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Sherritt Reports Second Quarter 2008 Results

Highlights

- Record results in Oil and Gas
- Successful acquisition of Royal Utilities Income Fund
- Senior Unsecured Debt rating upgraded to investment grade (BBB low)
- $275 million of 7.75% Senior Unsecured Debentures Series C issued
- Continued progress in Metals and Power expansion projects

Financial Highlights (unaudited)

(millions of dollars, except per share amounts)	Q2 2008	Q1 2008	Q2 2007	Six months ended June 30 2008	Six months ended June 30 2007
Revenue	$ 441.2	$ 314.2	$ 405.4	$ 755.4	$ 715.5
EBITDA (1)	190.4	175.7	245.9	366.1	418.8
Net earnings	80.3	89.0	132.4	169.3	221.5
Basic earnings per share	0.28	0.38	0.72	0.66	1.24
Diluted earnings per share	0.28	0.38	0.72	0.65	1.24
Net working capital (2)	$ 904.7	$ 686.1	$ 687.0	$ 904.7	$ 687.0
Total assets	8,255.0	6,418.9	3,804.0	8,255.0	3,804.0
Shareholders' equity	3,794.8	3,242.2	2,661.5	3,794.8	2,661.5
Long-term debt to capitalization	25%	12%	12%	25%	12%
Weighted average number of shares (millions)					
Basic	282.1	232.1	183.5	257.1	177.8
Diluted	286.6	236.7	184.5	261.7	178.7

(1) EBITDA is a non-GAAP measure. Reference should be made to the Summary Financial Results by Segment later in this news release for a description of EBITDA and for reconciliation to GAAP measures. EBITDA does not have a standardized meaning and, therefore, may or may not be comparable with similar measures presented by other issuers.
(2) Net working capital is calculated as total current assets less total current liabilities.

TORONTO, July 30, 2008 — Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S) today announced results for the second quarter of 2008, with record revenues of $441.2 million, EBITDA of $190.4 million and net earnings of $80.3 million, compared with revenues of $405.4 million, EBITDA of $245.9 million and net earnings of $132.4 million for the second quarter of 2007. Record results from Sherritt's Oil and Gas operations were more than offset by the combined impact of lower realized nickel prices (48% lower than in second quarter of 2007) and lower finished metals production (related to timing of the annual maintenance shutdown at the Fort Saskatchewan refinery).

In Metals, the combination of declining realized nickel prices and the impact of a scheduled maintenance shutdown on finished metals production resulted in lower revenue and EBITDA compared to the second quarter of 2007. Revenue and EBITDA were $177.7 million and $71.3 million, respectively, during the second quarter, compared to $274.1 million and $166.7 million, respectively, in the prior-year period.

Commissioning of equipment necessary to achieve Phase 1 rates of production from Moa/Fort Saskatchewan expansion was completed in the second quarter of 2008. Going forward, nominal annual production capacity will increase by 4,000 tonnes (100% basis) of nickel and cobalt contained in mixed sulphide, increasing the overall nominal capacity to 37,000 tonnes (100% basis) per year. Efforts are now focused on completing the 9,000 tonne (100% basis) Phase 2 construction and commissioning, currently scheduled for the second quarter of 2009 at Moa and the third quarter of 2009 at Fort Saskatchewan.

The 60,000 tonne nickel (100% basis) Ambatovy Project in Madagascar is progressing, with almost all key fabrication contracts in place and construction ramping up rapidly. Mechanical completion is expected during 2010.

In Coal, Sherritt completed the acquisition of Royal Utilities Income Fund ("Royal Utilities") during the second quarter. As a result, Sherritt's Coal division now consists of three operations – Prairie Operations, which includes eight coal mines in Saskatchewan and Alberta supplying coal to electric utilities in the provinces and certain coal and potash royalties; Mountain Operations, which includes two export thermal coal mines; and the coal development assets, which include significant undeveloped coal resources.

Prairie Operations benefited from increasing royalties, as well as higher realized prices during the second quarter, as a result of higher demand for coal in Saskatchewan and improved production levels of 8.8 million tonnes of coal, compared to 8.4 million tonnes in the second quarter of 2007. Revenue in the second quarter of $139.2 million (100% basis, full quarter) was $16.8 million higher than in the same quarter last year, due to higher royalties, sales volumes and realized prices. EBITDA was essentially unchanged from the prior-year period, as higher supply-related diesel costs and takeover and restructuring costs related to the acquisition of Royal Utilities offset increases in potash royalties and realized prices. At Mountain Operations, robust export coal prices resulted in record average realized prices of $87.87/tonne during the second quarter, 70% higher than the same period in 2007. As a result, revenue at Mountain Operations in the second quarter grew to a record $34.2 million. Despite increasing operating costs as a result of materially higher input costs such as fuel, steel, power and tires, Mountain Operations achieved record EBITDA of $5.6 million during the second quarter, compared to $0.3 million for the second quarter of 2007.

In Oil and Gas, both revenue and EBITDA achieved record levels of $104.5 million and $86.5 million, respectively, due to the continued and unprecedented strength in world oil prices. Average realized oil prices in Cuba and Spain during the quarter were 51% and 64% higher, respectively, than in the comparable quarter in 2007. Gross working-interest production in Cuba increased to 33,813 barrels per day (“bpd”) during the quarter, from 30,899 bpd in the second quarter of 2007.

In Power, electricity production of 567 Gigawatt hours (GWh) was essentially unchanged from the prior-year period production of 566 GWh, as a result of a 32.5 Megawatt (MW) turbine being offline for most of the quarter for repair. Revenue grew by over 7% from the prior-year period to $30.3 million in the second quarter of 2008, primarily as a result of higher prices and sales volumes of by-products. EBITDA of $22.9 million during the quarter grew by over 8% relative to the prior-year period. The Corporation has finalized terms for the development of 25 MW of thermal generating capacity in Madagascar, with production expected to commence in the first half of 2009.

Significant Events

In May, Sherritt acquired all of the issued and outstanding Royal Utilities trust units that it did not already own. The transaction resulted in total consideration paid of approximately $722 million (approximately $250 million in cash and 31.4 million common shares).

On June 2, 2008, Sherritt’s Senior Unsecured Debt rating was upgraded by DBRS from BB (high) to BBB (low). The new investment grade rating reflects the company’s strengthened business risk profile.

On June 17, 2008, the Corporation issued $275 million principal amount of 7.75% Senior Unsecured Debentures Series C due October 15, 2015 pursuant to a short-form base shelf prospectus dated June 4, 2008, as supplemented by a prospectus supplement dated June 10, 2008. Subsequent to quarter-end, approximately $140 million of the net proceeds of this debt issue have been used to reduce the outstanding balance on the Royal Utilities’ credit facility. The balance of the net proceeds will be used to fund growth capital expenditures and general corporate purposes in Canada and Madagascar.

OUTLOOK

Metals

Consistent with previous guidance, full-year production (100% basis) for 2008 is expected to be approximately 32,500 tonnes of nickel and 3,500 tonnes of cobalt. This includes the additional production from Phase 1 of the Moa/Fort Saskatchewan expansion and reflects the impact of vessel delays and CN Rail disruptions, which limited feed availability earlier in the year.

Sherritt expects that mining, processing and refining costs will be higher than in the prior year as a result of increased input commodity costs. On a year-to-date basis, key commodity costs have increased by approximately 85% compared to the same period last year, increasing direct cash costs by approximately U.S. $2.00/lb, before by-product credits and third-party feed costs.. On a net direct cash cost basis, this increase has been more than offset by the impact of higher cobalt prices and lower third-party feed costs year-to-date. Completion of the new sulphuric acid plant in Moa in 2009 will largely eliminate reliance on purchased acid and is expected to partly mitigate these cost increases. Sustaining capital expenditures are expected to be $21.9 million in the third quarter and $71.2 million for 2008, $14.8 million lower than previous guidance reflecting a deferral of spending associated with the utility upgrades at Fort Saskatchewan from 2008 to 2009. With the design and construction timetable for the utility assets further advanced, the majority of spending on these upgrades is now projected to occur in 2009.

Commissioning of Phase 2 is currently targeted to commence in the second quarter of 2009 at Moa and the third quarter at Fort Saskatchewan. Phase 2 is designed to increase capacity by a further 9,000 tonnes (100% basis) of nickel and cobalt contained in mixed sulphide. Phase 3 of the Moa/Fort Saskatchewan expansion, which will add 3,000 to 6,000 additional tonnes (100% basis) of annual nickel plus cobalt production, continues at the conceptual stage, as efforts are focused on meeting Phase 2 construction and commissioning timelines. Estimated capital expenditures for the Moa/Fort Saskatchewan expansion (including funding for the sulphuric acid plant) are expected to be $79 million in the third quarter and $254 million in 2008. Sherritt's share of the overall expansion costs is projected to total approximately $584 million (U.S. $566 million), marginally higher than earlier guidance of $569 million (U.S. $544 million).

At the end of June, engineering, procurement and construction at the Moa/Fort Saskatchewan expansion were estimated to be 98%, 71% and 59% complete, respectively, at Moa, compared to 96%, 66% and 48%, respectively, at the end of the first quarter. At Fort Saskatchewan, engineering, procurement and construction were 37%, 53% and 14% complete, respectively, compared to 28%, 29% and 14%, respectively, at the end of the first quarter.

The Ambatovy Joint Venture is making good progress with most of the major equipment, fabrication and construction contracts now awarded. The first of five 16-metre autoclaves arrived in Madagascar in late June and is now installed on its foundation at the plant and mechanical construction in other areas of the plant site has commenced. With support infrastructure such as water, sewage, power and worker accommodation complete, the plant site is ready for the significant ramping up of construction activities during the third quarter. Work at the mine site is also progressing well, with over 4 million cubic meters of earth excavated to date. Construction of the ore processing plant is expected to commence in the third quarter. Substantial progress is also being made on clearing of the 220 km slurry pipeline route between the mine site and the refinery. Sherritt continues to expect commissioning in 2010.

At the end of June, engineering procurement and construction at Ambatovy were estimated to be 69%, 74% and 25% complete, respectively, compared to 57%, 62% and 14%, respectively, at the end of the first quarter. Currently, the construction workforce is just over 8,000 workers and the project has achieved over 16 million exposure hours without a lost time injury to the end of June.

Estimated capital expenditures at Ambatovy are $438 million for the third quarter and $1.6 billion budgeted for 2008. The capital budget established in 2007 of $3.8 billion (U.S. $3.3 billion) is expected to increase as a result of cost escalation. Sherritt intends to revise and disclose its new estimate in early 2009 as detailed engineering nears completion and construction and fabrication activities are further ahead. The capital budget amount does not include certain indirect costs such as accrued financing charges, inflation and working capital requirements. The budget established for these indirect costs in 2007 was approximately $0.5 billion (U.S. $0.4 billion).

Coal

Production for 2008 at Prairie Operations is expected to remain similar to 2007 levels of 36.1 million tonnes. Revenue and EBITDA from Prairie Operations are both expected to exceed 2007 levels, as higher realized prices, coupled with increased potash and coal royalties, should more than offset the operating cost pressures. Given the robust pricing environment currently present in coal and potash, royalties at Prairie Operations are expected to grow by over 35% in 2008, with potash royalties becoming a more significant contributor relative to 2007. Unit operating costs continue to face upward pressures due to the impact that the world economic and Western Canadian market conditions are having on pricing for diesel, labour, equipment and maintenance costs. As a result, Sherritt expects 2008 unit operating costs at Prairie Operations to be approximately 10% higher than 2007.

In July, Sherritt's wholly-owned subsidiary, Prairie Mines & Royalty Ltd. ("PMRL"), entered into a joint venture agreement and related agreements with Norit Canada Inc. ("Norit Canada"), a wholly-owned subsidiary of Norit N.V. ("Norit"), to construct the first of four 15,000 short ton activated carbon plants in Saskatchewan. The total cost of this four-phase project is expected to be approximately $200 million. Under the 50/50 joint venture agreement, Norit will provide the design and will work with Sherritt to jointly construct Canada's first activated carbon plant for the coal-fired utility market. The decision to enter a new market was driven by the anticipated growth in market demand for activated carbon, the lack of existing Canadian production, and the opportunity to leverage existing coal reserves. Production at the first plant is expected to begin in 2009.

At Mountain Operations, final price settlement of some contracts during the second quarter has resulted in record realized prices that were over 70% higher than during the second quarter of 2007. All of the contracts linked to market prices for export coal have now been settled for 2008, and realized prices for the remainder of the year are expected to show marginal increases. Approximately 50% of Mountain Operations' 2008 sales volumes are linked to the Newcastle FOB settlement prices. Production at the Coal Valley mine has been negatively affected by poor weather in the first half of 2008, and as a result, Sherritt expects full-year output from the mine to be approximately 3.9 million tonnes, down from the previous guidance of 4 million tonnes

(100% basis). In spite of the lower expected output, Sherritt continues to expect 2008 EBITDA from the Coal Valley mine to be approximately $50 million due to the robust pricing environment for export thermal coal. Sustaining capital expenditures at Mountain Operations for the third quarter and full year 2008 are expected to be approximately $4 million and $7 million, respectively.

Based on the greatly improved economics for export thermal coal, work has begun on re-opening the Obed Mountain mine, in which Sherritt has a 50% interest. The mine will have an estimated annual production capacity of 1.2 million tonnes (100% basis), which is expected to commence in the second half of 2009. Sherritt's share of the anticipated capital cost of re-opening the mine is approximately $12 million, with the majority of expenses likely to take place early in 2009 and be directed toward plant re-start, load-out facilities and conveyor upgrades. An off-take contract for 100% of the mine's production has already been secured that guarantees a floor price for three years with a sharing of the price upside.

Sherritt continues to develop the Dodds-Roundhill coal gasification project. Current activities are focused on finalizing the scope of the project with respect to the alternate non-hydrogen based outputs of the gasification plant, CO_2 reduction process modifications and abatement costs, completing the regulatory application and other initiatives. Capital expenditures in support of Dodds-Roundhill in 2008 are currently projected to be approximately $6 million.

Oil and Gas

Sherritt expects the gross working-interest production volumes for 2008 to remain comparable to the levels experienced in 2007 at approximately 30,500 bpd. Sherritt's net working-interest production is affected by recoverable capital, operational spending, as well as the price of oil. Higher oil prices, in an environment of steady capital and operational spending levels, result in lower net production attributable to Sherritt. Given the current world pricing levels, net production in Cuba will likely remain around 17,000 bpd. Consistent with previous guidance, net production in Spain and Pakistan is projected to remain steady in the 470 bpd and 400 boepd ranges, respectively.

Sherritt finalized and signed the production-sharing contract for the enhanced oil recovery pilot project in Cuba in the third quarter. The project has an estimated capital cost of U.S. $15 million, of which approximately U.S. $5 million will be incurred in the current year. The pilot phase will be conducted using carbon dioxide injection to increase the amount of oil extracted from the Varadero field. On receipt of the technical results, the Corporation will determine whether to proceed to a commercial scale operation. Also, during the third quarter of 2008, Sherritt signed a production-sharing contract for Block 8 in south-central Cuba.

In addition to its initiatives in Cuba, Sherritt continues to explore growth opportunities in Turkey, as well as the Alboran Sea area of Spain and the East Irish Sea in the U.K. The Corporation expects to be able to provide more details on these initiatives by the end of the year. Estimated capital expenditures for 2008 are approximately $150 million, with $35 million expected in the third quarter.

Power

Total expected electricity production in 2008 remains 2,400 GWh, with 616 GWh estimated in the third quarter.

Progress continues with Sherritt's 150 MW Boca de Jaruco combined cycle expansion project. Earthwork commenced in the second quarter, and infrastructure contracts are being finalized to allow construction to begin in the fourth quarter of this year. To date, arrangements for the supply of all of the major equipment have been committed to, including a steam turbine, condenser, as well as heat recovery steam generators. As of the end of June, engineering, procurement and construction are 14%, 30% and 1% complete, respectively, compared to 7%, 2% and 0%, respectively, at the end of the first quarter. Consistent with previous guidance, the total expected project cost for the Boca de Jaruco expansion remains approximately $247 million.

As part of a Memorandum of Understanding to develop up to 100 MW of thermal and hydro power projects in Madagascar, which was signed earlier in the year, the Corporation has finalized terms for the development of 25 MW of thermal generating capacity in Madagascar. Production is expected to commence in the first half of 2009. The expected capital cost of these facilities is approximately $21 million, of which $16 million is expected to be incurred during the remainder of 2008. Discussions are proceeding regarding the potential development of an additional 75 MW of hydro and/or coal-fired facilities.

Total capital expenditures for the third quarter are expected to be in the range of $30 million to $35 million, while the full-year 2008 expenditures are expected to be approximately $75 million, taking into account the Madagascar expansion.

Review of Operations

Metals

		Q2 2008		Q2 2007		Six months ended June 30 2008		2007
Production (tonnes)								
Nickel		3,704		4,035		7,452		7,549
Cobalt		406		452		813		886
Sales (thousands of pounds)								
Nickel		8,200		8,887		16,562		16,663
Cobalt		902		976		1,822		1,864
Reference Prices								
Nickel (US$/lb)	$	11.67	$	21.76	$	12.38	$	20.25
Cobalt (US$/lb) (1)		45.93		28.01		46.06	$	26.89
Realized Prices								
Nickel ($/lb)	$	12.12	$	23.37	$	12.53	$	22.65
Cobalt ($/lb)		45.67		30.26		45.90	$	30.15
Unit Operating Costs (US$ per lb)								
Net direct cash costs of nickel (2)	$	2.41	$	3.36	$	2.18	$	3.06
Third-party feed costs		1.02		1.53		1.17		1.52
Revenue ($mm)	$	177.7	$	274.1	$	340.0	$	478.1
EBITDA ($mm)	$	71.3	$	166.7	$	160.5	$	301.4
Capital Expenditures ($mm)								
Moa Joint Venture ($mm) (50% basis)	$	64.6	$	49.1	$	114.9	$	80.1
Ambatovy Joint Venture ($mm) (100% basis)(3)	$	501.7	$	7.9	$	884.6	$	7.9

(1) Average Metal Bulletin: low grade cobalt published price
(2) Net direct cash cost of nickel after cobalt and by-product credits
(3) Ambatovy Joint Venture was accounted for using the equity method up to the fourth quarter of 2007

In the Moa Joint Venture, mixed sulphide production in the second quarter was 8,646 tonnes (100% basis), or 250 tonnes above last year's second quarter production. The increase in production is primarily due to the impact of higher ore grades and was partly offset by the impact of a planned 5-day maintenance shutdown at the Fort Saskatchewan refinery.

Finished nickel production during the quarter was 7,408 tonnes (100% basis), or 8% lower than the comparable period last year, primarily as a result of the annual maintenance shutdown at the Fort Saskatchewan refinery that took place during the quarter. In 2007, the maintenance shutdown occurred in the third quarter. The timing of the shutdown also resulted in lower finished cobalt production of 812 tonnes (100% basis) during the second quarter, 10% below levels in the prior-year period. Lower finished metals production resulted in an increase in the feed pipeline inventory at quarter end.

Sales of nickel and cobalt during the second quarter were 8.2 million pounds and 902,000 pounds, respectively, or 8% lower than in the same period last year, as a result of the lower finished metal production during the quarter. During the second quarter, nickel reference prices continued to decline, with the average reference price of U.S.$11.67/lb being 11% lower than in the first quarter of 2008 and 46% lower than in the prior-year period. Consequently, Sherritt's realized nickel price of U.S.$12.12/lb during the second quarter reflected the changes in the reference price, and represented a 48% decline from the second quarter of 2007. While the cobalt reference and realized prices of U.S.$45.93/lb and U.S.$45.67/lb, respectively, represented 64% and 51% increase over the prior-year period, lower nickel prices and lower finished metals sales volumes had a negative impact on revenue and EBITDA from the metals segment. Revenue of $177.7 million during the second quarter was $96.4 million lower than in the second quarter of 2007. Similarly, EBITDA of $71.3 million was $95.4 million lower than in the prior-year quarter, which reflected record realized nickel prices.

Sustaining capital expenditures, including certain utilities upgrades at Fort Saskatchewan and capital improvements at Moa concurrent with the expansion were $12.7 million in the second quarter, $9.3 million lower than previous guidance reflecting a deferral of spending associated with the utility upgrades at Fort Saskatchewan from 2008 to 2009. With the design and construction timetable for the utility assets further advanced, the majority of spending on these upgrades is now projected to occur in 2009. Expansion capital expenditures at Moa/Fort Saskatchewan were $51.9 million in the second quarter. At June 30, 2008, Sherritt achieved over 4.3 million exposure hours without a lost time injury related to the Moa/Fort Saskatchewan expansion.

Ambatovy capital expenditures during the second quarter were $501.7 million. The project has drawn down $632 million of the U.S. $2.1 billion project financing to date and a further drawdown of $500 million is expected in the third quarter of 2008. At the end of the second quarter, 16 million exposure hours had been achieved without a lost time injury.

Coal

	Q2 2008	Q2 2007	Six months ended June 30 2008	2007
Coal				
Prairie Operations [1]				
Production volumes (millions of tonnes) [2]	**8.8**	8.4	**17.6**	18.0
Sales volumes (millions of tonnes) [2]	**8.5**	8.4	**17.5**	17.8
Realized prices ($/tonne)	**$ 14.61**	$ 13.37	**$ 14.12**	$ 12.86
Unit cash operating costs ($/tonne)	**$ 11.88**	$ 10.59	**$ 11.04**	$ 9.78
Mountain Operations [3]				
Production volumes (millions of tonnes) [2]	**0.4**	0.4	**0.8**	0.9
Sales volumes (millions of tonnes) [2]	**0.4**	0.5	**0.8**	0.9
Realized prices ($/tonne)	**$ 87.87**	$ 51.55	**$ 77.56**	$ 51.27
Unit cash operating costs ($/tonne)	**$ 72.19**	$ 50.01	**$ 63.44**	$ 48.63
Revenue				
Prairie Operations [5]	**$ 139.2**	$ 122.4	**$ 275.0**	$ 250.4
Mountain Operations and other coal development assets[4]	**$ 34.2**	$ 24.6	**$ 65.1**	$ 44.4
	$ 173.4	$ 147.0	**$ 340.1**	$ 294.8
EBITDA				
Prairie Operations [5]	**$ 30.2**	$ 30.7	**$ 71.0**	$ 70.4
Mountain Operations and other coal development assets[4]	**$ 5.6**	$ 0.3	**$ 10.9**	$ (0.9)
	$ 35.8	$ 31.0	**$ 81.9**	$ 69.5
Distributions paid by Royal Utilities [6]	**$ 15.1**	$ 23.5	**$ 38.6**	$ 46.9
Capital Expenditures				
Prairie Operations [5]	**$ 7.5**	$ 2.5	**$ 11.5**	$ 3.9
Mountain Operations and other coal development assets [4]	**$ 0.5**	$ 0.7	**$ 1.1**	$ 1.1
	$ 8.0	$ 3.2	**$ 12.6**	$ 5.0

(1) Prairie Operations includes the seven mine-mouth operations, of which two are contract mines, the Bienfait mine and Char plant, and certain coal and potash royalties.

(2) Prairie Operations' sales and production volumes are presented on a 100% basis. Mountain Operations' sales and production volumes are presented on a 50% basis.

(3) Mountain Operations include the results of the Coal Valley mine, which is primarily involved in the export of thermal coal.

(4) Coal development assets include certain undeveloped reserves that produce coal-bed methane and technologies under development, including the Dodds-Roundhill coal gasification project.

(5) Prairie Operations' revenue, EBITDA and capital expenditures are shown on a 100% basis.

(6) Distributions paid by Royal Utilities are shown on a 100% basis.

Realized prices at Prairie Operations in the second quarter of 2008 were $14.61/tonne, approximately 9% higher than in the comparable period of 2007, primarily as a result of higher demand for coal in Saskatchewan and higher cost and capital recoveries at the contract and Genesee mines. Consequently, revenue in the second quarter of $139.2 million was $16.8 million higher than in the same quarter last year, as increased production and sales volumes further augmented the impact of higher realized prices and higher royalties. EBITDA was essentially unchanged from the prior-year period, as higher supply-related diesel costs and takeover and restructuring costs related to the acquisition of Royal Utilities offset increases in potash royalties and realized prices.

Record average realized prices at the Mountain Operations were $87.87/tonne during the second quarter of 2008, 70% higher than the same period in 2007, as pricing improved on export thermal coal contracts. As a result, revenue in the second quarter grew by 39% versus the second quarter of 2007, to a record $34.2 million. Operating costs per tonne in the second quarter increased by 44% as a result of the materially higher input costs including fuel, steel, power and tires, expanding coal haul distances, and slightly lower production volumes. Despite the cost pressures, Mountain Operations and coal development assets generated a combined EBITDA of $5.6 million compared to $0.3 million for the second quarter of 2007, as the impact of record realized prices more than offset the challenging operating cost environment.

During the second quarter, both the Genesee and Paintearth mines received the John T. Ryan Trophy, which is awarded by the Canadian Institute of Mining, Metallurgy and Petroleum to Canadian mines that experienced the lowest reportable injury frequency per 200,000 hours worked, in Canada. This marks the ninth time that Genesee, and fifth time that Paintearth, have received this award for their outstanding safety performance. On June 1, 2008, Genesee achieved another significant safety milestone, reaching 20 years of operation without a lost time injury.

Second quarter capital expenditures for the Prairie Operations consisted mainly of capital repairs at Genesee and infrastructure spending at Poplar River and Boundary Dam mines. In the Mountain Operations, capital expenditures were comparable to 2007.

Oil and Gas

	Q2 2008	Q2 2007	Six months ended June 30 2008	2007
Daily Production Volumes [1] [2]				
Production (boepd)				
Gross working-interest production in Cuba [3] [5]	33,813	30,899	32,409	30,332
Net production [4]				
Cuba (heavy oil)				
Cost recovery [5]	5,320	12,201	6,683	10,635
Profit oil [5]	11,879	7,248	10,653	7,848
Total Cuba	17,199	19,449	17,336	18,483
Spain (light/medium oil) [4]	476	427	485	451
Pakistan (natural gas) [4]	385	405	392	407
Total	18,060	20,281	18,213	19,341
Reference Prices				
US Gulf Coast Fuel Oil #6 (US$ per bbl)	$ 84.44	$ 49.48	$ 77.11	$ 44.21
Realized Prices				
Cuba (per bbl)	$ 62.01	$ 41.19	$ 56.63	$ 38.05
Spain (per bbl)	124.76	76.11	110.78	71.38
Pakistan (per boepd)	7.36	8.31	7.21	8.69
Unit Operating Costs				
Operating costs (per boe)	$ 6.13	$ 7.11	$ 6.39	$ 6.39
Revenues	$ 104.5	$ 77.7	$ 192.0	$ 136.1
EBITDA ($mm)	$ 86.5	$ 59.3	$ 154.5	$ 100.4
Capital Expenditures	$ 30.8	$ 35.8	$ 55.1	$ 83.1

(1) Production figures exclude production from wells for which commerciality has not been established.

(2) Oil production is stated in barrels per day ("bpd"). Natural gas production is stated in barrels of oil equivalent per day ("boepd"), which is converted at 6,000 cubic feet per barrel.

(3) In Cuba, Oil and Gas delivers all of its gross working-interest oil production to CUPET at the time of production. Gross working-interest oil production excludes (i) production from wells for which commerciality has not been established in accordance with production-sharing contracts; and (ii) working interests of other participants in the production-sharing contracts.

(4) Net production (equivalent to net sales volume) represents the Corporation's share of gross working-interest production. In Spain and Pakistan, net oil production volumes equal 100% of gross working-interest production volumes.

(5) Gross working-interest oil production is allocated between Oil and Gas and CUPET in accordance with production-sharing contracts. The Corporation's share, referred to as 'net oil production', includes (i) cost recovery oil (based upon the recoverable capital and operating costs incurred by Oil and Gas under each production-sharing contract) and (ii) a percentage of profit oil (gross working-interest production remaining after cost recovery oil is allocated to Oil and Gas). Cost recovery pools for each production-sharing contract include cumulative recoverable costs, subject to certification by CUPET, less cumulative proceeds from cost recovery oil allocated to Oil and Gas. Cost recovery revenue equals capital and operating costs eligible for recovery under the production-sharing contracts. Therefore, cost recovery oil volumes increase as a result of higher capital expenditures and decrease when selling prices increase. When oil prices increase, the resulting reduction in cost recovery oil volumes is partially offset by an increase in profit oil barrels.

Record revenue and EBITDA were achieved during the quarter ended June 30, 2008, due to the continued and unprecedented strength in world oil prices. Revenue of $104.5 million was 34% higher than in the second quarter of 2007, while EBITDA of $86.5 million increased 46% from the prior-year period. The record operating performance is directly attributable to average realized oil prices in Cuba and Spain during the quarter, which were 51% and 64% higher, respectively, than in the comparable quarter in 2007. A strengthening of the Canadian dollar relative to the U.S. dollar and lower overall net production relative to the comparable quarter slightly offset the impact of higher realized prices. The second quarter of 2008 marked the fifth consecutive quarter of record EBITDA in Oil and Gas.

Capital expenditures during the quarter were $30.8 million, and were mainly in support of development and exploration drilling along with facility construction. During the second quarter of 2008, four development wells were initiated and five development wells and one exploration well were completed. Year to date, eight development wells and one exploration well were initiated, and eight development wells and one exploration well were completed.

The Corporation relinquished four offshore blocks in Cuban sector of the Gulf of Mexico during the second quarter due to the inability to attract a partner to share the significant development costs and risks associated with these deepwater blocks.

Power

		Q2 2008		Q2 2007		2008		2007
						Six months ended June 30		
Electricity sold (000's of MWh) (1)		567		566		1,164		1,052
Realized price per MWh	$	40.83	$	43.95	$	40.72	$	45.25
Unit cash operating cost ($ per MWh)	$	11.80	$	12.44	$	10.13	$	13.17
Revenue ($mm)	$	30.3	$	28.3	$	60.1	$	56.2
EBITDA ($mm)	$	22.9	$	21.2	$	46.7	$	41.4
Capital Expenditures ($mm)	$	7.5	$	5.6	$	11.3	$	15.7

(1) Includes non-controlling interest.

Electricity production during the second quarter of 2008 was essentially unchanged from the prior-year period at 567 GWh, as a result of a 32.5 MW turbine being offline for most of the quarter for repairs. The turbine was repaired ahead of schedule and contributed to overall electricity production starting in mid-June. Net capacity factor for the quarter was 76%, which includes downtime of the recently repaired turbine.

Revenue grew by over 7% from the prior-year period to $30.3 million in the second quarter of 2008, as higher by-product prices and sales volumes offset a slight revenue decline from electricity production that was primarily a result of lower average realized prices and a strengthening Canadian dollar compared to the U.S. dollar. Operating costs were lower during the second quarter of 2008 compared with the same quarter in 2007 due to timing of scheduled project maintenance and accrual of recoveries for a business interruption insurance claim that occurred in late 2007. As a result, EBITDA of $22.9 million during the quarter grew by over 8% relative to the prior-year period.

Second-quarter expansion capital expenditures in support of Boca de Jaruco project were $4.6 million, while sustaining capital expenditures were $2.9 million.

Summary Financial Results by Segment (unaudited)

The tables below present EBITDA and operating earnings from continuing operations by segment and reconcile these non-GAAP measures to earnings before income taxes. EBITDA is a measurement of revenue less cash operating expenses. Operating earnings is a measure used by Sherritt to evaluate the operating performance of its businesses as it excludes interest charges, which are a function of the particular financing structure for the business, and certain other charges. EBITDA and operating earnings do not have any standardized meaning prescribed by Canadian generally accepted accounting principles, so they may or may not be comparable with similar measures presented by other issuers.

All amounts in this news release represent Sherritt's 100% interest unless otherwise indicated. Amounts relating to Metals reflect the Corporation's 50% interest in the Moa Joint Venture, 100% of utility and fertilizer operations in Fort Saskatchewan and the consolidation of the Ambatovy Joint Venture. Amounts relating to Coal reflect the Corporation's 50% proportionate interest in Coal Valley. Amounts relating to Power reflect the consolidation of Energas S.A. The non-controlling interests in the Ambatovy Joint Venture and in Energas S.A. are disclosed separately in the consolidated financial statements.

Three months ended June 30, 2008

($ millions)	Metals	Coal [1]	Oil and Gas	Power	Corporate and Other[3]	Consolidated
Revenue	$ 177.7	$ 124.5	$ 104.5	$ 30.3	$ 4.2	$ 441.2
Operating, selling, general and administrative [2]	106.4	102.5	18.0	7.4	16.5	250.8
EBITDA	71.3	22.0	86.5	22.9	(12.3)	190.4
Depletion, amortization and accretion	(5.8)	(20.7)	(29.2)	(7.2)	(1.2)	(64.1)
Operating earnings (loss)	65.5	1.3	57.3	15.7	(13.5)	126.3
Share of earnings of equity investments[4]	-	1.9	-	-	1.1	3.0
Net financing expense						(13.5)
Income taxes						(28.3)
Non-controlling interests						(6.7)
Earnings from continuing operations						80.8
Earnings (loss) from discontinued operations						(0.5)
Net earnings						80.3
Capital expenditures	$ 566.3	$ 6.9	$ 30.8	$ 7.5	$ 7.8	$ 619.3

(1) Coal includes the Corporation's 50% proportionate interest in the Mountain Operations (previously known as Coal Valley). It also includes the equity earnings of Royal Utilities up to May 2, 2008 and 100% of Royal Utilities' results from May 2, 2008 to June 30, 2008.

(2) Excluding depreciation of $3.4 million in Metals and $9.2 million in Coal.

(3) The Corporate and Other segment includes result of the metallurgical technology business acquired from Dynatec.

(4) Share of earnings of equity investments includes Royal Utilities.

Three months ended June 30, 2007

($ millions)	Metals [1]	Coal [2]	Oil and Gas	Power	Corporate and Other [5]	Consolidated
Revenue	$ 274.1	$ 24.6	$ 77.7	$ 28.3	$ 0.7	$ 405.4
Operating, selling, general and administrative	107.4	24.3	18.4	7.1	2.3	159.5
EBITDA	166.7	0.3	59.3	21.2	(1.6)	245.9
Depletion, amortization and accretion	(5.5)	(2.7)	(23.0)	(6.6)	(1.1)	(38.9)
Operating earnings (loss)	161.2	(2.4)	36.3	14.6	(2.7)	207.0
Share of earnings of equity investments [3]	-	5.0	-	-	-	5.0
Net financing expense						(6.6)
Income taxes						(67.2)
Non-controlling interests						(5.8)
Earnings from continuing operations						132.4
Earnings from discontinued operations						-
Net earnings						132.4
Capital expenditures[4]	$ 57.0	$ 0.7	$ 35.8	$ 5.6	$ 0.1	$ 99.2

(1) Comparable periods have been restated to reflect a change in the reclassification and adjustment of certain revenues, operating, selling, general and administrative costs in the Metals business.
(2) Coal includes the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets.
(3) Share of earnings of equity investments includes Royal Utilities.
(4) Total capital expenditures include $0.1 million from discontinued operations.
(5) The Corporate and Other segment includes result of the metallurgical technology business acquired from Dynatec, for the period from June 14 to June 30, 2007.

Six months ended June 30, 2008

($ millions)	Metals	Coal [1]	Oil and Gas	Power	Corporate and Other [3]	Consolidated
Revenue	$ 340.0	$ 155.4	$ 192.0	$ 60.1	$ 7.9	$ 755.4
Operating, selling, general and administrative [2]	179.5	128.1	37.5	13.4	30.8	389.3
EBITDA	160.5	27.3	154.5	46.7	(22.9)	366.1
Depletion, amortization and accretion	(10.7)	(22.9)	(52.9)	(14.7)	(2.6)	(103.8)
Operating earnings (loss)	149.8	4.4	101.6	32.0	(25.5)	262.3
Share of earnings of equity investments [4]	-	8.3	-	-	1.1	9.4
Net financing expense						(12.6)
Income taxes						(76.2)
Non-controlling interests						(12.9)
Earnings from continuing operations						170.0
Earnings (loss) from discontinued operations						(0.7)
Net earnings						169.3
Capital expenditures	$ 999.5	$ 7.5	$ 55.1	$ 11.3	$ 8.1	$ 1,081.5

(1) Coal includes the Corporation's 50% proportionate interest in the Mountain Operations (previously known as Coal Valley). It also includes the equity earnings of Royal Utilities up to May 2, 2008 and 100% of Royal Utilities' results from May 2, 2008 to June 30, 2008.
(2) Excluding depreciation of $6.5 million in Metals and $11.1 million in Coal.
(3) The Corporate and Other segment includes result of the metallurgical technology business acquired from Dynatec.
(4) Share of earnings of equity investments includes Royal Utilities.

Six months ended June 30, 2007

($ millions)	Metals [1]	Coal [2]	Oil and Gas	Power	Corporate and Other[4]	Consolidated
Revenue	$ 478.1	$ 44.4	$ 136.1	$ 56.2	$ 0.7	$ 715.5
Operating, selling, general and administrative	176.7	45.3	35.7	14.8	24.2	296.7
EBITDA	301.4	(0.9)	100.4	41.4	(23.5)	418.8
Depletion, amortization and accretion	(11.5)	(5.1)	(46.1)	(12.6)	(2.1)	(77.4)
Operating earnings (loss)	289.9	(6.0)	54.3	28.8	(25.6)	341.4
Share of earnings of equity investments	-	11.9	-	-	-	11.9
Net financing expense						(7.4)
Income taxes						(113.2)
Non-controlling interests						(11.2)
Earnings from continuing operations						221.5
Earnings from discontinued operations						-
Net earnings						221.5
Capital expenditures [3]	$ 88.0	$ 1.1	$ 83.1	$ 15.7	$ 0.2	$ 188.1

(1) Comparable periods have been restated to reflect a change in the reclassification and adjustment of certain revenues, operating, selling, general and administrative costs in the Metals business.

(2) Coal results include the Corporation’s 50% proportionate interest in the Coal Valley export thermal coal mine and coal development assets.

(3) Total capital expenditures include $0.1 million from discontinued operations.

(4) The Corporate and Other segment includes results of metallurgical technology division acquired from Dynatec, for the period from June 14 to June 30, 2007.

Supplementary Information

The tables below present EBITDA and operating earnings from continuing operations by segment and reconcile these non-GAAP measures to earnings before income taxes. The Corporation discloses EBITDA in order to provide an indication of revenue less cash operating expenses. Operating earnings is a measure used by Sherritt to evaluate the operating performance of its businesses as it excludes interest charges, which are a function of the particular financing structure for the business, and certain other charges. EBITDA and operating earnings do not have any standardized meaning prescribed by Canadian generally accepted accounting principles and, therefore, they may or may not be comparable with similar measures presented by other issuers

Three months ended March 31, 2008

($ millions)	Metals	Coal [1]	Oil and Gas	Power	Corporate and Other[4]	Consolidated
Revenue	$ 162.3	$ 30.9	$ 87.5	$ 29.8	$ 3.7	$ 314.2
Operating, selling, general and administrative [2]	73.1	25.6	19.5	6.0	14.3	138.5
EBITDA	89.2	5.3	68.0	23.8	(10.6)	175.7
Depletion, amortization and accretion	(4.9)	(2.2)	(23.7)	(7.5)	(1.4)	(39.7)
Operating earnings (loss) from continuing operations	84.3	3.1	44.3	16.3	(12.0)	136.0
Share of earnings of equity investments[3]	-	6.4	-	-	-	6.4
Net financing income						0.9
Income taxes						(47.9)
Non-controlling interests						(6.2)
Loss from discontinued operations						(0.2)
Net earnings						89.0
Capital expenditures	$ 433.2	$ 0.6	$ 24.3	$ 3.8	$ 0.3	$ 462.2

(1) Coal includes the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets

(2) Figures exclude depreciation totaling $5.0 million on a consolidated basis.

(3) Share of earnings of equity investments includes Royal Utilities.

(4) The Corporate and Other segment includes results of the metallurgical technology business acquired from Dynatec.

Three months ended December 31, 2007

($ millions)	Metals	Coal [1]	Oil and Gas	Power	Corporate and Other[4]	Consolidated
Revenue	$ 176.9	$ 23.2	$ 85.9	$ 29.9	$ 7.7	$ 323.6
Operating, selling, general and administrative [1]	83.8	28.3	20.3	9.5	6.2	148.1
EBITDA	93.1	(5.1)	65.6	20.4	1.5	175.5
Depletion, amortization and accretion	(6.0)	(2.6)	(21.8)	(7.5)	(1.7)	(39.6)
Operating earnings (loss) from continuing operations	87.1	(7.7)	43.8	12.9	(0.2)	135.9
Share of earnings of equity investments [2]		18.7			-	18.7
Fair value adjustment						(8.9)
Net financing expense						(3.8)
Income taxes						(53.9)
Non-controlling interests						(4.9)
Earnings from continuing operations						83.1
Earnings from discontinued operations						0.4
Net earnings						83.5
Capital expenditures[3]	$ 538.9	$ 1.2	$ 29.2	$ 1.9	$ 2.4	$ 573.6

(1) Coal includes the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets.
(2) Share of earnings of equity investments includes Royal Utilities.
(3) Total capital expenditures include $0.5 million from discontinued operation.
(4) The Corporate and Other segment includes results of the metallurgical technology business acquired from Dynatec.

Three months ended September 30, 2007

($ millions)	Metals	Coal [1]	Oil and Gas	Power	Corporate and Other[4]	Consolidated
Revenue	$ 150.7	$ 28.1	$ 81.5	$ 31.6	$ 9.4	$ 301.3
Operating, selling, general and administrative	63.4	30.6	19.6	9.8	19.3	142.7
EBITDA	87.3	(2.5)	61.9	21.8	(9.9)	158.6
Depletion, amortization and accretion	(5.8)	(1.2)	(20.0)	(7.3)	(1.1)	(35.4)
Operating earnings (loss)	81.5	(3.7)	41.9	14.5	(11.0)	123.2
Share of earnings of equity investments [2]	-	4.0	-	-	-	4.0
Net financing expense						(16.5)
Income taxes						(41.0)
Non-controlling interests						(5.0)
Gain on sale of Investments						1.4
Earnings from continuing operations						66.1
Loss from discontinued operations						(0.7)
Net earnings						65.4
Capital expenditures[3]	$ 200.4	$ 0.9	$ 35.5	$ 1.2	$ 3.0	$ 241.0

(1) Coal includes the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets.
(2) Share of earnings of equity investments includes Royal Utilities.
(3) Total capital expenditures include $2.8 million from discontinued operations.
(4) The Corporate and Other segment includes results of the metallurgical technology business acquired from Dynatec.

About Sherritt

Sherritt is a diversified natural resource company that produces nickel, cobalt, thermal coal, oil, gas and electricity. It also licenses its proprietary technologies to other metals companies. Sherritt's common shares are listed on the Toronto Stock Exchange under the symbol "S".

Forward-looking Statements

This news release contains certain forward-looking statements. Forward-looking statements generally can be identified by the use of statements that include words such as "believe", "expect", "anticipate", "intend", "plan", "forecast", "likely", "may" or other similar words or phrases. Similarly, statements in respect to expectations concerning assets, prices, costs, dividends, foreign-exchange rates, earnings, production, market conditions, capital expenditures, commodity demand, risks, availability of regulatory approvals, corporate objectives and plans or goals, are or may be forward-looking statements. These forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that are beyond the Corporation's ability to control or predict. Actual results and developments may differ materially from those contemplated by this news release depending on, among others, such key factors as business and economic conditions in Canada, Cuba, Madagascar and the principal markets for Sherritt's products. Key factors that may result in material differences between actual results and developments and those contemplated by this news release also include the supply, demand and prices for Sherritt's products; dependence on significant customers; deliveries; production levels; production and other anticipated and unanticipated costs and expenses; energy costs; premiums or discounts realized over London Metals Exchange ("LME") cash and other benchmark prices; interest rates; foreign exchange rates; rates of inflation; changes in tax legislation; the timing, capital costs and financing arrangements associated with development projects; the timing of the receipt of government and other approvals; political unrest or instability in the countries where Sherritt operates; risks related to collecting accounts receivable and repatriating profits and dividends from Cuba; risks related to foreign exchange controls on Cuban government enterprises to transact in foreign currency; risks associated with the United States embargo on Cuba and the Helms-Burton Act; risks associated with mining, processing and exploration activities; market competition; developments affecting labour relations and the market for skilled workers; environmental and utility industry regulation; and other risk factors listed in this news release and from time to time in Sherritt's continuous disclosure documents such as its annual information form and management information circular.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and except as required by law, Sherritt undertakes no obligation to update any forward-looking statements.

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