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Sherritt International Corporation
Interim Consolidated
Financial Statements (unaudited)

As at and for the three and six months ended June 30, 2009

Sherritt International Corporation

As at and for the three and six months ended June 30, 2009

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Consolidated Balance Sheets

Unaudited, $ millions, as at		2009 June 30		2008 December 31
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**672.1**	$	500.8
Restricted cash		**1.9**		11.7
Short-term investments		**343.8**		106.5
Current portion of long-term investments (note 7)		**46.1**		-
Current portion of other assets (note 8)		**59.6**		56.2
Accounts receivable, net (note 20)		**317.4**		449.7
Inventories (note 5)		**179.5**		189.6
Prepaid expenses		**18.2**		12.4
Future income taxes		**34.3**		37.2
Assets of discontinued operation (note 3)		**3.0**		3.4
		1,675.9		1,367.5
Long-term receivables (note 20)		**30.7**		162.2
Property, plant and equipment (note 6)		**7,059.0**		6,703.0
Investments (note 7)		**145.7**		42.4
Future income taxes		**11.5**		95.5
Other assets (note 8)		**366.7**		384.2
Goodwill		**307.9**		307.9
Intangible assets		**477.9**		483.3
Assets of discontinued operation (note 3)		**1.3**		1.2
	$	**10,076.6**	$	9,547.2
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Short-term debt (note 9)	**$**	**92.9**	$	42.9
Accounts payable and accrued liabilities		**626.9**		670.6
Deferred revenue		**3.0**		8.1
Current portion of long-term debt and other long-term liabilities (note 9)		**58.9**		57.4
Current portion of asset-retirement obligations (note 10)		**24.3**		24.0
Future income taxes		**0.7**		4.8
Liabilities of discontinued operation (note 3)		**7.4**		5.4
		814.1		813.2
Long-term debt and other long-term liabilities (note 9)		**2,788.1**		2,492.7
Asset-retirement obligations (note 10)		**134.8**		123.0
Future income taxes		**595.2**		721.6
Liabilities of discontinued operation (note 3)		**1.3**		1.2
		4,333.5		4,151.7
Non-controlling interests (note 11)		**2,156.4**		1,668.4
Shareholders' equity				
Capital stock (note 12)		**2,758.3**		2,758.3
Contributed surplus (note 13)		**232.0**		232.0
Retained earnings		**466.2**		505.8
Accumulated other comprehensive income (note 15)		**130.2**		231.0
		596.4		736.8
		3,586.7		3,727.1
	$	**10,076.6**	$	9,547.2

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

Consolidated Statements of Operations

Unaudited, $ millions, except per share amounts	For the three months ended 2009 June 30	2008 June 30	For the six months ended 2009 June 30	2008 June 30
Revenue	**$ 357.7**	$ 441.2	**$ 706.7**	$ 755.4
Operating, selling, general and administrative expenses (1)	**266.6**	263.4	**538.0**	406.9
Earnings before undernoted items	**91.1**	177.8	**168.7**	348.5
Depletion, amortization and accretion	**38.7**	51.5	**87.7**	86.2
Loss on disposal of property, plant and equipment (note 6)	**-**	-	**79.5**	-
Net financing expense (note 16)	**15.9**	13.5	**13.8**	12.6
Share of loss of equity-accounted investments	**-**	(3.0)	**-**	(9.4)
Other items	**(0.7)**	-	**1.5**	-
Earnings (loss) from continuing operations before income taxes and non-controlling interests	**37.2**	115.8	**(13.8)**	259.1
Income taxes (note 18)	**5.9**	28.3	**(9.1)**	76.2
Non-controlling interests (note 11)	**5.6**	6.7	**11.7**	12.9
Earnings (loss) from continuing operations	**25.7**	80.8	**(16.4)**	170.0
Loss from discontinued operation (note 3)	**(1.3)**	(0.5)	**(2.1)**	(0.7)
Net earnings (loss)	**$ 24.4**	$ 80.3	**$ (18.5)**	$ 169.3
Earnings (loss) from continuing operations per share (note 12)				
Basic	**$ 0.09**	$ 0.29	**$ (0.06)**	$ 0.66
Diluted	**$ 0.09**	$ 0.28	**$ (0.06)**	$ 0.65
Net earnings (loss) per share (note 12)				
Basic	**$ 0.08**	$ 0.28	**$ (0.07)**	$ 0.66
Diluted	**$ 0.08**	$ 0.28	**$ (0.07)**	$ 0.65

(1) Includes depreciation on production related depreciable assets for the three and six months ended June 30, 2009 of $21.1 million and $40.7 million, respectively ($12.6 million and $17.6 million for the three and six months ended June 30, 2008, respectively).

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

Consolidated Statements of Retained Earnings

Unaudited, $ millions	For the three months ended 2009 June 30	2008 June 30	For the six months ended 2009 June 30	2008 June 30
Beginning of period, as previously reported	**$ 452.4**	$ 916.0	**$ 505.8**	$ 833.6
Change in accounting policy	**-**	-	**-**	2.7
Beginning of period, as restated	**452.4**	916.0	**505.8**	836.3
Net earnings (loss)	**24.4**	80.3	**(18.5)**	169.3
Dividends on common shares	**(10.6)**	(10.4)	**(21.1)**	(19.7)
End of period	**$ 466.2**	$ 985.9	**$ 466.2**	$ 985.9

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

Consolidated Statements of Comprehensive (Loss) Income

Unaudited, $ millions	For the three months ended 2009 June 30	2008 June 30	For the six months ended 2009 June 30	2008 June 30
Net earnings (loss)	**$ 24.4**	$ 80.3	**$ (18.5)**	$ 169.3
Other comprehensive income				
Unrealized foreign currency (loss) gain on self-sustaining foreign operations	**(243.7)**	(15.7)	**(100.8)**	55.4
Comprehensive (loss) income	**$ (219.3)**	$ 64.6	**$ (119.3)**	$ 224.7

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

Consolidated Statements of Cash Flow

Unaudited, $ millions	For the three months ended 2009 June 30	2008 June 30	For the six months ended 2009 June 30	2008 June 30
Operating activities				
Earnings (loss) from continuing operations	**$ 25.7**	$ 80.8	**$ (16.4)**	$ 170.0
Add (deduct)				
Non-controlling interests (note 11)	**5.6**	6.7	**11.7**	12.9
Depletion, amortization and accretion	**60.0**	64.1	**128.4**	103.8
Stock-based compensation expense (note 14)	**1.9**	3.2	**2.1**	7.0
Share of earnings of equity-accounted investments	**-**	(3.0)	**-**	(9.4)
Loss on disposal of property, plant and equipment (note 6)	**-**	-	**79.5**	-
Future income taxes (note 18)	**(2.9)**	(5.1)	**(20.4)**	(2.5)
Unrealized foreign-exchange loss	**14.1**	6.1	**5.4**	1.0
Liabilities settled for asset-retirement obligations (note 10)	**(4.6)**	0.9	**(8.0)**	0.5
Other Items	**5.7**	(0.2)	**9.9**	0.2
	105.5	153.5	**192.2**	283.5
Net change in non-cash working capital (note 4)	**(57.3)**	(133.7)	**(48.0)**	(113.8)
Cash provided by continuing operations	**48.2**	19.8	**144.2**	169.7
Cash (used for) provided by discontinued operation	**(1.2)**	1.5	**(1.9)**	3.1
Cash provided by operating activities	**47.0**	21.3	**142.3**	172.8
Investing activities				
Capital expenditures	**(388.2)**	(619.3)	**(805.1)**	(1,081.5)
Restricted cash	**2.9**	14.2	**9.7**	(3.9)
Net proceeds from sale of property, plant and equipment	**0.1**	-	**7.5**	0.1
Short-term investments	**5.4**	-	**(237.3)**	103.5
Proceeds from sale of investments	**15.0**	-	**15.0**	-
Acquisition of Royal Utilities Income Fund	**-**	(240.3)	**-**	(240.3)
Distribution from investment	**-**	6.2	**-**	15.9
Net change in non-cash capital expenditures	**67.4**	12.7	**75.0**	181.2
Advances and other assets	**1.4**	(24.6)	**2.8**	(69.8)
Cash used for investing activities	**(296.0)**	(851.1)	**(932.4)**	(1,094.8)
Financing activities				
Short-term debt borrowings	**(2.5)**	(52.8)	**50.0**	(52.8)
Long-term debt repayment	**(68.4)**	(5.5)	**(79.5)**	(9.2)
Long-term debt borrowings	**364.4**	906.9	**456.2**	926.2
Funding from Ambatovy Joint Venture partners	**215.9**	6.1	**570.5**	64.6
Issuance of common shares	**-**	32.7	**-**	416.8
Dividends paid to non-controlling interests	**(12.1)**	(5.3)	**(12.1)**	(10.3)
Dividends paid on common shares	**(10.6)**	(9.3)	**(21.1)**	(17.6)
Cash provided by financing activities	**486.7**	872.8	**964.0**	1,317.7
Cash provided by (used for) discontinued operation	**1.3**	0.4	**2.0**	(1.4)
Cash provided by financing activities	**488.0**	873.2	**966.0**	1,316.3
Effect of exchange rate changes on cash and cash equivalents	**(7.3)**	(5.2)	**(4.6)**	(1.1)
Increase in cash and cash equivalents	**231.7**	38.2	**171.3**	393.2
Cash and cash equivalents at beginning of period	**440.4**	710.7	**500.8**	355.7
Cash and cash equivalents at end of period	**$ 672.1**	$ 748.9	**$ 672.1**	$ 748.9
Cash and cash equivalents consist of:				
Cash and cash equivalents of continuing operations	**$ 672.1**	$ 748.4	**$ 672.1**	$ 748.4
Cash and cash equivalents of discontinued operation	**-**	0.5	**-**	0.5
Cash and cash equivalents consist of:				
Cash on hand and balances with banks	**$ 454.2**	$ 260.9	**$ 454.2**	$ 260.9
Cash equivalents	**217.9**	488.0	**217.9**	488.0
Supplementary Cash Flow Information				
Cash received for interest	**$ 12.0**	$ 4.1	**$ 17.7**	$ 9.4
Cash paid for interest on debt	**56.6**	21.5	**60.4**	23.6
Cash paid for income taxes	**12.4**	58.7	**15.5**	144.8

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

Notes to the Interim Consolidated Financial Statements (Unaudited)

1. Summary of accounting policies

These interim consolidated financial statements have been prepared on a basis consistent with that followed in the consolidated financial statements of Sherritt International Corporation (the Corporation or Sherritt) for the year ended December 31, 2008, with the exception of the changes disclosed in note 2 of these interim consolidated financial statements. The disclosure contained in these interim consolidated financial statements does not include all requirements of Canadian generally accepted accounting principles for annual financial statements. Accordingly, the interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2008.

2. Changes in accounting policies and accounting pronouncements

Changes in accounting policies

Goodwill and other Intangible Assets

Effective January 1, 2009, the Corporation adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064, "Goodwill and Intangible Assets", which replaced Handbook Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to their initial recognition. The adoption of this new standard did not have a significant impact on the interim consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" which requires the Corporation to consider its own credit risk as well as the credit risk of its counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. The accounting treatments provided in EIC-173 have been applied in the preparation of these financial statements and as required have been applied retrospectively without restatement of prior periods. The adoption of this standard did not have an impact on the valuation of financial assets or liabilities.

Mining Exploration Costs

In March 2009, the CICA issued EIC-174, "Mining Exploration Costs" which provides guidance to mining enterprises related to the accounting and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been applied in the preparation of these financial statements and did not have an impact on the valuation of exploration assets.

Accounting pronouncements

Convergence with International Financial Reporting Standards

The Canadian Accounting Standards Board (AcSB) requires all Canadian publicly accountable entities to adopt International Financial Reporting Standards (IFRS) for years beginning on or after January 1, 2011. The Corporation's first mandatory filing under IFRS, which will be the first quarter of 2011, will contain IFRS-compliant financial statements on a comparative basis, as well as reconciliations for that quarter and as at the January 1, 2010 transition date. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure.

We are currently engaged in the design and build phase of the plan, which includes an in-depth analysis of issues and accounting policy choices, designing the control framework necessary to support the IFRS reporting environment and assessing the impact of IFRS on business policies. Steps to completion of each of these key elements are underway with completion targeted for the fourth quarter of 2009. On-going training is another key aspect of the IFRS convergence project. The Corporation has conducted several training sessions with project team members and will continue to provide on-going training to accounting personnel and senior management.

Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

In January 2009, the CICA issued sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests" which superseded current sections 1581, "Business Combinations" and 1600 "Consolidated Financial Statements". These new sections replace existing guidance on business combinations and consolidated financial statements to harmonize Canadian accounting for business combinations with IFRS. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. The Corporation is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

3. Discontinued operation

At June 30, 2009, the Mineral Products Division remains unsold and continues to be classified as a discontinued operation. The carrying value of the net assets related to the discontinued operation is as follows:

$ millions, as at	2009 June 30	2008 December 31
Assets		
Current assets	**$ 3.0**	$ 3.4
Other assets	**1.3**	1.2
	4.3	4.6
Liabilities		
Short-term debt	**6.4**	4.4
Other current liabilities	**1.0**	1.0
Asset-retirement obligations	**1.3**	1.2
Net (liabilities) of discontinued operation	**$ (4.4)**	$ (2.0)

Losses from the discontinued operation are summarized as follows:

$ millions, except per share amounts	For the three months ended **2009 June 30**	2008 June 30	For the six months ended **2009 June 30**	2008 June 30
Revenue	**$ 0.8**	$ 1.2	**$ 1.4**	$ 2.5
Operating, selling, general and administrative expenses	**1.6**	1.7	**2.9**	3.2
Loss before undernoted item	**(0.8)**	(0.5)	**(1.5)**	(0.7)
Depletion, amortization and accretion	**-**	-	**0.1**	-
Loss from sale of net assets	**0.5**	-	**0.5**	-
Loss from discontinued operation	**$ (1.3)**	$ (0.5)	**$ (2.1)**	$ (0.7)
Loss from discontinued operation per share				
Basic	**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ -
Diluted	**$ (0.01)**	$ -	**$ (0.01)**	$ -

4. Net change in non-cash working capital

$ millions	For the three months ended **2009 June 30**	2008 June 30	For the six months ended **2009 June 30**	2008 June 30
Accounts receivable	**$ 57.0**	$ (48.9)	**$ 60.1**	$ 6.2
Inventories	**4.9**	3.6	**7.7**	(26.6)
Prepaid expenses	**(1.7)**	(6.4)	**(2.3)**	(6.6)
Accounts payable and accrued liabilities	**(117.5)**	(82.0)	**(113.5)**	(86.8)
	$ (57.3)	$ (133.7)	**$ (48.0)**	$ (113.8)

As described in note 7, the Corporation received US$161.1 million with respect to Oil and Gas and Power receivables in the first quarter of 2009. The Corporation, as required by the payment agreement, purchased Cuban certificates of deposit (CDs) of approximately the same amount. Accordingly, the reduction in accounts receivable (current and long-term) is not reflected as a change in working capital cash flow.

5. Inventories

$ millions, as at	**2009 June 30**	2008 December 31
Uncovered coal	**$ 7.8**	$ 5.6
Raw materials	**23.9**	23.4
Materials in process	**33.4**	46.8
Finished products	**29.6**	35.7
	94.7	111.5
Spare parts and operating materials	**84.8**	78.1
	$ 179.5	$ 189.6

For the three and six months ended June 30, 2009, the cost of inventories recognized as an expense and included in operating, selling, general and administrative expenses was $173.2 million and $346.3 million, respectively ($134.9 million and $234.4 million for the three and six months ended June 30, 2008, respectively).

6. Property, plant and equipment

$ millions, as at	2009 Cost	2009 Accumulated amortization and depletion	June 30 2009 Net book value	2008 Cost	2008 Accumulated amortization and depletion	December 31 2008 Net book value
Metals	$ 5,749.3	$ 203.4	$ 5,545.9	$ 5,301.9	$ 192.5	$ 5,109.4
Oil and Gas	1,407.4	1,126.9	280.5	1,553.3	1,157.5	395.8
Power	617.3	175.7	441.6	595.7	162.3	433.4
Coal	1,982.8	1,223.5	759.3	932.7	199.6	733.1
Other	90.0	58.3	31.7	87.5	56.2	31.3
	$ 9,846.8	$ 2,787.8	$ 7,059.0	$ 8,471.1	$ 1,768.1	$ 6,703.0

On January 14, 2009, Sherritt's joint operating partner, Peberco Limited, entered into an agreement (the Peberco agreement) with an agency of the Cuban government in respect of the termination of the production-sharing contract for Block 7 and the settlement of outstanding accounts receivable in respect of crude oil sales, for aggregate cash consideration of US$140.0 million. As a result of the Peberco agreement, on February 11, 2009 Sherritt received $74.1 million (US$60.2 million) as its share of proceeds in respect of its interest in Block 7 which was applied against the outstanding accounts receivable.

As at December 31, 2008, the Corporation performed an impairment analysis on the Block 7 assets in accordance with the guidance prescribed in CICA Accounting Guideline 16 (AcG-16) "Oil and gas full-cost accounting". The full-cost method of accounting requires the recoverability of each cost centre to be tested at the balance sheet date by comparing the carrying value to the sum of the undiscounted expected cash flows from proved reserves of the cost centre (the Ceiling test). The standard specifies that there is one cost centre for each country in which the Corporation has oil and gas activities. This impairment analysis indicated that these assets were not impaired.

AcG-16 also requires a gain or loss to be recognized on the disposal of long-lived assets if certain conditions are met. As a result of the termination of Block 7, the Corporation met those conditions and a loss on disposal of $79.5 million was recorded in the first quarter of 2009.

The Property, plant and equipment balance included development and pre-production expenditures attributable to the Ambatovy Project of $3,361.5 million (December 31, 2008 - $2,831.1 million). In addition to the Ambatovy Project expenditures, assets under construction of $340.6 million were included in Property, plant and equipment at June 30, 2009 (December 31, 2008 - $449.0 million).

Net interest expense capitalized for the three and six months ended June 30, 2009 was $17.4 million and $42.8 million, respectively ($7.3 million and $8.7 million for the three and six months ended June 30, 2008, respectively).

7. Investments

$ millions, as at	2009 June 30	2008 December 31
Cuban certificates of deposit	$ 162.4	$ -
Master Asset Vehicles (MAV notes)		
(previously known as ABCP-restructured notes) (note 20)	23.8	21.2
Other	5.6	21.2
	191.8	42.4
Current portion of Cuban certificates of deposit	(46.1)	-
	$ 145.7	$ 42.4

In February 2009, a payment agreement was finalized with respect to the overdue 2008 Oil and Gas and Power receivables in Cuba. The $154.3 million in Oil and Gas receivables and $42.9 million in Power receivables overdue at December 31, 2008 were paid on February 20, 2009 (US$161.1 million). Subsequently, as required by the payment agreement, Sherritt purchased two Cuban CDs in the amounts of US$124.4 million and US$34.7 million upon which principal and interest are required to be paid weekly over 5 years. These CDs were issued by a Cuban bank and bear interest at a rate of 30-day LIBOR plus 5%. Since the purchase of the CDs, the Corporation has received a weekly payment of approximately US$0.6 million plus interest on the outstanding amount. In the event of default, Sherritt holds the right to receive payment from the cash flows payable by the Moa Joint Venture to its Cuban beneficiaries. $46.1 million of these CDs were classified as current. The Corporation has classified these CDs as loans and receivables, measured at amortized cost.

8. Other assets

$ millions, as at	**2009 June 30**	2008 December 31
Advances and loans receivable	**$ 271.3**	$ 287.3
Cross-guarantee fee asset	**40.4**	46.4
Progress payments on equipment	**46.7**	30.2
Notes receivable	**22.3**	26.1
Assets held for sale	**14.1**	17.8
Pension asset	**5.4**	5.9
Put/call option - Ambatovy Project	**7.5**	7.5
Deferred reclamation recoveries	**4.7**	4.7
Deferred items	**12.6**	11.7
Other	**1.3**	2.8
	426.3	440.4
Current portion of advances and loans receivable	**(56.6)**	(56.2)
Current portion of assets held for sale	**(3.0)**	-
Current portion of other assets	**(59.6)**	(56.2)
	$ 366.7	$ 384.2

In June 2009, the Corporation concluded the sale of its 25% indirect interest in a hotel complex in Varadero, Cuba and its 12.5% indirect interest in a hotel complex in Havana, Cuba for total proceeds of approximately $14.0 million. The hotels were classified as held for sale at March 31, 2009 and as investments at December 31, 2008. The balance of the other assets classified as held for sale include uninstalled property, plant and equipment at the Moa Joint Venture.

9. Short-term debt, long-term debt and other long-term liabilities

Short-term debt

$ millions, as at	**2009 June 30**	2008 December 31
Syndicated 364-day revolving-term credit facility	**$ 51.9**	$ -
364-day liquidity line of credit	**25.0**	25.0
6-month liquidity line of credit	**16.0**	16.0
Other	**-**	1.9
	$ 92.9	$ 42.9

In May 2009, the Corporation amended the terms of the $140.0 million Syndicated 364-day revolving-term credit facility and the $20.0 million 6-month liquidity line of credit. The terms of the $40.0 million 364-day liquidity line of credit automatically track these changes. Under the terms of the amended agreements, the loans are subject to the following financial covenants: financial debt to equity less than 0.5:1; quarterly adjusted net financial debt-to-EBITDA not exceeding between 2.5:1 and 3.9:1 depending on the quarter; and EBITDA-to-interest greater than 3:1. The interest rate on the Syndicated 364-day revolving-term credit facility was amended to prime plus a margin of 3% per annum or Bankers Acceptances plus a margin of 4% and the facility expires on May 10, 2010.

Long-term debt and other long-term liabilities

$ millions, as at	**2009 June 30**	2008 December 31
7.875% senior unsecured debentures due 2012	**$ 266.9**	$ 266.0
8.25% senior unsecured debentures due 2014	**221.6**	221.3
7.75% senior unsecured debentures due 2015	**271.8**	271.6
Ambatovy Joint Venture financing	**1,185.3**	1,246.9
Ambatovy Joint Venture additional partner loans	**339.5**	-
Ambatovy Joint Venture partner loans	**100.7**	76.2
Senior credit facility agreement	**145.4**	145.3
Loan from financial institution	**23.4**	28.6
3-year non-revolving term loan	**19.0**	-
	2,573.6	2,255.9
Advances and loans payable	**141.0**	137.9
Capital lease obligations	**94.3**	86.7
Pension liability	**13.4**	10.5
Other long-term liabilities	**24.7**	59.1
	2,847.0	2,550.1
Current portion of long-term debt and other long-term liabilities	**(58.9)**	(57.4)
	$ 2,788.1	$ 2,492.7

Ambatovy Joint Venture additional partner loan agreements:

On June 24, 2009, Sherritt finalized arrangements with its Ambatovy partners, Sumitomo Corporation (Sumitomo), Korea Resources Corporation (Kores) and SNC-Lavalin Inc. (SNC-Lavalin) that established a mechanism through which the partners could finance the Corporation's pro rata share of shareholder funding requirements for the Ambatovy Project. (Ambatovy Joint Venture additional partner loans).

These additional loans are not committed except for a commitment of US$22.9 million to offset a reduction in amounts available under the Ambatovy Joint Venture partner loans. They are non-recourse to Sherritt except in circumstances where there is a direct breach by Sherritt of restrictions in the loan documents, which limit the activities of certain subsidiaries and the use of proceeds from the loans to the Ambatovy Project.

Interest and principal on these loans will be repaid solely through Sherritt's share of the distributions from the Ambatovy Joint Venture. However, Sherritt has the right to prepay some or all of the loans at its option. Until the Ambatovy Joint Venture partner loans and the Ambatovy Joint Venture additional partner loans are fully repaid, 100% of Sherritt's distributions from the Ambatovy Project will be applied to these loans. Initially, 75% of Sherritt's share of distributions will be applied to the Ambatovy Joint Venture additional partner loans and 25% will be applied to the Ambatovy Joint Venture partner loans with 100% of such distributions being applied to whichever loans remain outstanding when one has been repaid in full.

Each lender has the right to exchange some or all of its Ambatovy Joint Venture additional partner loans for up to a maximum 15% equity interest, in aggregate, in the Project at any time. Exercise of this right in full would reduce Sherritt's interest in the Project to 25%. This right is subject to senior project lender consent and Sherritt's right to repay the loans and avoid the reduction in its equity interest. If the capital costs of the Project were to exceed US$4.52 billion and Sherritt did not provide its pro rata share of funding for the cost overrun, the partners could dilute Sherritt's interest in the Project below the 25% threshold. There are no other penalties to Sherritt for a failure to fund its pro rata share of shareholder funding.

These loans carry interest at a rate of LIBOR plus 7% per annum. The interest charges on the Ambatovy Joint Venture additional partner loans will be capitalized to deferred development costs as the Project is constructed.

In conjunction with the Ambatovy Joint Venture additional partner loans, Sherritt received additional completion guarantee protection as related to the US$2.1 billion senior project financing facility. Sherritt's pro rata share of these completion guarantees is US$840.0 million and, under existing arrangements, US$598.0 million of Sherritt's obligations have been cross-guaranteed by the other partners. Under the new agreements, the other Project partners have agreed to provide letters of credit to the senior lenders to cover any guarantee obligation of Sherritt not covered by the existing cross-guarantees.

The Project's US$2.1 billion senior project financing is unaffected by these arrangements.

Ambatovy Joint Venture partner loans:

As a condition for providing funding under the Ambatovy Joint Venture additional partner loan agreements (described above), the Corporation was required to repay from the proceeds of the new loans US$50.0 million of the existing Ambatovy Joint Venture partner loans such that the principal amount of the original loans is US$85.4 million at June 30, 2009. Including accrued interest, $100.7 million was outstanding on these loans at June 30, 2009. The advances that are outstanding at June 30, 2009, continue to bear interest at a rate of LIBOR plus an applicable margin of 1.125%. There is no intention to borrow additional amounts under these loan agreements. Additional advances on these loans are subject to interest at a rate of LIBOR plus an applicable margin of 10% per annum. As well, the interest and principal which is to be repaid from Sherritt's share of the distributions from the Ambatovy Joint Venture is reduced from 70% to 25%.

3-year non-revolving term facility:

On March 31, 2009, Coal Valley Resources Inc. (CVRI), a subsidiary of the Coal Valley Partnership, in which the Corporation has a 50% interest, established a new non-revolving term credit facility with a Canadian financial institution to finance the purchase of certain equipment and to provide working capital in relation to the start-up of the Obed mine. The facility consists of two loans totaling $38.0 million (100% basis) and is subject to fixed interest rates. The loans are subject to equal blended monthly payments after a six-month interest-only period following the first advance. The loans are subject to the following financial covenants based on the financial condition of CVRI: debt to tangible net worth ratio not greater than 2.5:1; current ratio of not less than 1:1; and cash flow coverage ratio not less than 1.25:1. Sherritt and its partner have each provided a $12.5 million limited guarantee in relation to these loans. To June 30, 2009, CVRI received advances of $38.0 million (100% basis) under this facility at an average interest rate of 6.08% per annum.

10. Asset-retirement obligations

$ millions	**For the six months ended 2009 June 30**	For the year ended 2008 December 31
Balance, beginning of period	**$ 147.0**	$ 73.4
Acquisition of Royal Utilities Income Fund	**-**	53.4
Additions to liabilities	**18.2**	14.1
Liabilities settled	**(8.0)**	(10.1)
Accretion expense	**4.5**	7.1
Change in foreign-exchange rates	**(2.6)**	9.1
Balance, end of period	**159.1**	147.0
Current portion	**(24.3)**	(24.0)
	$ 134.8	$ 123.0

11. Non-controlling interests

$ millions	**For the six months ended 2009 June 30**	For the year ended 2008 December 31
Ambatovy Joint Venture		
Balance, beginning of period	**$ 1,464.0**	$ 1,016.5
Share of net earnings	**1.8**	0.5
Increase in net assets	**489.0**	447.0
	1,954.8	1,464.0
Energas S.A.		
Balance, beginning of period	**$ 204.4**	$ 185.8
Share of net earnings	**9.9**	25.6
Dividends to non-controlling interests	**(12.7)**	(10.3)
Change in accounting policy	**-**	3.3
	201.6	204.4
Total balance, end of period	**$ 2,156.4**	$ 1,668.4

12. Capital stock

The Corporation's authorized share capital consists of an unlimited number of common shares. The changes in the Corporation's outstanding common shares were as follows:

	Number		Stated Capital	
$ millions, except share amounts	**For the six months ended 2009 June 30**	For the year ended 2008 December 31	**For the six months ended 2009 June 30**	For the year ended 2008 December 31
Balance, beginning of period	**293,051,276**	231,809,308	**$ 2,758.3**	$ 1,857.2
Shares issued:				
Share issuance	-	26,250,000	-	383.0
Overallotment on share issuance	-	2,276,951	-	33.3
Future tax recovery on share issue costs	-	-	-	4.2
Acquisition of Royal Utilities	-	31,438,705	-	465.0
Share purchase plan	-	79,700	-	0.9
Cross-guarantee	-	943,277	-	13.9
Stock options exercised	-	253,335	-	0.8
Balance, end of period	**293,051,276**	293,051,276	**$ 2,758.3**	$ 2,758.3

The following table presents the calculation of basic and diluted earnings per common share:

	For the three months ended		For the six months ended	
$ millions, except per share amounts	**2009 June 30**	2008 June 30	**2009 June 30**	2008 June 30
Earnings (loss) from continuing operations - basic and diluted	**$ 25.7**	$ 80.8	**$ (16.4)**	$ 170.0
Loss from discontinued operation	**(1.3)**	(0.5)	**(2.1)**	(0.7)
Net earnings (loss) - basic and diluted	**24.4**	80.3	**(18.5)**	169.3
Weighted-average number of common shares - basic	**293.1**	282.1	**293.1**	257.1
Weighted-average effect of dilutive securities: (1)				
Stock options	-	0.7	-	0.8
Cross-guarantee	**2.8**	3.8	-	3.8
Weighted-average number of common shares - diluted	**295.9**	286.6	**293.1**	261.7
Earnings (loss) from continuing operations per common share (1)				
Basic	**$ 0.09**	$ 0.29	**$ (0.06)**	$ 0.66
Diluted	**$ 0.09**	$ 0.28	**$ (0.06)**	$ 0.65
Loss from discontinued operation per common share (1)				
Basic	**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ -
Diluted	**$ (0.01)**	$ -	**$ (0.01)**	$ -
Net earnings (loss) per common share (1)				
Basic	**$ 0.08**	$ 0.28	**$ (0.07)**	$ 0.66
Diluted	**$ 0.08**	$ 0.28	**$ (0.07)**	$ 0.65

(1) As there was a (loss) for the six months ended June 30, 2009 the Corporation has excluded from the calculation of diluted loss per share all common shares potentially issuable for the stock options and the cross-guarantee because they would be anti-dilutive.

13. Contributed surplus

$ millions	For the six months ended 2009 June 30	For the year ended 2008 December 31
Balance, beginning of period	$ 232.0	$ 190.3
Cross-guarantee	-	55.6
Issuance of common shares to cross-guarantors	-	(13.9)
Balance, end of period	$ 232.0	$ 232.0

14. Stock-based compensation

The following is a summary of stock option activity:

For the three months ended June 30	2009		2008	
	Options	Weighted-average exercise price	Options	Weighted-average exercise price
Outstanding at beginning of period	3,818,335	$ 12.19	3,201,668	$ 11.32
Granted	930,000	5.16	810,000	15.02
Exercised for shares	-	-	(28,335)	5.19
Forfeited	(5,000)	15.02	(8,332)	10.34
Outstanding at end of period	4,743,335	10.81	3,975,001	12.12
Options exercisable, end of period	1,916,001	$ 11.68	1,145,667	$ 8.91

For the six months ended June 30	2009		2008	
	Options	Weighted-average exercise price	Options	Weighted-average exercise price
Outstanding at beginning of period	3,978,335	$ 12.30	3,255,000	$ 11.30
Granted	930,000	5.16	810,000	15.02
Exercised for cash	-	-	(48,332)	6.28
Exercised for shares	-	-	(28,335)	5.19
Forfeited	(165,000)	14.86	(13,332)	10.34
Outstanding at end of period	4,743,335	10.81	3,975,001	12.12
Options exercisable, end of period	1,916,001	$ 11.68	1,145,667	$ 8.91

At June 30, 2009, 4,723,335 (June 30, 2008 – 3,730,001) options with a share appreciation right (SAR) attachment and 20,000 (June 30, 2008 – 245,000) options remained outstanding. The compensation expense for the three and six months ended June 30, 2009 was $nil ($1.5 million and $3.5 million for the three and six months ended June 30, 2008, respectively).

The Corporation also recorded a compensation expense for the three and six months ended June 30, 2009 of $1.9 million and $2.1 million, respectively ($1.7 million and $3.5 million for the three and six months ended June 30, 2008, respectively) for other stock-based compensation plans.

For the three months ended June 30		2009		2008
	SAR	RSU/DSU	SAR	RSU/DSU
Balance, beginning of period	**274,125**	**907,211**	448,125	631,927
Issued	**-**	**10,809**	-	289,353
Exercised	**-**	**-**	-	-
Forfeited	**-**	**(9,014)**	-	(22,547)
Outstanding at end of period	**274,125**	**909,006**	448,125	898,733
Units exercisable, end of period	**274,125**	**221,122**	448,125	162,636
Weighted-average exercise price	**$ 3.85**	**Not Applicable**	$ 3.10	Not Applicable

For the six months ended June 30		2009		2008
	SAR	RSU/DSU	SAR	RSU/DSU
Balance, beginning of period	**274,125**	**991,567**	549,625	636,052
Issued	**-**	**84,305**	-	302,477
Exercised	**-**	**(133,141)**	(101,500)	-
Forfeited	**-**	**(33,725)**	-	(39,796)
Outstanding at end of period	**274,125**	**909,006**	448,125	898,733
Units exercisable, end of period	**274,125**	**221,122**	448,125	162,636
Weighted-average exercise price	**$ 3.85**	**Not Applicable**	$ 3.10	Not Applicable

In June, 2009, the Corporation's Board of Directors approved a Restricted Stock Plan, intended for senior executives, under which the Compensation and Pension Committee of the Board may grant restricted shares to employees of the Corporation. Under the terms of the Plan, shares that are issued, vest on the third anniversary of the grant date, subject to, among other things, the participant not having resigned from employment at Sherritt, at which time the employee will have full ownership of such shares. As of June 30, 2009, no such shares have been granted.

15. Accumulated other comprehensive income

$ millions	**For the six months ended 2009 June 30**	For the year ended 2008 December 31
Balance, beginning of period	**$ 231.0**	$ (231.0)
Unrealized foreign currency (loss) gain on self-sustaining foreign operations	**(100.8)**	462.0
Balance, end of period	**$ 130.2**	$ 231.0

16. Net financing expense

	For the three months ended		For the six months ended	
$ millions	**2009 June 30**	2008 June 30	**2009 June 30**	2008 June 30
Interest income on cash, cash equivalents, investments and loans receivable	**$ (14.1)**	$ (6.8)	**$ (27.3)**	$ (13.3)
Interest and accretion expense on debt	**19.9**	14.3	**41.8**	25.9
Foreign-exchange loss	**13.3**	6.1	**2.9**	1.0
Other	**(3.2)**	(0.1)	**(3.6)**	(1.0)
	$ 15.9	$ 13.5	**$ 13.8**	$ 12.6

During the three and six months ended June 30, 2009, the Corporation recognized a foreign-exchange loss of $13.3 million and $2.9 million, respectively ($6.1 million and $1.0 million for the three and six months ended June 30, 2008, respectively) mainly from revaluing U.S. dollar-denominated advances and loans receivable.

During the six months ended June 30, 2009, the Corporation received interest of $2.9 million on asset-backed commercial paper it held prior to receiving the MAV notes on January 21, 2009.

17. Post-retirement benefits

The Corporation's pension expense for the three and six months ended June 30, 2009 was $7.2 million and $10.5 million, respectively ($2.6 million and $4.5 million for the three and six months ended June 30, 2008, respectively).

18. Income taxes

	For the three months ended		For the six months ended	
$ millions	**2009 June 30**	2008 June 30	**2009 June 30**	2008 June 30
Current	**$ 8.8**	$ 33.4	**$ 11.3**	$ 78.7
Future	**(2.9)**	(5.1)	**(20.4)**	(2.5)
	$ 5.9	$ 28.3	**$ (9.1)**	$ 76.2

19. Related-party transactions

The Corporation and its subsidiaries provide goods, labour, advisory and other administrative services to the Corporation's joint ventures and affiliates at exchange amounts (cost, commercial rates and other various contractual terms). The Corporation and its subsidiaries also market, pursuant to sales agreements, a portion of the nickel, cobalt, and certain by-products produced by certain jointly-owned entities in the Metals business.

	For the six months ended	
$ millions	**2009 June 30**	2008 June 30
Total value of goods and services during the period:		
Provided to joint ventures and affiliates	**$ 57.2**	$ 63.9
Purchased from joint ventures and affiliates	**28.3**	$ 62.7

$ millions, as at	**2009 June 30**	2008 December 31
Accounts receivable from joint ventures	**$ 9.4**	$ 9.3
Accounts payable to joint ventures	**1.5**	3.3
Advances and loans receivable from certain Moa Joint Venture entities	**271.3**	287.3
Advances and loans payable to the Moa Joint Venture partner	**141.0**	137.9
Loans payable to the Ambatovy Joint Venture partners	**440.2**	76.2

20. Financial instruments and financial risk management

Cash, cash equivalents and short-term investments

The Corporation's cash balances are deposited with major Canadian financial institutions rated A- or higher by Standard and Poor's and with banks in Cuba that are not rated. The total cash held in Cuban bank deposit accounts was $43.6 million at June 30, 2009 (December 31, 2008 – $37.1 million).

At June 30, 2009, $341.7 million of cash on the Corporation's balance sheet was held by the Ambatovy Joint Venture and $29.0 million was held by the Moa Joint Venture (December 31, 2008 – $65.7 million and $54.1 million, respectively). These funds are for the use of each joint venture, respectively.

At June 30, 2009, the Corporation had $561.7 million in Government of Canada treasury bills (June 30, 2008 - $440.1 million) included in cash and cash equivalents and short-term investments.

Accounts receivable and allowance for credit losses

The Corporation's accounts receivable are comprised of the following:

$ millions, as at	2009 June 30	2008 December 31
Trade receivables	$ 277.6	$ 403.4
Allowances for doubtful accounts	(2.2)	(2.2)
Other	42.0	48.5
	$ 317.4	$ 449.7
Long-term receivables	$ 30.7	$ 162.2

Of which:

$ million, as at	2009 June 30	2008 December 31
Not past due	$ 287.6	$ 267.4
Past due no more than 30 days	28.8	83.0
Past due for more than 30 days but no more than 60 days	23.1	24.5
Past due for more than 60 days	8.6	237.0
	$ 348.1	$ 611.9

Accounts receivable that are past due primarily relate to the Corporation's Oil and Gas and Power operations in Cuba.

Pursuant to the Peberco agreement described in note 6, the Corporation recognized an impairment of $65.5 million of Block 7 receivables at December 31, 2008, representing the difference between the carrying value of Block 7 receivables and Sherritt's share of proceeds received subsequent to year end as this transaction confirmed conditions that existed prior to December 31, 2008.

As described in note 7, the Corporation entered into a payment agreement with respect to overdue Oil and Gas and Power receivables in Cuba. The $154.3 million in Oil and Gas receivables and $42.9 million in Power receivables overdue at December 31, 2008 were paid on February 20, 2009 (US$161.1 million). Subsequently, as required by the payment agreement, Sherritt purchased two Cuban CDs in the amounts of US$124.4 million and US$34.7 million upon which principal and interest are required to be paid weekly over five years. The CDs have been included in long-term investments with the amount due within one year classified as current.

In respect of Oil and Gas and Power receivables due in 2009, the Corporation received $135.1 million to June 30, 2009 and $20.0 million subsequent to that date. At June 30, 2009, $40.2 million of Oil and Gas and $4.5 million of Power receivables were overdue. The amounts outstanding are guaranteed by the National Bank of Cuba.

The Corporation and certain Cuban government agencies continue to negotiate an agreement with respect to 2009 Oil and Gas and Power receivables that would require the payment of all amounts due in 2009 to be made in approximately-equal monthly instalments.

Fair values

At June 30, 2009, the carrying value for the Cuban CDs is approximately equal to the fair value (note 7).

The Corporation recognized an upward fair-value adjustment of $3.1 million on its MAV notes comprising of a gain on sale resulting from the exchange of the asset-backed commercial paper investments for MAV notes on January 21, 2009 of $1.1 million and an upward fair-value adjustment on June 30, 2009 of $2.0 million due to decreased credit spreads. In addition, to June 30, 2009 the Corporation recognized gains of $0.5 million on principal redemptions of MAV notes having a total carrying value of $0.5 million.

Financial instruments with carrying values different from their fair values include the following:

$ millions, as at	Carrying Value	2009 June 30 Fair Value	Carrying Value	2008 December 31 Fair Value
7.875% senior unsecured debentures due 2012	**$ 266.9**	**$ 254.3**	$ 266.0	$ 208.1
8.25% senior unsecured debentures due 2014	**221.6**	**202.7**	221.3	162.7
7.75% senior unsecured debentures due 2015	**271.8**	**239.1**	271.6	193.5
Short-term investments	**343.8**	**343.8**	106.5	106.7

Credit risk

The Corporation has credit risk exposure related to its share of cash, accounts receivable and advances and loans associated with its businesses located in Cuba or businesses which have Cuban joint venture partners as follows:

$ millions, as at	2009 June 30	2008 December 31
Cash	**$ 55.9**	$ 30.3
Accounts receivable, net	**175.8**	432.8
Advances and loans receivable	**767.2**	802.8
Cuban certificates of deposit	**138.8**	-
	$ 1,137.7	$ 1,265.9

The table above reflects the Corporation's maximum credit exposure to Cuban counterparties; however, certain loan balances are eliminated in the consolidated results in accordance with accounting principles for subsidiaries and joint ventures.

Contractual commitments and obligations

The Corporation's significant contractual commitments and obligations and the principal repayments thereon are presented in the following table:

$ millions, as at	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and thereafter
Capital commitments	$ 845.9	$ 719.7	$ 126.0	$ 0.2	$ -	$ -	$ -
Long-term debt	2,793.6	27.2	25.4	160.1	353.7	111.4	2,115.8
Capital leases and other equipment financing	120.3	38.0	30.6	23.6	18.3	9.8	-
Operating leases	66.2	14.1	13.6	9.8	7.5	6.3	14.9
Pension obligations	74.5	7.2	7.2	7.3	7.3	7.3	38.2
Asset-retirement obligations	405.2	27.1	23.3	18.7	87.2	87.0	161.9
Total	$ 4,305.7	$ 833.3	$ 226.1	$ 219.7	$ 474.0	$ 221.8	$ 2,330.8

Significant commitments include:

- $820.3 million related to capital for the Ambatovy Joint Venture (December 31, 2008 - $1,300 million)
- $212.1 million for purchasing and leasing equipment, office space, vehicles, and services (December 31, 2008 - $280.1 million)

Foreign Exchange Sensitivity

Based on financial instrument balances as at June 30, 2009, a strengthening or weakening of $0.05 of the Canadian dollar to the U.S. dollar with all other variables held constant, could have a favourable or unfavourable impact of approximately $4.3 million on net earnings. This amount excludes the foreign exchange risk arising from the translation of our self-sustaining foreign subsidiaries to Canadian dollars impacting other comprehensive income, which is limited to our net investment in these operations, which is not considered a financial instrument.

Interest Rate Sensitivity

Based on the short-term and long-term debt at June 30, 2009, excluding interest capitalized to project costs, a 1.0% increase or decrease in the market interest rate could impact the Corporation's annual interest expense by approximately $2.9 million.

21. Capital disclosures

The Corporation and its affiliates were in compliance with their financial covenants as at June 30, 2009.

During the quarter ended June 30, 2009, the Corporation renewed its short-term loan facilities. Details of the revised terms are provided in note 9.

The Corporation expects to remain in compliance with all of its financial covenants during the next twelve months, based on current market conditions. Other than the covenants required for the debt facilities, the Corporation is not subject to any externally imposed capital restrictions.

22. Segmented information

Reference should be made to Sherritt's annual audited consolidated financial statements for the year ended December 31, 2008 for a full description of operating segments.

Business Segments

For the three months ended 2009 June 30

$ millions	Metals	Coal [1]	Oil and Gas	Power	Corporate and Other	Consolidated
Revenue	$ 111.1	$ 165.7	$ 50.2	$ 28.6	$ 2.1	$ 357.7
Operating, selling, general and administrative expenses [2]	91.0	138.5	16.6	8.9	11.6	266.6
Earnings (loss) before before undernoted items	20.1	27.2	33.6	19.7	(9.5)	91.1
Depletion, amortization and accretion [2]	(0.1)	(9.3)	(20.3)	(7.7)	(1.3)	(38.7)
Net financing expense						(15.9)
Other items					0.7	0.7
Income taxes						(5.9)
Non-controlling interests						(5.6)
Earnings from continuing operations						25.7
Loss from discontinued operation						(1.3)
Net earnings						24.4
Capital expenditures	334.1	33.5	10.3	10.0	0.3	388.2
Goodwill and intangible assets	-	760.0	-	18.5	7.3	785.8
Total Assets [3]	$ 6,095.9	$ 1,858.3	$ 742.0	$ 612.5	$ 767.9	$ 10,076.6

For the three months ended 2008 June 30

$ millions	Metals	Coal [1]	Oil and Gas	Power	Corporate and Other	Consolidated
Revenue	$ 177.7	$ 124.5	$ 104.5	$ 30.3	$ 4.2	$ 441.2
Operating, selling, general and administrative expenses [2]	109.8	111.7	18.0	7.4	16.5	263.4
Earnings (loss) before before undernoted items	67.9	12.8	86.5	22.9	(12.3)	177.8
Depletion, amortization and accretion [2]	(2.4)	(11.5)	(29.2)	(7.2)	(1.2)	(51.5)
Net financing expense						(13.5)
Income taxes						(28.3)
Non-controlling interests						(6.7)
Share of earnings of equity-accounted investments	-	1.9	-	-	1.1	3.0
Earnings from continuing operations						80.8
Loss from discontinued operation						(0.5)
Net earnings						80.3
Capital expenditures	566.3	6.9	30.8	7.5	7.8	619.3
Goodwill and intangible assets	385.4	-	-	20.5	8.2	414.1
Total Assets [3]	$ 4,330.2	$ 1,364.9	$ 844.9	$ 582.7	$ 1,132.3	$ 8,255.0

(1) The Coal segment includes the Corporation's 50% proportionate interest in Mountain Operations and coal development assets and 100% of the results of Royal Utilities Income Fund from the date of acquisition, May 2, 2008, onwards. Up to May 2, 2008 the Corporation equity accounted for its interest in the earnings of Royal Utilities Income Fund.

(2) Operating expenses include depreciation expense in the amount of $6.4 million in Metals and $14.7 million in Coal (June 30, 2008 - $3.4 million in Metals and $9.2 million in Coal)

(3) Total assets include $4.3 million from the discontinued operation included in Corporate and Other (June 30, 2008 – $6.0 million).

$ millions						For the six months ended 2009 June 30
	Metals	**Coal** (1)	**Oil and Gas**	**Power**	**Corporate and Other**	**Consolidated**
Revenue	**$ 190.8**	**$ 354.6**	**$ 96.8**	**$ 59.0**	**$ 5.5**	**$ 706.7**
Operating, selling, general and administrative expenses (2)	**176.6**	**282.5**	**36.0**	**19.6**	**23.3**	**538.0**
Earnings (loss) before before undernoted items	**14.2**	**72.1**	**60.8**	**39.4**	**(17.8)**	**168.7**
Depletion, amortization and accretion (2)	**(3.0)**	**(19.4)**	**(47.5)**	**(15.3)**	**(2.5)**	**(87.7)**
Loss on disposal of property, plant and equipment			**(79.5)**			**(79.5)**
Net financing expense						**(13.8)**
Other items					**(1.5)**	**(1.5)**
Income taxes						**9.1**
Non-controlling interests						**(11.7)**
Loss from continuing operations						**(16.4)**
Loss from discontinued operation						**(2.1)**
Net loss						**(18.5)**
Capital expenditures	**716.5**	**46.3**	**22.4**	**19.0**	**0.9**	**805.1**
Goodwill and intangible assets	**-**	**760.0**	**-**	**18.5**	**7.3**	**785.8**
Total Assets (3)	**$ 6,095.9**	**$ 1,858.3**	**$ 742.0**	**$ 612.5**	**$ 767.9**	**$ 10,076.6**

$ millions						For the six months ended 2008 June 30
	Metals	Coal (1)	Oil and Gas	Power	Corporate and Other	Consolidated
Revenue	$ 340.0	$ 155.4	$ 192.0	$ 60.1	$ 7.9	$ 755.4
Operating, selling, general and administrative expenses (2)	186.0	139.2	37.5	13.4	30.8	406.9
Earnings (loss) before before undernoted items	154.0	16.2	154.5	46.7	(22.9)	348.5
Depletion, amortization and accretion (2)	(4.2)	(11.8)	(52.9)	(14.7)	(2.6)	(86.2)
Net financing expense						(12.6)
Income taxes						(76.2)
Non-controlling interests						(12.9)
Share of earnings of equity-accounted investments	-	8.3	-	-	1.1	9.4
Earnings from continuing operations						170.0
Loss from discontinued operation						(0.7)
Net earnings						169.3
Capital expenditures	999.5	7.5	55.1	11.3	8.1	1,081.5
Goodwill and intangible assets	385.4	-	-	20.5	8.2	414.1
Total Assets (3)	$ 4,330.2	$ 1,364.9	$ 844.9	$ 582.7	$ 1,132.3	$ 8,255.0

(1) The Coal segment includes the Corporation's 50% proportionate interest in Mountain Operations and coal development assets and 100% of the results of Royal Utilities Income Fund from the date of acquisition, May 2, 2008, onwards. Up to May 2, 2008 the Corporation equity accounted for its interest in the earnings of Royal Utilities Income Fund.

(2) Operating expenses include depreciation expense in the amount of $10.9 million in Metals and $29.8 million in Coal (June 30, 2008 - $6.5 million in Metals and $11.1 million in Coal).

(3) Total assets include $4.3 million from the discontinued operation included in Corporate and Other (June 30, 2008 – $6.0 million).

Geographic Segments

$ millions	For the three months ended 2009 June 30			For the three months ended 2008 June 30		
	Goodwill and Intangible Assets	**Revenue**	**Property, Plant, and Equipment**	Goodwill and Intangible Assets	Revenue	Property, Plant, and Equipment
Canada	**$ 767.3**	**$ 155.5**	**$ 1,012.7**	$ 8.2	$ 129.3	$ 1,441.7
Cuba	**18.5**	**76.8**	**1,140.2**	20.5	128.3	1,046.2
Madagascar	**-**	**-**	**4,893.6**	385.4	-	2,934.5
Europe	**-**	**27.6**	**5.6**	-	74.9	5.0
Asia	**-**	**79.9**	**6.8**	-	102.4	6.7
Other foreign countries	**-**	**17.9**	**0.1**	-	6.3	0.1
	$ 785.8	**$ 357.7**	**$ 7,059.0**	$ 414.1	$ 441.2	$ 5,434.2

$ millions	For the six months ended 2009 June 30			For the six months ended 2008 June 30		
	Goodwill and Intangible Assets	**Revenue**	**Property, Plant, and Equipment**	Goodwill and Intangible Assets	Revenue	Property, Plant, and Equipment
Canada	**$ 767.3**	**$ 316.5**	**$ 1,012.7**	$ 8.2	$ 149.5	$ 1,441.7
Cuba	**18.5**	**152.4**	**1,140.2**	20.5	242.2	1,046.2
Madagascar	**-**	**-**	**4,893.6**	385.4	-	2,934.5
Europe	**-**	**64.7**	**5.6**	-	147.2	5.0
Asia	**-**	**145.4**	**6.8**	-	191.6	6.7
Other foreign countries	**-**	**27.7**	**0.1**	-	24.9	0.1
	$ 785.8	**$ 706.7**	**$ 7,059.0**	$ 414.1	$ 755.4	$ 5,434.2