.0 million.
- Available liquidity in Canada as at June 30, 2024 was $55.9 million supported by $27.0 million received from the Moa JV as full repayment of short-term working capital advances primarily offset by $7.8 million used for operating activities at Power to support scheduled maintenance activities, a $9.4 million interest payment on Second Lien Notes and a $10.8 million payment on rehabilitation and closure costs related to legacy Oil and Gas assets in Spain.
- Sherritt's syndicated revolving-term credit facility was amended to extend its maturity by one year from April 30, 2025 to April 30, 2026 and change the EBITDA-to-Interest Expense covenant as defined in the agreement. There were no other significant changes to the terms, financial covenants or restrictions.
- Purchased put options on 3,876 tonnes of nickel, or 646 tonnes per month, at an exercise price of US$8.16/lb at a cost of $2.2 million for a six-month period starting from June 1, 2024. Any settlements will be paid in cash monthly based on the average monthly nickel price on the London Metal Exchange ("LME"). The economic hedging strategy provides Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes in nickel prices by providing a minimum price of US$8.16/lb on approximately 25% of expected nickel production from the Moa JV during the six-month period. In July, Sherritt received $0.4 million upon settlement of the June 2024 in-the-money put option.
- Opportunistically repurchased $1.5 million of 10.75% unsecured PIK option notes ("PIK Notes") at a 50% discount.
- Released the Corporation's 2023 Sustainability Report marking the 16th year of sustainability reporting and outlining significant progress made during the year toward its ESG goals and highlighting achievements made during the year including maintaining conformity with the LME's Track B Responsible Sourcing Requirements.
- Completed a 10% workforce reduction at its Corporate office in Q2 2024 in addition to the Canada-wide restructuring completed in Q1 2024. Annual cost savings from these cumulative employee and other cost reductions are expected to be $15.0 million per year.
- Phase two of the Moa JV expansion continues with commissioning and ramp up expected in the first half of 2025.
- Advanced the mixed hydroxide precipitate processing project ("MHP Project") with the commencement of an engineering study and continued batch test work and process flowsheet development, which yielded very positive results for metal recoveries and impurity removals.

(1) References to "Sherritt's share" is consistent with the Corporation's definition of reportable segments for financial statement purposes. Sherritt's share of "Metals" includes the Corporation's 50% interest in the Moa JV, its 100% interest in the utility and fertilizer operations in Fort Saskatchewan ("Fort Site") and its 100% interests in subsidiaries established to buy, market and sell certain of the Moa JV's nickel and cobalt production and the Corporation's cobalt inventory received under the Cobalt Swap agreement ("Metals Marketing"). Sherritt's share of Power includes the Corporation's 33?% interest in Energas S.A. ("Energas"). References to Corporate and Other and Oil and Gas includes the Corporation's 100% interest in these businesses. Corporate and Other refers to the Corporate office and Technologies. References to Fort Site directly is to the Corporation's interest in its 100% interest in the utility and fertilizer operations.

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

(3) Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to dividends in Canada from Energas.

(4) For additional information on the Cobalt Swap, see Note 12 - Advances, loans receivable and other financial assets of the consolidated financial statements for the year ended December 31, 2023.

DEVELOPMENTS SUBSEQUENT TO THE QUARTER

Subsequent to the quarter end:

- The Moa JV received approval for US$12 million of foreign currency financing from a Cuban bank to support international payments related to construction of the Sixth Leach Train, the primary component of phase two of the expansion project.
- Elected not to pay cash interest due July 2024 of $3.5 million and added the payment-in-kind interest to the principal amount owed to noteholders on its 10.75% unsecured PIK notes.

Q2 2024 FINANCIAL HIGHLIGHTS

	For the three months ended			For the si
	2024	2023		2024
$ millions, except per share amount	June 30	June 30	Change	June 30
Revenue	$ 51.4	$ 93.5	(45%)	$ 80.2
Combined revenue[1]	163.2	197.0	(17%)	290.9
(Loss) earnings from operations and joint venture	(1.9)	2.2	(186%)	(24.3)
Net (loss) earnings from continuing operations	(11.5)	0.3	nm[2]	(52.4)
Net (loss) earnings for the period	(11.5)	0.3	nm	(52.0)
Adjusted EBITDA[1]	13.0	14.2	(8%)	6.5
Adjusted net (loss) earnings from continuing operations[1]	(10.0)	(2.5)	(300%)	(34.6)
Net (loss) earnings from continuing operations ($ per share)	(0.03)	0.00	nm	(0.13)
Adjusted net (loss) earnings from continuing operations ($ per share)[1]	(0.03)	(0.01)	(200%)	(0.08)
Cash (used) provided by continuing operations for operating activities	(37.8)	32.0	(218%)	(24.8)
Combined free cash flow[1]	(27.0)	5.6	(582%)	(11.2)
Average exchange rate (CAD/US$)	1.368	1.343	2%	1.359

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

(2) Not meaningful ("nm").

	2024	20
$ millions, as at	June 30	De
Cash and cash equivalents		
Canada	$ 25.5	$
Cuba[1]	105.4	
Other	1.4	
	132.3	
Loans and borrowings	369.9	
The Corporation's share of cash and cash equivalents in the Moa Joint Venture, not included in the above balances:	$ 8.5	$

(1) As at June 30, 2024, $104.2 million of the Corporation's cash and cash equivalents was held by Energas (December 31, 2023 - $93.9 million).

Cash and cash equivalents as at June 30, 2024 were $132.3 million, decreasing from $144.4 million as at March 31, 2024.

As at June 30, 2024, total available liquidity in Canada, which is composed of cash and cash equivalents in

Canada of $25.5 million and available credit facilities of $30.4 million was $55.9 million decreasing from $67.9 million as at March 31, 2024 as expected. Available liquidity in Canada during the quarter was supported by $27.0 million received from the Moa JV as full repayment of short-term working capital advances, and $5.1 million of dividends from Energas received in Canada. These receipts were primarily offset by $7.8 million used for operating activities at Power primarily to support scheduled maintenance activities, a $9.4 million interest payment on Second Lien Notes and a $10.8 million payment on rehabilitation and closure costs related to legacy Oil and Gas assets in Spain. The receipt of the Moa JV advance repayment is reflected in cash provided by investing activities.

Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements. Determinants of liquidity include anticipated nickel and cobalt prices, planned spending on capital at the Moa JV including growth capital, working capital needs, expected financing and other expected liquidity requirements. Available cash is also impacted by changes in working capital primarily related to changes in inventory, and timing of receipts and payments, including receipts on nickel and cobalt sales subsequent to shipment. Based on the midpoint of the Moa JV's 2024 guidance ranges for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of the MD&A, and the first half 2024 nickel and cobalt average reference prices of US$8.00/lb and US$13.50/lb, respectively, Sherritt expects to receive approximately $50.0 million in Cobalt Swap distributions (including both Sherritt's share and GNC's redirected share). As defined by the agreement, any short fall in the annual minimum payment amount will be added to the following year. With the full repayment of the short-term working capital advances to the Moa JV received in the second quarter of 2024, Sherritt expects the joint venture will commence dividends pursuant to the Cobalt Swap during the fourth quarter of 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to distributions from the Moa JV.

In Power, based on 2024 guidance estimates for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of the MD&A, Sherritt expects total dividends in Canada from Energas to exceed $10.0 million in 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to dividends in Canada from Energas.

During the quarter, Sherritt purchased put options on 3,876 tonnes of nickel, or 646 tonnes per month, at an exercise price of US$8.16/lb at a cost of $2.2 million for a six-month period starting from June 1, 2024. Any settlements will be paid in cash monthly based on the average monthly nickel price on the LME. The economic hedging strategy provides Sherritt with full exposure to upward changes in nickel prices, while protecting against downward changes in nickel prices by providing a minimum price of US$8.16/lb on approximately 25% of expected nickel production from the Moa JV during the six-month period. In July, Sherritt received $0.4 million upon settlement of the June 2024 in-the-money put option.

Sherritt's syndicated revolving-term credit facility was amended to extend its maturity by one year from April 30, 2025 to April 30, 2026 and change the EBITDA-to-Interest Expense covenant as defined in the agreement. The amendment included terms to transition the interest rate of bankers' acceptance plus 4.00% to CORRA plus 4.00%. There were no other significant changes to the terms, financial covenants or restrictions.

At the Second Lien Note interest payment date in April 2024, the Corporation was not required to make a mandatory redemption of Second Lien Notes as it did not have Excess Cash Flow as defined in the Second Lien Notes indenture agreement for the two-quarter period ended December 31, 2023. Additionally, for the two-quarter period ended June 30, 2024, the Corporation did not have Excess Cash Flow as defined in the Second Lien Notes indenture agreement and, therefore, will not be required to make a mandatory redemption with its October 2024 interest payment.

As at June 30, 2024, the Corporation was in compliance with all its debt covenants.

Subsequent to the quarter end:

- The Moa JV received approval for US$12 million of foreign currency financing from a Cuban bank to support international payments related to construction of the Sixth Leach Train, the primary component of phase two of the expansion project.

- Elected not to pay cash interest due July 2024 of $3.5 million and added the payment-in-kind interest to the principal amount owed to noteholders on its PIK notes.

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

REVIEW OF OPERATIONS

Metals

	For the three months ended			For the six mont	
	2024	2023		2024	2
$ millions (Sherritt's share), except as otherwise noted	June 30	June 30	Change	June 30	Jun
FINANCIAL HIGHLIGHTS(1)					
Revenue	$ 150.6	$ 185.6	(19%)	$ 265.7	$ 3
Cost of sales	144.5	182.2	(21%)	275.6	3
(Loss) earnings from operations	2.7	3.8	(29%)	(18.3)	3
Adjusted EBITDA(2)	18.0	18.6	(3%)	10.5	6
CASH FLOW(1)					
Cash provided by continuing operations for operating activities(2)	$ 21.2	$ 38.8	(45%)	$ 52.4	$ 1
Free cash flow(2)	13.5	22.7	(41%)	35.2	7
PRODUCTION VOLUMES (tonnes)					
Mixed Sulphides	4,095	3,783	8%	8,147	7
Finished Nickel	3,383	3,268	4%	6,980	6
Finished Cobalt	342	331	3%	684	6
Fertilizer	60,355	52,224	16%	117,419	1
NICKEL RECOVERY(3) (%)	88%	85%	4%	87%	8
SALES VOLUMES (tonnes)					
Finished Nickel	3,791	3,188	19%	7,814	6
Finished Cobalt	390	1,064	(63%)	752	1
Fertilizer	60,682	63,384	(4%)	84,591	9
AVERAGE-REFERENCE PRICE(4) (US$ per pound)					
Nickel	$ 8.35	$ 10.12	(17%)	$ 7.94	$ 1
Cobalt	13.34	15.27	(13%)	13.59	1
AVERAGE-REALIZED PRICE(2) (CAD)					
Nickel ($ per pound)	$ 11.25	$ 13.58	(17%)	$ 10.55	$ 1

Cobalt ($ per pound)	14.32	16.36	(12%)	14.41	1
Fertilizer ($ per tonne)	574.70	709.67	(19%)	528.73	6
UNIT OPERATING COST[2] (US$)					
Nickel - net direct cash cost (US$ per pound)	$ 5.75	$ 7.22	(20%)	$ 6.50	$ 6
SPENDING ON CAPITAL[2](CAD)					
Sustaining	$ 7.4	$ 13.6	(46%)	$ 14.8	$ 1
Growth	0.4	2.5	(84%)	2.4	6
	$ 7.8	$ 16.1	(52%)	$ 17.2	$ 2

(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) Reference sources: Nickel - LME. Cobalt - Average standard-grade cobalt price published per Argus.

Revenue

Metals revenue in Q2 2024 was $150.6 million compared to $185.6 million in Q2 2023. Revenue in the current year period was lower primarily due to lower average-realized prices[1] for nickel, cobalt and fertilizer and the timing of receipts and sales of cobalt by Sherritt under the Cobalt Swap agreement, partly offset by higher nickel sales volumes. In Q2 2024 the average-realized prices[1] for nickel, cobalt and fertilizers were $11.25/lb, $14.32/lb and $574.70/tonne, 17%, 12% and 19% lower, respectively, compared to the same period in the prior year.

Nickel revenue in Q2 2024 was $94.0 million compared to $95.5 million in Q2 2023. Finished nickel sales volumes in Q2 2024 were 19% higher than Q2 2023 and exceeded production volumes as Metals continued reducing its inventory with strong spot sales which are expected to continue in the second half of the year, driving progress on reducing nickel inventory.

Cobalt revenue in Q2 2024 was $12.3 million compared to $38.4 million in Q2 2023. Lower revenue was primarily due to the timing of receipts and sales of cobalt under the Cobalt Swap and lower average-realized prices[1]. For more information regarding the timing of Cobalt Swap distributions in 2024, refer to the Cobalt Swap sales section below.

Fertilizer revenue in Q2 2024 was $34.8 million compared to $45.0 million in Q2 2023. In addition to lower average-realized prices[1], sales volumes for Q2 2024 were 4% lower compared to Q2 2023.

Cobalt Swap sales

For 2024, Cobalt Swap distributions are anticipated to start in the fourth quarter of the year whereas in 2023, Sherritt had received 100% of the annual maximum amount of cobalt (2,082 tonnes) and had sold approximately 85% of that cobalt by the end the first half of the year.

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

Moa JV's cash and cobalt distributions to the Corporation are determined based on available cash in excess of liquidity requirements. Determinants of liquidity include anticipated nickel and cobalt prices, planned spending on capital at the Moa JV including growth capital, working capital needs, expected financing and other expected liquidity requirements. Available cash is also impacted by changes in working capital primarily related to changes in inventory, and timing of receipts and payments, including receipts on nickel and cobalt sales subsequent to shipment. Based on the midpoint of the Moa JV's 2024 guidance ranges for production volumes, unit operating costs[1] and spending on capital[1] disclosed in the Outlook section of the MD&A, and the first half 2024 nickel and cobalt average reference prices of US$8.00/lb and US$13.50/lb, respectively, Sherritt expects to receive approximately $50 million in Cobalt Swap distributions (including both Sherritt's share and GNC's redirected share). As defined by the agreement, any short fall in the annual minimum payment amount will be added to the following year. With the full repayment of the short-term working capital advances to the Moa JV received in the second quarter of 2024, Sherritt expects the joint venture will commence dividends pursuant to the Cobalt Swap during the fourth quarter of 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to distributions from the Moa JV.

Production

Mixed sulphides production at the Moa JV in Q2 2024 was 4,095 tonnes, up 8% from the Q2 2023 primarily due to lower unplanned maintenance and improved ore quality being fed to the processing plant following the completion of the new Slurry Preparation Plant ("SPP") in Q1 2024.

During the second quarter of 2024, the annual refinery maintenance shutdown occurred and has been factored into the Corporation's 2024 guidance with higher production expected in the second half of the year. The planned annual maintenance shutdown also took place during the second quarter in 2023.

Sherritt's share of finished nickel and cobalt production in Q2 2024 was 3,383 tonnes and 342 tonnes, each 4% and 3% higher, respectively, than Q2 2023, primarily as a result of improved mixed sulphides availability.

Fertilizer production in Q2 2024 of 60,355 tonnes was 16% higher compared to Q2 2023 in line with higher nickel production, implementation of operational improvements, and due to the unplanned ammonia plant maintenance that occurred in the prior year period.

NDCC[1]

NDCC[1] per pound of nickel sold was US$5.75/lb in Q2 2024 compared to US$7.22/in Q2 2023. NDCC[1] significantly improved as expected, primarily as a result of lower MPR/lb and lower third-party feed costs partly offset by lower cobalt and net fertilizer by-product credits[3]. MPR/lb was 15% lower in Q2 2024 compared to Q2 2023 primarily due to lower sulphur and natural gas prices, lower purchased sulphuric acid, lower maintenance costs and the impact of higher nickel production and sales volumes. In Q2 2024 lower average-realized prices[1] and sales volumes for cobalt and fertilizers resulted in lower by-product credits.

Compared to Q1 2024, NDCC[1] continued to improve as expected decreasing by 21%. Sherritt maintains its 2024 guidance range for NDCC[1] at US$5.50 to US$6.00/lb.

Spending on capital[1]

Sustaining spending on capital in Q2 2024 was $7.4 million compared to $13.6 million in Q2 2023. Sustaining spending on capital is lower as a result of timing of spending and consistent with lower annual guidance.

With the SPP completed and operating during Q1, growth spending on capital in Q2 2024 of $0.4 million was primarily related to spending on the second phase of the Moa JV expansion program.

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

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

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

Expansion program and strategic developments

Moa JV expansion program update

Phase two of the Moa JV's expansion program, the Processing Plant, is continuing to advance. During the second quarter of 2024 civil construction and structural erection was completed and piping installation commenced.

Subsequent to the end of the second quarter of 2024, the Moa JV received approval for US$12 million of foreign currency financing from a Cuban bank to support international payments related to construction of the Sixth Leach Train, the primary component of phase two of the expansion project.

Phase two commissioning and ramp up remains scheduled for 2025 with Sherritt expecting to commence the ramp up during the first half of the year. With completion of phase two, annual mixed sulphide precipitate production is expected to further increase toward the combined expansion target, including the new SPP, of approximately 20% of contained nickel and cobalt and is expected to fill the refinery to nameplate capacity to maximize profitability from the joint venture's own mine feed, displacing lower margin third-party feeds and increasing overall finished nickel and cobalt production.

Strategic developments

Sherritt, through its MHP Project, is advancing a flowsheet to produce high-purity nickel and cobalt sulphates and reduce sodium sulphate effluent, a key environmental challenge for the downstream industry. The MHP Project provides a strategic opportunity to expand Sherritt's current business into the production of nickel and cobalt sulphates, a key intermediary product required in the electric vehicle battery supply chain, where a current significant gap exists in North America. Sherritt's technical expertise and innovative processing solutions are key differentiators and enablers towards the Corporation's near-term strategic focus to expand its midstream processing capacity of critical minerals to fill this gap in North America in line with governments' objectives and incentives.

During the quarter, Sherritt commenced an engineering study and continued batch test work and process flowsheet development, which yielded very positive results for metal recoveries and impurity removals. A small scale continuous solvent extraction ("SX") pilot is planned for H2 2024 and process development work is expected to be completed by year end. Sherritt also continued its external engagement with governments and potential customers and funding partners, with a goal to reach agreement on key commercial and project parameters, including site identification, by year end.

Power

	For the three months ended			For the si
	2024	2023		2024
$ millions (33 ?% basis), except as otherwise noted	June 30	June 30	Change	June 30
FINANCIAL HIGHLIGHTS				
Revenue				

$

11.8

$

10.9

8%

$

23.8

Cost of sales		9.3		6.5	43%		13.3
Earnings from operations		1.2		3.3	(64%)		8.3
Adjusted EBITDA(1)		1.8		4.0	(55%)		9.4
CASH FLOW							
Cash (used) provided by continuing operations for operating activities(1)	$	(7.8)	$	2.3	(439%)	$	1.9
Free cash flow(1)		(9.3)		1.7	(647%)		(2.2)
PRODUCTION AND SALES							
Electricity (GWh(2))		205		172	19%		415
AVERAGE-REALIZED PRICE(1)							
Electricity ($/MWh(2))	$	52.00	$	57.25	(9%)	$	51.62
UNIT OPERATING COSTS(1)							
Electricity ($/MWh)		42.74		34.13	25%		29.81
SPENDING ON CAPITAL(1)							
Sustaining	$	1.5	$	0.6	150%	$	4.1

(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 in Q2 2024 was $11.8 million, up 8% compared to Q2 2023, primarily due to higher production. The increase in electricity production is a result of additional gas from two wells that went into production at the end of Q2 2023.

As a key partner in supporting the Cuban government's plans to increase power production, Sherritt continues to work with its Cuban partners to increase gas supply and an additional well is scheduled to be drilled in the third quarter which is expected to provide additional electricity production in the second half of the year.

Unit operating costs(1) in Q2 2024 were $42.74/MWh compared to $34.13/MWh in Q2 2023 primarily driven by the timing of scheduled maintenance activities which were completed in Q2 2024, partly offset by higher sales volumes.

Spending on capital(1) in Q2 2023 was $1.5 million primarily driven by maintenance activities.

Sherritt received $5.1 million of dividends in Canada from Energas during the quarter. Based on 2024 guidance estimates for production volumes, unit operating costs(1) and spending on capital(1) disclosed in the Outlook section of the MD&A, Sherritt expects total dividends in Canada from Energas to exceed $10.0 million in 2024. Refer to the risks related to Sherritt's corporate structure in the Corporation's 2023 Annual Information Form for further information on risks related to dividends in Canada from Energas.

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

OUTLOOK

2024 guidance for production volumes, unit operating costs and spending on capital remains unchanged.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast July 30, 2024 at 10:00 a.m. Eastern Time to review its second quarter 2024 results. Dial-in and webcast details are as follows:

North American callers, please dial:	1 (800) 717-1738 Passcode: 88402
International callers, please dial:	1 (289) 514-5100 Passcode: 88402
Live webcast:	www.sherritt.com

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

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

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

Sherritt's condensed consolidated financial statements and MD&A for the three and six months ended June 30, 2024 are available at www.sherritt.com or on SEDAR+ at www.sedarplus.ca. and should be read in conjunction with this news release. Financial and operating data can also be viewed in the investor relations section of Sherritt's website.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Management uses these measures to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace 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.

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 25 years and has embarked on an expansion program focused on increasing annual mixed sulphide precipitate production by approximately 20% of contained nickel and cobalt. The Corporation's Power division, through its ownership in Energas S.A., is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Sherritt's common shares are listed on the Toronto Stock Exchange under the symbol "S".

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; the Moa Joint Venture expansion program update as it relates to the Processing Plant; statements set out in the "Outlook" section of this press release; certain expectations regarding production volumes and increases, inventory levels, operating costs, capital spending and intensity; sales volumes; revenue, costs and earnings; the availability of additional gas supplies to be used for power generation; the amount and timing of dividend distributions from the Moa JV, including in the form of finished cobalt or cash under the Cobalt Swap; sales of finished cobalt and associated receipts related to cobalt received pursuant to the Cobalt Swap; the amount and timing of dividend distributions from Energas; growing shareholder value; expected annualized employee and other Corporate office-related cost savings; sufficiency of working capital management and capital project funding; strengthening the Corporation's capital structure and amounts of certain other commitments.

Forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility;; nickel, cobalt and fertilizer production results and realized prices; current and future demand products produced by Sherritt; global demand for electric vehicles and the anticipated corresponding demand for cobalt and nickel; revenues and net operating results; environmental risks and liabilities; compliance with applicable environmental laws and regulations; advancements in environmental and greenhouse gas (GHG) reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to Environmental, Social and Governance (ESG) matters which are based on assumptions or developing standards; environmental rehabilitation provisions; risks related to the U.S. government policy toward Cuba; current and future economic conditions in Cuba; the level of liquidity and access to funding; Sherritt share price volatility; and certain corporate objectives, goals and plans for 2024. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that the assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this press release not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, commodity risks related to the production and sale of nickel cobalt and fertilizers; security market fluctuations and price volatility; level of liquidity of Sherritt, including access to capital and financing; the ability of the Moa Joint Venture to pay dividends; the risk to Sherritt's entitlements to future distributions (including pursuant to the Cobalt Swap) from the Moa JV; risks related to Sherritt's operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; political, economic and other risks of foreign operations, including the impact of geopolitical events on global prices for nickel, cobalt, fertilizers, or certain other commodities; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; risk of future non-compliance with debt restrictions and covenants; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations; maintaining social license to grow and operate; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; risks to information technologies systems and cybersecurity; identification and management of growth opportunities; the ability to replace depleted mineral reserves; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba; risks associated with mining, processing and refining activities; risks associated with the operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; the possibility of equipment and other failures; potential interruptions in transportation; uncertainty of gas supply for electrical generation; reliance on key personnel and skilled workers; growth opportunity risks; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies, including diesel; supplies quality issues; risks related to the Corporation's corporate structure; foreign exchange and pricing risks; credit risks; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; legal contingencies; risks related to the Corporation's accounting policies; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2024; 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, 2024 and the Annual Information Form of the Corporation dated March 21, 2024 for the period ending December 31, 2023, which is available on SEDAR+ at www.sedarplus.ca.

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

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 consolidated financial statements for the three and six months ended June 30, 2024.

Combined revenue

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

Revenue at Oil and Gas is excluded from Combined revenue as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and CUPET, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or revenue generation potential. The exclusion of revenue at Oil and Gas from Combined revenue represented a change in the composition of Combined revenue during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and revenue generation potential and the prior year measure has been restated for comparative 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		
	2024	2023		2024	2023	
$ millions	June 30	June 30	Change	June 30	June 30	Change
Revenue by reportable segment						
Metals[(1)]	$ 150.6	$ 185.6	(19%)	$ 265.7	$ 362.1	(27%)
Power	11.8	10.9	8%	23.8	21.2	12%
Corporate and Other	0.8	0.5	60%	1.4	1.1	27%
Combined revenue	$ 163.2	$ 197.0	(17%)	$ 290.9	$ 384.4	(24%)
Adjustment for Moa Joint Venture	(117.8)	(107.6)		(222.0)	(238.5)	
Adjustment for Oil and Gas	6.0	4.1		11.3	6.2	
Financial statement revenue	$ 51.4	$ 93.5	(45%)	$ 80.2	$ 152.1	(47%)

(1) Revenue of Metals for the three months ended June 30, 2024 is composed of revenue recognized by the Moa JV of $117.8 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 $31.9 million and Metals Marketing of $0.9 million, both of which are included in consolidated revenue (for the three months ended June 30, 2023 - $107.6 million, $38.5 million and $39.5 million, respectively). Revenue of Metals for the six months ended June 30, 2024 is composed of revenue recognized by the Moa JV of $222.0 million (50% basis), coupled with revenue recognized by Fort Site of $40.8 million and Metals Marketing of $2.9 million (for the six months ended June 30, 2023 - $238.5 million, $53.7 million and $69.9 million, respectively).

Adjusted EBITDA

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

Earnings/loss from operations at Oil and Gas (net of depletion, depreciation and amortization, if applicable) is deducted from/added back to Adjusted EBITDA as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and CUPET, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or cash generation potential. The adjustment for earnings/loss from operations at Oil and Gas (net of depletion, depreciation and amortization, if applicable) represented a change in the composition of Adjusted EBITDA during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and cash generation potential and the prior year measure has been restated for comparative purposes.

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

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

$ millions, for the three months ended June 30						2024
	Metals[1]	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture						
per financial statements	$ 2.7	$ 1.2	$ 1.7	$ (6.9)	$ (0.6)	$ (1.9)
Add (deduct):						
Depletion, depreciation and amortization	2.9	0.6	0.1	0.1	-	3.7
Oil and Gas earnings from operations, net of						
depletion, depreciation and amortization	-	-	(1.8)	-	-	(1.8)
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	11.9	-	-	-	-	11.9
Impairment of property, plant and equipment	0.5	-	-	-	-	0.5
Net finance expense	-	-	-	-	0.1	0.1
Income tax expense	-	-	-	-	0.5	0.5
Adjusted EBITDA	$ 18.0	$ 1.8	$ -	$ (6.8)	$ -	$ 13.0

$ millions, for the three months ended June 30						2023 (Restated)
	Metals[1]	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture						
per financial statements						

$

3.8

$

3.3

$

1.5

1.5

$

(8.6

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$

2.2

$

2.2

Add (deduct):						
Depletion, depreciation and amortization	3.3	0.7	-	0.2	-	4.2
Oil and Gas earnings from operations, net of						
depletion, depreciation and amortization	-	-	(1.5)	-	-	(1.5)
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	$ -	$ (8.4)	$ -	$ 14.2

$ millions, for the six months ended June 30						2024
	Metals(2)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
(Loss) earnings from operations and joint venture						
per financial statements	$ (18.3)	$ 8.3	$ (0.6)	$ (13.9)	$ 0.2	$ (24.3)
Add:						
Depletion, depreciation and amortization	5.3	1.1	0.1	0.5	-	7.0
Oil and Gas loss from operations, net of						
depletion, depreciation and amortization	-	-	0.5	-	-	0.5
Adjustments for share of earnings of Moa Joint Venture:						
Depletion, depreciation and amortization	23.0	-	-	-	-	23.0
Impairment of property, plant and equipment	0.5	-	-	-	-	0.5
Net finance income	-	-	-	-	(1.1)	(1.1)
Income tax expense	-	-	-	-	0.9	0.9
Adjusted EBITDA	$ 10.5	$ 9.4	$ -	$ (13.4)	$ -	$ 6.5

$ millions, for the six months ended June 30						2023 (Restated)
	Metals(2)	Power	Oil and Gas	Corporate and Other	Adjustment for Moa Joint Venture	Total
Earnings (loss) from operations and joint venture						
per financial statements	$ 34.8	$ 9.2	$ 0.1	$ (18.6)	$ (1.7)	$ 23.8

Add (deduct):						
Depletion, depreciation and amortization	5.6	1.2	0.1	0.5	-	7.4
Oil and Gas earnings from operations, net of						
depletion, depreciation and amortization	-	-	(0.2)	-	-	(0.2)
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	$ -	$ (18.1)	$ -	$ 55.4

(1) Adjusted EBITDA of Metals for the three months ended June 30, 2024 is composed of Adjusted EBITDA at Moa JV of $11.8 million (50% basis), Adjusted EBITDA at Fort Site of $7.2 million and Adjusted EBITDA at Metals Marketing of $(1.0) million (for the three months ended June 30, 2023 - $20.8 million, $4.9 million and $(7.1) million, respectively).

(2) Adjusted EBITDA of Metals for the six months ended June 30, 2024 is composed of Adjusted EBITDA at Moa JV of $9.8 million (50% basis), Adjusted EBITDA at Fort Site of $2.3 million and Adjusted EBITDA at Metals Marketing of $(1.6) million (for the six months ended June 30, 2023 - $65.8 million, $8.0 million and $(10.7) million, respectively).

Average-realized price

Average-realized price is generally calculated by dividing revenue by sales volume for the given product in a given segment. The average-realized price for power excludes by-product and other 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

	Metals				
	Nickel	Cobalt	Fertilizer	Power	Other(1
Revenue per financial statements	$ 94.0	$ 12.3	$ 34.8	$ 11.8	$ 16.3
Adjustments to revenue:					
By-product and other revenue					

-

-

-

(1.1

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Revenue for purposes of average-realized price calculation	94.0	12.3	34.8	10.7	
Sales volume for the period	8.3	0.9	60.7	205	
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours	
Average-realized price(2)(3)(4)	$ 11.25	$ 14.32	$ 574.70	$ 52.00	

$ millions, except average-realized price and sales volume, for the three months ended June 30

	Metals				
	Nickel	Cobalt	Fertilizer	Power	Other(1
Revenue per financial statements	$ 95.5	$ 38.4	$ 45.0	$ 10.9	$ 11.3
Adjustments to revenue:					
By-product and other 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 six months ended June 30

	Metals				
	Nickel	Cobalt	Fertilizer	Power	Other(1
Revenue per financial statements	$ 181.8	$ 23.9	$ 44.7	$ 23.8	$ 28.0
Adjustments to revenue:					
By-product and other revenue	-	-	-	(2.4)	
Revenue for purposes of average-realized price calculation	181.8	23.9	44.7	21.4	
Sales volume for the period	17.2	1.7	84.6	415	
Volume units	Millions of pounds	Millions of pounds	Thousands of tonnes	Gigawatt hours	
Average-realized price(2)(3)(4)	$ 10.55	$ 14.41	$ 528.73	$ 51.62	

$ millions, except average-realized price and sales volume, for the six months ended June 30

	Metals				
	Nickel	Cobalt	Fertilizer	Power	Other(1

Revenue per financial statements	$ 216.9	$ 69.2	$ 61.9	$ 21.2	$ 21.4
Adjustments to revenue:					
By-product and other 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	

(1) Other revenue includes revenue from the Oil and Gas and Corporate and Other 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/Net direct cash cost

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

Metals' NDCC is calculated by dividing cost of sales, as reported in the financial statements, adjusted for the following: depreciation, depletion, amortization and impairment losses in cost of sales; cobalt by-product, fertilizer 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.

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					2024
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 144.5	$ 9.3	$ 4.6	$ (116.6)	$ 41.8
Less:					
Depletion, depreciation and amortization in cost of sales	(14.8)	(0.5)			

	129.7	8.8			
Adjustments to cost of sales:					
Cobalt by-product, fertilizer and other revenue	(56.6)	-			
Impact of opening/closing inventory and other(2)	(8.1)	-			
Cost of sales for purposes of unit cost calculation	65.0	8.8			
Sales volume for the period	8.3	205			
Volume units	Millions of pounds	Gigawatt hours			
Unit operating cost(3)(4)	$ 7.87	$ 42.74			
Unit operating cost (US$ per pound) (NDCC)(5)	$ 5.75				

$ 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 six months ended June 30					2024
	Metals	Power	Other(1)	Adjustment for Moa Joint Venture	Total
Cost of sales per financial statements	$ 275.6	$ 13.3	$ 12.9	$ (232.5)	$ 69.3
Less:					
Depletion, depreciation and amortization in cost of sales					

(28.3

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(0.9

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	247.3	12.4
Adjustments to cost of sales:		
Cobalt by-product, fertilizer and other revenue	(83.9)	-
Impact of opening/closing inventory and other[2]	(11.5)	-
Cost of sales for purposes of unit cost calculation	151.9	12.4
Sales volume for the period	17.2	415
Volume units	Millions of pounds	Gigawatt hours
Unit operating cost[3][4]	$ 8.82	$ 29.81
Unit operating cost (US$ per pound) (NDCC)[5]	$ 6.50	

$ millions, except unit cost and sales volume, for the six months ended June 30					2023
	Metals	Power	Other[1]	Adjustment for Moa Joint Venture	Total
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				

(1) Other is composed of the cost of sales of the Oil and Gas and Corporate and Other reportable segments.

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

Net earnings/loss from continuing operations at Oil and Gas is deducted from/added back to adjusted earnings/loss from continuing operations as the segment is not currently exploring for or producing oil and gas and its financial results relate to ancillary drilling services, provided to a customer and CUPET, and environmental rehabilitation costs for legacy assets, which are not reflective of the Corporation's core operating activities or future operational performance. The adjustment for net earnings/loss from continuing operations at Oil and Gas represented a change in the composition of adjusted net earnings/loss from continuing operations during the three months ended December 31, 2023 to better reflect the Corporation's core operating activities and future operational performance and the prior year measure has been restated for comparative purposes.

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

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

The tables below reconcile net (loss) 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	$ millions	2024 $/share	$ millions	2023 $/share
Net (loss) earnings from continuing operations	$ (11.5)	$ (0.03)	$ 0.3	$ -
Adjusting items:				
Sherritt - Unrealized foreign exchange loss - continuing operations	-	-	0.2	-
Corporate and Other - Gain on repurchase of notes	(0.7)	-	(2.2)	-
Corporate and Other - Unrealized gain on nickel put options	(3.4)	(0.01)	-	-
Metals - Moa JV - Impairment of property, plant and equipment	0.5	-	-	-
Metals - Moa JV - Inventory write-down/obsolescence	1.6	-	1.1	-
Metals - Fort Site - Inventory write-down	-	-	0.8	-
Metals - Metals Marketing - Inventory write-down	-	-	1.1	-
Metals - Metals Marketing - Cobalt gain	-	-	1.9	-
Power - Loss (gain) on revaluation of GNC receivable	7.9	0.02	(4.7)	(0.01)
Power - (Gain) loss on revaluation of Energas payable	(2.6)	(0.01)	0.8	-

Oil and Gas - Net loss from continuing operations, net of				
unrealized foreign exchange gain/loss	(1.9)	-	(2.0)	-
Total adjustments, before tax	$ 1.4	$ -	$ (3.0)	$ (0.01)
Tax adjustments	0.1	-	0.2	-
Adjusted net loss from continuing operations	$ (10.0)	$ (0.03)	$ (2.5)	$ (0.01)

For the six months ended June 30	$ millions	2024 $/share	$ millions	2023 $/share
Net (loss) earnings from continuing operations	$ (52.4)	$ (0.13)	$ 13.9	$ 0.03
Adjusting items:				
Sherritt - Unrealized foreign exchange loss - continuing operations	-	-	1.1	-
Sherritt's share - Severance related to restructuring	3.5	0.01	-	-
Corporate and Other - Unrealized gain on nickel put options	(3.4)	(0.01)	-	-
Corporate and Other - Gain on repurchase of notes	(0.7)	-	(3.5)	(0.01)
Metals - Moa JV - Impairment of property, plant and equipment	0.5	-	-	-
Metals - Moa JV - Inventory write-down/obsolescence	2.5	0.01	1.4	-
Metals - Fort Site - Inventory write-down	0.9	-	0.8	-
Metals - Metals Marketing - Inventory write-down	-	-	1.1	-
Metals - Metals Marketing - Cobalt gain	-	-	2.4	0.01
Power - Loss (gain) on revaluation of GNC receivable	18.4	0.05	(13.2)	(0.03)
Power - (Gain) loss on revaluation of Energas payable	(4.0)	(0.01)	8.4	0.02
Oil and Gas - Net loss (earnings) from continuing operations, net of				
unrealized foreign exchange gain/loss	0.4	-	(1.1)	-
Total adjustments, before tax	$ 18.1	$ 0.05	$ (2.6)	$ (0.01)
Tax adjustments	(0.3)	-	-	-
Adjusted net (loss) earnings from continuing operations	$ (34.6)	$ (0.08)	$ 11.3	$ 0.02

Spending on capital

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

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

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

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

$ millions, for the three months ended June 30						2024
	Metals	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures(2)	$ 7.7	$ 1.5	$ -	$ 9.2	$ (7.6)	$ 1.6
Intangible asset expenditures(2)	-	-	-	-	-	-
	7.7	1.5	-	9.2	$ (7.6)	$ 1.6
Adjustments:						
Accrual adjustment	0.1	-	-	0.1		
Spending on capital	$ 7.8	$ 1.5	$ -	$ 9.3		

$ 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 six months ended June 30						2024
	Metals	Power	Other(1)	Combined total	Adjustment for Moa Joint Venture	Total derived from financial statements
Property, plant and equipment expenditures(2)	$ 17.2	$ 4.1	$ -	$ 21.3	$ (16.0)	$ 5.3
Intangible asset expenditures(2)	-	-	0.2	0.2	-	0.2
	17.2	4.1	0.2	21.5	$ (16.0)	$ 5.5
Adjustments:						

Accrual adjustment	-	-	(0.1)	(0.1)		
Spending on capital	$ 17.2	$ 4.1	$ 0.1	$ 21.4		

$ millions, for the six 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]	$ 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		

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

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

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

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

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

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

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

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

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

$ millions, for the three months ended June 30

	Metals[1][2]	Power	Oil and Gas	Corporate and Other	Combi total
Cash provided (used) by continuing operations for operating activities	$ 21.2	$ (7.8)	$ (14.8)	$ (16.4)	$ (17.8
Less:					
Property, plant and equipment expenditures	(7.7)	(1.5)	-	-	(9.2
Intangible expenditures	-	-	-	-	-
Free cash flow	$ 13.5	$ (9.3)	$ (14.8)	$ (16.4)	$ (27.0

$ millions, for the three months ended June 30

	Metals[1][2]	Power	Oil and Gas	Corporate and Other	Combi total
Cash provided (used) by continuing operations for operating activities	$ 38.8	$ 2.3	$ 0.2	$ (18.8)	$ 22.5
Less:					
Property, plant and equipment expenditures	(16.1)	(0.6)	-	-	(16.7
Intangible expenditures	-	-	(0.2)	-	(0.2
Free cash flow	$ 22.7	$ 1.7	$ -	$ (18.8)	$ 5.6

$ millions, for the six months ended June 30

	Metals[3][4]	Power	Oil and Gas	Corporate and Other	Combi total
Cash provided (used) by continuing operations for operating activities	$ 52.4	$ 1.9	$ (18.8)	$ (25.2)	$ 10.3
Less:					
Property, plant and equipment expenditures	(17.2)	(4.1)	-	-	(21.3
Intangible expenditures	-	-	(0.2)	-	(0.2

Free cash flow	$ 35.2	$ (2.2)	$ (19.0)	$ (25.2)	$ (11.2

$ millions, for the six months ended June 30

	Metals(3)(4)	Power	Oil and Gas	Corporate and Other	Combi total
Cash provided (used) by continuing operations for operating activities	$ 101.8	$ 6.7	$ 1.2	$ (46.7)	$ 63.0
Less:					
Property, plant and equipment expenditures	(25.7)	(1.3)	-	-	(27.0
Intangible expenditures	-	-	(1.1)	-	(1.1
Free cash flow	$ 76.1	$ 5.4	$ 0.1	$ (46.7)	$ 34.9

(1) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $20.0 million, $0.7 million and $0.5 million, respectively, for the three months ended June 30, 2024 (June 30, 2023 - $22.6 million, $(17.6) million and $33.8 million, respectively).

(2) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $7.5 million, $0.2 million and nil, respectively, for the three months ended June 30, 2024 (June 30, 2023 - $12.6 million, $3.5 million and nil, respectively).

(3) Cash provided by continuing operations for operating activities for the Moa JV, Fort Site and Metals Marketing was $35.1 million, $12.0 million and $5.3 million, respectively, for the six months ended June 30, 2024 (June 30, 2023 - $53.4 million, $(5.2) million and $53.6 million, respectively).

(4) Property, plant and equipment expenditures and intangible expenditures for the Moa JV, Fort Site and Metals Marketing was $16.0 million, $1.2 million and nil, respectively, for the six months ended June 30, 2024 (June 30, 2023 - $19.3 million, $6.4 million and nil, respectively).

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