


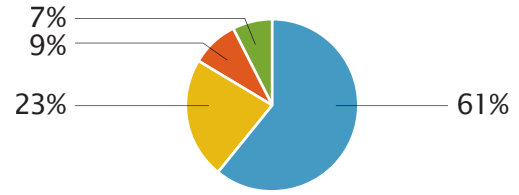
Our business

Our business is to develop assets in key infrastructure areas, where the combination of operating expertise and technological know-how allows us to deliver consistent, low-cost benefits and value to our shareholders and contribute to the quality of life of stakeholders in the communities where we operate.

Business unit	Profile
 <p data-bbox="477 631 868 1021">Metals</p>	<p data-bbox="911 677 1605 975">A technology leader in processing and refining lateritic nickel, Metals boasts 2 world-class joint ventures. The Moa Joint Venture annually produces ~35,000 tonnes (100% basis) of finished nickel and cobalt. Expansion is underway to increase mixed sulphide production up to ~49,000 tonnes (100% basis). In Madagascar, Sherritt is constructing the Ambatovy project with its joint venture partners. Once operational, the joint venture is set to deliver 60,000 tonnes (100% basis) of nickel and 5,600 tonnes (100% basis) of cobalt. Combined nickel and cobalt production from all operations will be ~114,000 tonnes (100% basis) annually, making Sherritt a leading global lateritic nickel producer.</p>
 <p data-bbox="95 1021 477 1412">Coal</p>	<p data-bbox="911 1067 1640 1297">Canada's largest thermal coal producer, Sherritt operates and has a 41.2% to 50% ownership position in 9 surface mines in Alberta and Saskatchewan. These mines produce +97% of the country's thermal coal, which is sold to domestic utility companies and international customers. Through an entity known as the Carbon Development Partnership, Sherritt and the Ontario Teachers' Pension Plan Board have equal interest in +400 years worth of coal resources, and have proposed to develop a coal gasification facility, which Sherritt will own 50% of and operate.</p>
 <p data-bbox="477 1412 868 1802">Oil & Gas</p>	<p data-bbox="911 1457 1623 1687">Cuba's largest foreign oil producer, Sherritt operates and has a 40% to 100% working interest in 7 commercial oil fields and 3 development and exploration blocks under review in Cuba. The company employs land-based drilling rigs to produce oil from near-shore reservoirs off the island's northern coast. Sherritt also holds a 14% to 29% working interest in offshore oil fields in Spain's Gulf of Valencia and natural gas-producing assets in the Badar lease in Pakistan. Further exploration potential exists in Cuba, Spain and the East Irish Sea.</p>
 <p data-bbox="95 1802 477 2190">Power</p>	<p data-bbox="911 1848 1657 2054">Cuba's largest independent power producer, Sherritt has a one-third interest in Energas, S.A. Sherritt finances, constructs and operates the facilities, Union Cubapetroleo provides the natural gas that is converted into electricity, and Union Electrica supplies the transmission infrastructure to deliver electricity to the country. Facilities in Boca de Jaruco, Puerto Escondido and Varadero house a total of 10 gas turbines and 1 steam turbine with the combined generating capacity to produce 376 megawatts.</p>

Revenue by business unit

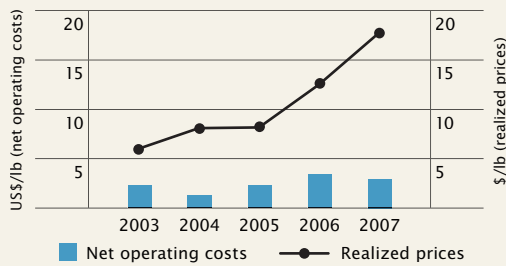
(% of total revenue, excluding items listed as corporate and other)



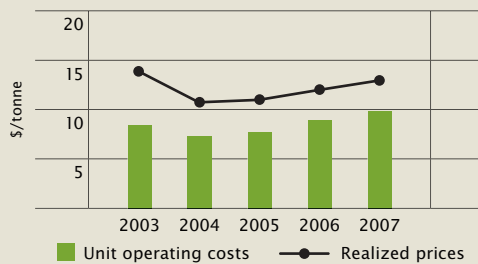
Sherritt is a diversified company that delivered strong revenue in 2007 in all of its business units.

Performance

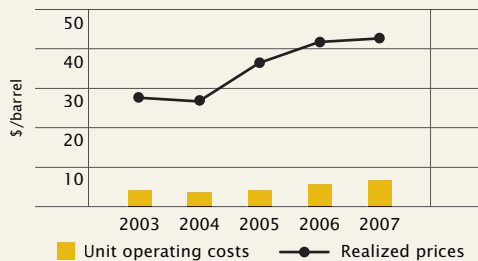
METALS – REALIZED NICKEL PRICES VS. OPERATING COSTS



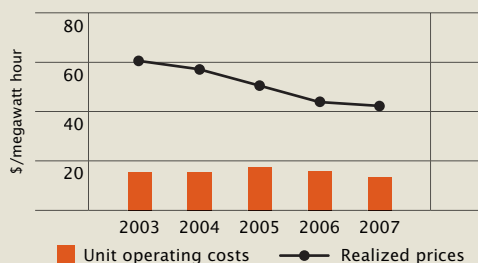
COAL – REALIZED PRICES VS. OPERATING COSTS (excluding Coal Valley)



OIL & GAS – REALIZED PRICES VS. OPERATING COSTS



POWER – REALIZED PRICES VS. OPERATING COSTS



2007 Achievements

- Achieved record EBITDA of \$481.8 million, due to operational excellence and strong market fundamentals
- Produced record 33,661 tonnes (100% basis) of mixed sulphides at Moa
- Refined 31,392 tonnes (100% basis) of nickel and a record 3,574 tonnes (100% basis) of cobalt at Fort Saskatchewan
- Acquired operatorship of, and a 40% ownership in, the Ambatovy Joint Venture in Madagascar

- Produced ~40 million tonnes (100% basis) of coal
- Achieved record realized prices and record sales volumes at Coal Valley
- Reclaimed 654 hectares of land
- Reached safety milestones for years without a lost-time incident: +19 years at Genesee and +12 years at Sheerness. Neither mine has experienced an incident since opening

- Achieved record EBITDA of \$227.9 million, due to favourable pricing and steady production
- Significantly improved results through cost and operating efficiencies
- Maintained gross working interest production of 30,637 million barrels of oil per day in Cuba
- Undertook record drilling program

- Recorded record EBITDA of \$83.6 million, up 17% over the previous year
- Achieved record production of 2,288 gigawatt hours
- Successfully commissioned 65 megawatt (MW) gas turbine at Boca de Jaruco facility
- Maintained average net capacity factor of 82%

2008 Outlook

- Expect to capitalize on another year of favourable pricing
- Anticipate record production with additional 4,000 tonnes (100% basis) of mixed sulphide capacity per year following the commissioning of phase 1 of the Moa Joint Venture expansion
- Will progress on phase 2 of the expansion and continue construction of the Ambatovy project

- Maintain steady, low-cost production
- Carry out ongoing initiatives to improve operating and equipment efficiencies
- File environmental impact assessment for gasification project
- Pursue off-take customers interested in coal gasification end products
- Capitalize on strong pricing in export thermal coal market

- Invest ~\$150 million in capital spending for development and exploration activities involving 12 wells in Cuba
- Begin offshore exploration activity in new locations in Spain and the East Irish Sea
- Maintain 2007 production levels in Cuba
- Commence construction of enhanced oil recovery project in Cuba

- Anticipate record production with 376 MW of generating capacity online
- Start construction on 150 MW combined cycle expansion at Boca de Jaruco
- Begin activities relating to the memorandum of understanding signed with the Government of Madagascar to deliver 100 MW of generating capacity