

FINANCIAL RESULTS HIGHLIGHTS

	Year ended 2007	Year ended 2006
Revenues by segment		
Metals	\$ 805.7	\$ 543.4
Oil and Gas	303.5	272.1
Power	117.7	105.7
Coal ⁽²⁾	95.7	193.2
Corporate and other ⁽³⁾	17.8	–
Revenues	\$ 1,340.4	\$ 1,114.4
EBITDA by segment		
Metals	\$ 481.8	\$ 263.8
Oil and Gas	227.9	214.5
Power	83.6	71.5
Coal ⁽²⁾	(8.5)	31.4
Corporate and other ⁽³⁾	(31.9)	(40.8)
EBITDA⁽¹⁾	\$ 752.9	\$ 540.4
Distributions declared by Royal Utilities ⁽⁴⁾	\$ 38.6	\$ 19.6
Operating earnings by segment		
Metals	\$ 458.5	\$ 243.0
Oil and Gas	140.0	128.7
Power	56.2	46.2
Coal ⁽²⁾	(17.4)	(1.2)
Corporate and other ⁽³⁾	(36.8)	(45.3)
Operating earnings⁽¹⁾	\$ 600.5	\$ 371.4
Earnings from continuing operations	\$ 370.7	\$ 242.9
Earnings (loss) from discontinued operations	(0.3)	2.7
Net earnings	\$ 370.4	\$ 245.6
Earnings per share		
Basic	\$ 1.80	\$ 1.61
Diluted	\$ 1.79	\$ 1.42
Capital expenditures		
Metals	\$ 827.3	\$ 72.8
Oil and Gas	147.8	125.4
Power	18.8	33.7
Coal ⁽²⁾	3.2	8.8
Corporate and other ⁽³⁾	5.7	2.1
Total	\$ 1,002.8	\$ 242.8
Balance sheet		
Cash and short-term investments	\$ 490.1	\$ 369.7
Total assets	5,464.5	2,553.5
Long term debt and other long-term liabilities	605.1	342.6
Non-controlling interests	1,202.3	194.1

(1) Earnings before interest, taxes, depreciation and amortization (EBITDA) and operating earnings do not have a standardized meaning prescribed by Canadian generally accepted accounting principles (GAAP) and are unlikely to be comparable with similar measures presented by other issuers. These measures should not be considered in isolation as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. Reference should be made to the Review of Operations for discussion of EBITDA and operating earnings by business segment.

(2) Coal results include the Corporation's 50% proportionate interest in Royal Utilities up to June 27, 2006, and the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets.

(3) Corporate and other results include Sherritt's Technology division which includes the former Dynatec Metallurgical Technologies division's results from June 14, 2007.

(4) Distributions declared by Royal Utilities represent the Corporation's 41.2% share and for 2006 are from the period of June 27 to December 31, 2006.

SIGNIFICANT EVENTS

On June 14, 2007, Sherritt acquired all of the issued and outstanding common shares of Dynatec Corporation (Dynatec), whereby shareholders of Dynatec received 0.19 of a Sherritt common share and 0.0634 of a common share of FNX Mining Company Inc. (FNX), which were owned by Dynatec prior to the acquisition, for each of their Dynatec common shares. Through the transaction, Sherritt immediately owned a 45% interest in the Ambatovy Project in Madagascar, which is expected to have a production capacity of 60,000 tonnes (100% basis) of nickel and 5,600 tonnes (100% basis) of cobalt per year with an estimated reserve life of 27 years. In December 2007, certain conditions were met and SNC-Lavalin acquired a 5% interest in the Ambatovy Project from Sherritt, thereby reducing the Corporation's interest to 40%. The Corporation's Metals segment now consists of the Moa Joint Venture (formerly known as the Metals Enterprise) and the Ambatovy Joint Venture. The Corporation has reviewed the accounting for the Ambatovy Joint Venture and determined the Corporation has a variable interest in the Ambatovy Joint Venture and is also the primary beneficiary. As a result, for the year ended December 31, 2007, the accounts of the Ambatovy Joint Venture have been consolidated under the variable interest model as established in the guidelines issued by the Canadian Institute of Chartered Accountants and the equity interests of the other shareholders are accounted for as part of non-controlling interests.

Pursuant to the exercise of a call right granted to FNX through the acquisition of Dynatec, Sherritt sold its Canadian and United States mining services business (Mining Services Division), formerly owned by Dynatec, to FNX for cash proceeds of \$53.0 million, subject to a purchase price adjustment for working capital. The sale was completed on October 15, 2007, and the working capital adjustment was finalized in February 2008, resulting in additional proceeds of \$6.1 million.

On October 24, 2007, the Corporation issued \$225 million principal amount of 8.25% Senior Unsecured Series B Debentures due on October 24, 2014, pursuant to a short form base shelf prospectus. The net proceeds of this debt issue will be used for general corporate purposes.

As of December 31, 2007, the Corporation had a \$59.5 million exposure to the Canadian Asset-backed Commercial Paper (ABCP) market. This amount has matured and has not been repaid. The Corporation has estimated the fair value of the ABCP and has recorded a downward fair value adjustment of \$14.9 million (or \$0.06 per share, diluted).

For the second consecutive year, continued strong cash flow generation from operating activities resulted in a 20% increase in the quarterly dividend in the fourth quarter to \$0.036 a share, or \$0.144 per share on an annualized basis.

In the fourth quarter of 2007, after three years as Senior Vice President and Chief Financial Officer, Mr. Guy Bentinck moved to a newly created position within Sherritt as Senior Vice President, Capital Projects. In this role, Mr. Bentinck is responsible for overseeing the execution of significant capital projects across all business units. Mr. Dean Chambers replaced Mr. Bentinck as Senior Vice President and Chief Financial Officer. Mr. Chambers was previously Managing Director, Finance, and prior thereto, Chief Financial Officer of Dynatec.

CONSOLIDATED EARNINGS

For the year ended December 31, 2007, Sherritt reported record net earnings and diluted earnings per share (EPS) of \$370.4 million and \$1.79 per share, respectively, compared with net earnings of \$245.6 million and diluted EPS of \$1.42 for 2006. The increase of \$124.8 million in net earnings was primarily due to record nickel and higher cobalt prices and sales volumes in Metals, higher net oil production and realized oil prices in Oil and Gas and lower financing expense, partially offset by the \$13.0 million (after-tax) downward ABCP fair value adjustment and a higher effective tax rate of 35% compared to 27% in 2006.

	2007	2006
Revenue	\$ 1,340.4	\$ 1,114.4

Revenue increased by \$226 million to \$1.34 billion mainly due to record nickel and higher cobalt prices in Metals, higher sales volumes in Metals, Coal and Power, and higher net oil production in Oil and Gas. On June 27, 2006, the Corporation monetized a portion of its Coal assets through an initial public offering of Royal Utilities. The increase in revenue is \$342.2 million after adjusting for Royal Utilities' 2006 revenues of \$116.2 million for the period January 1 to June 27, 2006.

	2007	2006
Operating	\$ 483.6	\$ 484.5
Selling	15.0	12.8
General and administrative.	88.9	76.7
Operating, selling, general and administrative expenses	\$ 587.5	\$ 574.0

Operating expenses were comparable to the prior year. After adjusting for the change in accounting for Royal Utilities, operating expenses increased \$75.7 million. The increase, after adjustment, relates to higher costs associated with higher sales volumes, increased third-party feed costs and higher production costs in Metals, Coal and Oil and Gas as well as costs relating to the Metallurgical Technologies Division. In addition, higher operating expenses were experienced in Coal due to increased maintenance, tire, and diesel costs.

Selling expenses were higher reflecting higher nickel, cobalt and fertilizer sales by Metals.

General and administrative expenses were higher mainly due to higher stock-based compensation expense resulting from the appreciation in the Corporation's share price and the issuance of additional stock-based compensation units.

	2007	2006
Depletion, amortization and accretion	\$ 152.4	\$ 169.0

Depletion, amortization and accretion expenses were \$16.6 million lower or \$6.8 million higher after adjusting for the change in accounting for Royal Utilities. The increase, after adjustment, was mainly due to higher depletion rates in Oil and Gas' Spanish operations due to a revised abandonment plan for the Casablanca field. Depletion, amortization and accretion expenses included \$23.4 million of Royal Utilities costs for the period of January 1 to June 27, 2006.

	2007	2006
Interest income	\$ (24.6)	\$ (18.3)
Interest and accretion expense on debt	29.1	42.0
Financing costs associated with senior debt transactions	–	5.6
Foreign exchange losses.	19.8	0.6
Other	(2.6)	(0.6)
Net financing expense	\$ 21.7	\$ 29.3

Net financing expense decreased from the prior year mainly due to a decrease in interest expense resulting from the redemption of the 7% convertible debentures in 2006 and higher interest income earned on cash, cash equivalents and short-term investments, partially offset by higher foreign exchange losses due to the strengthening of the Canadian dollar.

	2007	2006
Share of earnings of equity-accounted investments	\$ (34.6)	\$ (10.9)
Gain on sale of investments	(1.4)	(4.7)
Fair value adjustment	14.9	–
Write-down of investment	–	2.3
	\$ (21.1)	\$ (13.3)

For the year ended December 31, 2007, the share of earnings of equity-accounted investments represented the Corporation's share of Royal Utilities' earnings. Prior to the date of its initial public offering on June 27, 2006, Royal Utilities was proportionately consolidated.

At December 31, 2007, the Corporation had a \$59.5 million exposure to the Canadian ABCP market. All of the \$59.5 million ABCP had matured and had not been repaid. The Corporation estimated the fair value of the ABCP and recorded a downward fair value adjustment of \$14.9 million. The \$2.3 million write-down of investments in 2006 related to the investment in tourism assets.

	2007	2006
Effective tax rate	35%	27%

The Corporation's effective tax rate varies depending upon the relative profitability of its businesses, which are situated in different tax rate jurisdictions. Oil and Gas is taxed at a relatively constant combined rate of 30%. For Power, the original 226 MW of power generation capacity is taxed at a combined rate of 30%, while the Phase 6 and 7 expansions are subject to a tax holiday in Cuba until the relevant financing and land rights are fully repaid.

The combined rate for Metals can vary significantly from year to year, depending on the price of nickel and cobalt. Generally, the combined rate for Metals falls between 33% and 37%. The Corporation is also taxed on the amount of distributions from Royal Utilities in excess of equity income.

The higher effective tax rate for the year ended 2007, as compared to 2006, was mainly due to the non-recognition of future tax assets relating to exploration, operational and development expenses in Cuba, and non-capital losses of Canadian subsidiary companies as well as a reduction in the 2006 effective tax rate that resulted from a corporate reorganization in 2006 that reduced the future income taxes associated with foreign income repatriation. Without the impact of the non-recognition of the future tax assets relating to Cuban expenses and Canadian losses, the Corporation's effective tax rate for the year would have been approximately 31%.

	2007		2006
Non-controlling interests	\$ 21.1	\$	17.2

The non-controlling interests reflected the two-thirds outside interest in Energas S.A. (Energas), a variable interest entity in Power. The increase of \$3.9 million over the prior year was mainly due to an increase in Energas operating earnings partially offset by foreign exchange losses and higher interest costs.

	2007		2006
Earnings (loss) from discontinued operations	\$ (0.3)	\$	2.7

The loss from discontinued operations in 2007 related to the Mining Services, Mineral Products and Coal-bed Methane divisions acquired from Dynatec on June 14, 2007.

In the fourth quarter of 2007, the Corporation sold the Mining Services and Coal-bed Methane divisions with no gain or loss recognized on the sales.

In October 2006, the Corporation disposed of its 49% interest in the soybean-based food processing business at book value. The disposition of the soybean-based food processing business was accounted for and presented as a discontinued operation in the consolidated financial statements.

CONSOLIDATED CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

	2007	2006
Cash from operating activities before working capital changes	\$ 562.2	\$ 391.4
Decrease (increase) in non-cash working capital	163.2	(69.6)
Cash provided by discontinued operations.	3.8	1.4
Cash provided by operating activities	\$ 729.2	\$ 323.2

Cash provided by continuing operations before working capital changes was higher than the prior year primarily due to higher operating earnings.

The decrease in non-cash working capital of \$163.2 million during the year was mainly due to the \$211.0 million accounts payable increase in Metals relating to the Ambatovy Joint Venture, partially offset by higher receivables related to Ambatovy Joint Venture shareholder advances and an increase in Oil and Gas receivables.

	2007	2006
Capital expenditures	\$ 999.4	\$ 241.9
Decrease in non-cash capital expenditures	(6.3)	(12.4)
Cash capital expenditures	\$ 993.1	\$ 229.5
Cash used for (provided by) other investing activities	132.2	(111.9)
Cash used for discontinued operations	3.0	0.9
Cash used for investing activities	\$ 1,128.3	\$ 118.5

Capital expenditures for the year ended December 31, 2007, primarily related to \$647.6 million of project costs in the Ambatovy Joint Venture, \$179.7 million of sustaining and expansion spending at the Moa Joint Venture and the purchase of \$18.1 million of capital assets in Oil and Gas from its joint-venture partner when it assumed operatorship of the Santa Cruz field in the first quarter.

Cash used for other investing activities for the year was primarily comprised of investments in short-term deposits of approximately \$93.7 million, reclassification of \$59.5 million in ABCP investments from cash and cash equivalents to long-term investments and an increase in the Moa Joint Venture expansion loan of \$58.9 million, partially offset by proceeds of \$98.8 million on the sales of the Mining Services Division, Coal-bed Methane Division and marketable securities acquired through the Dynatec acquisition.

	2007	2006
Cash provided by (used for) by financing activities	\$ 404.0	\$ (291.1)

Cash provided by financing activities for the year was primarily comprised of \$232.0 million of contributions made by the Ambatovy Joint Venture shareholders, the net proceeds of \$221.0 million from the issuance of 8.25% Senior Unsecured Series B Debentures, \$56.9 million of proceeds received from financing related to the 65 MW expansion in Power and advances on the Moa Joint Venture expansion loan, partially offset by \$28.8 million of dividends paid to non-controlling shareholders in Power, dividends of \$24.3 million paid to the Corporation's shareholders, the repurchase of \$25.3 million of the Corporation's common shares and repayment of an operating credit facility of approximately \$29.0 million.

Credit Facilities

The following table outlines credit facilities as at December 31, 2007 and 2006.

	2007	2006
Senior Unsecured Debentures due 2012 ⁽¹⁾	\$ 273.5	\$ 273.5
Senior Unsecured Debentures due 2014 ⁽²⁾	221.1	—
Syndicated 364-Day Revolving Term Credit Facility ⁽³⁾	115.0	115.0
Loan from financial institution ⁽⁴⁾	38.9	22.5
364-Day Liquidity Line of Credit ⁽⁵⁾	50.0	—
Ambatovy Project equity partners (US\$) ⁽⁶⁾	236.0	—
Ambatovy Project Financing (US\$) (100%) ⁽⁷⁾	2,100.0	—

(1) In 2005, the Corporation issued two tranches of the 7.875% senior unsecured debentures series A due November 26, 2012. On November 25, 2005, the first tranche of \$175 million principal amount was issued for net cash proceeds of \$172.5 million, which proceeds were used to repurchase substantially all of the Corporation's 50% share of the US\$275 million of 9.75% senior unsecured notes of its coal business. On December 30, 2005, the second tranche of \$98.6 million principal amount was issued in exchange for \$90.6 million principal amount of the \$105 million of 9.875% senior unsecured debentures, with the remaining balance of \$14.4 million being redeemed for cash on January 16, 2006. Deferred financing costs of \$11.1 million were netted against the 7.875% senior unsecured debentures in the beginning of 2007.

(2) On October 24, 2007, the Corporation issued \$225 million principal amount of 8.25% senior unsecured debentures series B due October 2014 with net cash proceeds of \$221.1 million.

(3) The revolving term credit facility has a term of 364 days with the next renewal in May 2008. Advances bear interest at the bankers' acceptance rate plus an applicable margin of 2%. Letters of credit/guarantee outstanding totalled \$14.3 million.

(4) The Corporation entered into loan agreements for \$26.5 million and \$25 million in 2007 and 2005, respectively. Both facilities are being used to fund the expansion in Power. The loans bear interest at the bankers' acceptance rate plus an applicable margin of 2.9%, payable semi-annually in ten equal instalments over a five-year term.

(5) In September 2007, a 364-day \$50 million loan agreement was entered into to provide liquidity in place of current ABCP holdings. In the event that the ABCP held by the Corporation are sold, the Corporation will be required to repay the facility. Advances bear interest at the bankers' acceptance rate plus an applicable margin of 2%.

(6) Facility available from the other shareholders of the Ambatovy Joint Venture to fund the Corporation's equity contribution in Ambatovy. Interest is payable at LIBOR plus an applicable margin. Repayment of principal and interest will be made from 70% of the Corporation's share of distributions from the Ambatovy Joint Venture.

(7) On August 22, 2007, the US\$2.1 billion Ambatovy Project financing was entered into. The debt amortizes during the post-completion period and matures 17 years after signing. The blended interest rates on the loans are LIBOR plus an applicable margin.

Certain credit facilities, loans, and debentures outstanding have various financial tests and other covenants in which the Corporation and its affiliates must comply. Non-compliance with such covenants could result in accelerated repayment of the related debt or credit facilities. The Corporation and its affiliates were in compliance as at December 31, 2007, and expect to be in compliance in the next twelve months.

On December 18, 2007, the Corporation filed a short-form base shelf prospectus for the issuance of up to \$500 million of debt securities, common shares and/or subscription receipts over a 25-month period. As at December 31, 2007, no debt securities, common shares or subscription receipts had been issued under this prospectus.

Liquidity

The Corporation had cash and cash equivalents, restricted cash and short-term investments of \$490.1 million at December 31, 2007, and cash provided by operating activities of \$729.2 million in the year. It is expected that the Corporation's existing cash balances, cash flow from operations, existing credit facilities including the Ambatovy Project financing signed in August 2007 and the availability of loans from the other shareholders of the Ambatovy Joint Venture will be sufficient to fund the Corporation's capital, exploration and reclamation programs budgeted for 2008.

Contractual Commitments and Obligations

	Total	2008	2009	2010	2011	2012	2013 and thereafter
Capital commitments	\$ 1,284.6	\$ 660.4	\$ 490.6	\$ 133.6	\$ —	\$ —	\$ —
Long-term debt	588.4	10.3	10.3	10.3	5.3	267.0	285.2
Capital leases	18.3	5.8	5.0	4.3	1.7	1.5	—
Operating leases	25.4	6.5	6.4	5.2	3.4	1.8	2.1
Asset retirement obligations	263.8	6.0	5.4	4.8	4.5	4.5	238.6
Other long-term liabilities and commitments	19.2	9.0	1.6	0.7	0.1	—	7.8
	\$ 2,199.7	\$ 698.0	\$ 519.3	\$ 158.9	\$ 15.0	\$ 274.8	\$ 533.7

As at December 31, 2007, the Corporation was committed to purchases of equipment and services in the amount of \$343.2 million, including its proportionate share of joint ventures commitments. Commitments for the Ambatovy Project amounted to \$941.4 million, including the share of non-controlling interests. As the Ambatovy Joint Venture, Power and Moa Joint Venture expansions progress, the Corporation expects to enter into additional commitments.

Coal Valley Resources Inc., in which the Corporation has a 50% interest, signed an agreement with CN Rail to pledge 300,000 tonnes of clean coal inventory as security on the liability outstanding to CN Rail. The outstanding liability had increased due to delays in sales as a result of a strike that had decreased rail service.

CONSOLIDATED FINANCIAL POSITION

Total assets increased significantly to \$5.5 billion as at December 31, 2007, from \$2.6 billion in 2006. The increase primarily related to the acquisition of Dynatec in 2007.

In June 2007, the Corporation acquired Dynatec for a purchase price of \$1.6 billion through the issuance of 61,439,408 common shares, the assumption of a note and other costs. On the date of acquisition, the Corporation acquired net assets of Dynatec mainly consisting of a 45% interest in the Ambatovy Project in Madagascar, 20.5 million common shares in FNX, and the Mining Services, Coal-bed Methane and Metallurgical Technologies divisions.

For accounting purposes, the purchase price was allocated to the net assets acquired and liabilities assumed at the time of acquisition, which mainly related to the mineral rights value of \$1,367.5 million (before non-controlling interests) associated with the Ambatovy Joint Venture, FNX common shares of \$521.9 million, which were used to settle the note, and net assets of the Mining Services and Coal-bed Methane Divisions totalling \$58.5 million which were sold by the Corporation during the year. Consequently, goodwill of \$404.2 million was recognized relating to this acquisition.

Cash and cash equivalents, restricted cash and short-term investments totalled \$490.1 million as at December 31, 2007, an increase of \$120.4 million since 2006. The increase in cash and cash equivalents, restricted cash and short-term investments was mainly due to higher cash inflows from continuing operations of \$725.4 million, contributions of \$232.0 million from the Ambatovy Joint Venture shareholders and net proceeds of \$221.0 million from the issuance of \$225 million of 8.25% Senior Unsecured Series B Debentures, partially offset by capital expenditures.

During the year, \$59.5 million of ABCP was reclassified from cash to long-term investments due to liquidity disruptions in the credit markets related to ABCP. Short-term investments mainly consisted of Government of Canada treasury bills and bank term deposits as at December 31, 2007.

Accounts receivable increased by \$151.9 million to \$495.1 million as at December 31, 2007, primarily due to an increase in receivables of \$93.3 million in Metals, an increase in receivables of \$50.0 million in Oil and Gas and a receivable of \$6.1 million from FNX related to the sale of the Mining Services Division. Metals accounts receivable included receivables from finished nickel and cobalt sales, receivables from non-controlling shareholders of the Ambatovy Joint Venture and receivables from fertilizer and by-product sales. The Oil and Gas receivables increased due to higher sales volumes and higher balances on a jointly operated block. Coal Valley accounts receivable arise principally from sales of export coal. Oil and Gas and Power accounts receivable included amounts due from Cuban government agencies.

Inventories decreased by \$14.5 million since the prior year end to \$94 million largely as a result of lower production in Coal and the foreign exchange impact on inventory in Metals as a result of the stronger Canadian dollar relative to the US dollar.

Capital assets increased by approximately \$2.2 billion since the prior year end to \$3.3 billion as a result of the mineral rights of \$1,264.4 million and development and pre-production expenditures of \$767 million relating to the Ambatovy Joint Venture, the Moa Joint Venture expansion, the Power 65 MW expansion and development and exploration drilling in Oil and Gas.

Investments of \$404.8 million as at December 31, 2007, were comprised mainly of the Corporation's equity accounted investment of \$337.1 million in Royal Utilities, \$44.6 million of ABCP and a \$17.4 million investment in tourism.

The future tax asset (including current portion) of \$60.2 million as at December 31, 2007, decreased significantly from the 2006 year-end amount of \$100.5 million. The decrease was mainly due to the utilization of future income tax assets used to reduce the taxable capital gain realized on the disposition of the FNX shares. The 2007 year-end amount primarily represented the tax benefit of approximately \$81 million of non-capital losses, \$65 million of capital losses, and unrealized profit in inventory. The non-capital losses were generated primarily through interest on the Corporation's debt. The tax benefit of the losses was recognized on the expectation that sufficient taxable income will be realized in the future to utilize these losses.

Other assets, including advances and loans receivable, increased by \$66.5 million to \$248.5 million as at December 31, 2007. The increase was mainly due to the Moa Joint Venture expansion loan receivable balance increase of \$75.8 million, and an intangible asset of \$8.6 million associated with the Metallurgical Technologies business acquired from Dynatec, partially offset by an \$11.1 million reclassification on January 1, 2007, of issuance costs to long-term debt upon adoption of new accounting standards for financial instruments (see "Accounting Changes" and note 2 to the 2007 consolidated financial statements) and repayments on a loan receivable in respect of the sale of the Corporation's interest in the soybean business.

Goodwill of \$373.8 million relates to the acquisition of Dynatec as described in note 4 of the 2007 consolidated financial statements. Goodwill might represent (a) the advantage of sustaining and growing the Metals operations through finding new mineral reserves as the Corporation seeks to replace and expand its reserves through the exploration of its existing properties and through acquisitions of interests in new properties or of interests in companies which own such properties, (b) diversification in the countries that the Corporation operates in and thereby reducing its exposure to the political and economic risks associated with doing business in those countries and (c) synergies from the use of similar technologies and expertise experienced and obtained in Canada, Cuba and Madagascar, which could increase productivity.

Short-term debt of \$52.8 million as at December 31, 2007, decreased by \$29 million from the prior year primarily due to the timing of working capital requirements.

Accounts payable and accrued liabilities increased by \$256.9 million over the prior year to \$467.6 million as at December 31, 2007. Accounts payable increased due to \$211.0 million of payables in Metals relating to the Ambatovy Joint Venture, \$53.7 million increase in taxes payable on the sale of the FNX shares and the inclusion of the Metallurgical Technologies Division.

The future income tax liability (including current portion) of \$378.9 million as at December 31, 2007, increased significantly from the 2006 year-end amount of \$74.6 million. The increase was primarily due to the future income tax liability of \$286.2 million related to the mineral rights purchased on the acquisition of Dynatec. The remaining balance of the liability was mainly related to the Oil and Gas, Power and Coal businesses. The future income tax liability does not represent a current cash liability, but is primarily a result of the temporary differences between the values of capital assets for tax purposes compared to their values for accounting purposes.

Long-term debt and other liabilities (including current portion) increased by \$262.5 million to \$605.1 million as at December 31, 2007. On October 24, 2007, Sherritt issued \$225 million of 8.25% Senior Unsecured Series B Debentures due on October 24, 2014. In addition, the Corporation entered into a \$26.5 million loan agreement associated with the 65 MW expansion in Power and the Metals Moa Joint Venture expansion loan increased by \$31.7 million. These increases were partly offset by the reclassification from other assets of \$11.1 million of issuance costs as previously discussed.

Non-controlling interests reflected third-party interests in the Ambatovy Joint Venture in Metals and Energas, a company in which Power has a one-third interest, in the amount of \$1,016.5 million and \$185.8 million, respectively. The decrease in the non-controlling interest in Energas from \$194.1 million as at December 31, 2006, to \$185.8 million as at December 31, 2007, reflected the payment of \$28.8 million of dividends to the non-controlling interests, partially offset by \$20.5 million of net earnings attributed to non-controlling interests.

The Corporation's share capital has increased from \$929.2 million at December 31, 2006, to \$1,857.2 million as at December 31, 2007. The increase was substantially due to the issuance of 61,439,408 common shares, with an assigned value of \$941.3 million, to purchase Dynatec in June 2007. During the year, the Corporation repurchased 1,836,600 common shares under a normal course issued bid which commenced on February 28, 2007, for a total consideration of \$25.3 million.

Accumulated other comprehensive loss increased from \$43.8 million at December 31, 2006, to \$231.0 million at December 31, 2007. The increase in loss was primarily due to the strengthening of the Canadian dollar relative to the US dollar on translation of the Corporation's self-sustaining operations, which comprised of Metals' foreign operations and the Oil and Gas' foreign operations in Cuba and Spain. The majority of the translation losses relate to capital assets, inventories, and accounts receivable which are partially offset by translation gains experienced in accounts payable.

During the fourth quarter, the Board of Directors approved an increase to the quarterly common share dividend from \$0.03 to \$0.036 per common share. This dividend was paid on January 16, 2008, to the shareholders of record as at the close of business on December 28, 2007. All dividends paid during 2007 are an "eligible dividend" as defined in the *Income Tax Act* (Canada).