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## Sherritt Announces Strong Third-Quarter Results and Reduction in Capital and Operating Costs

**TORONTO, October 29, 2008** — Sherritt International Corporation (“Sherritt” or the “Corporation”) (TSX: S) announced today net earnings of \$133.1 million or \$0.45 per share for the third quarter ended September 30, 2008 compared with \$65.4 million or \$0.28 per share in the comparable period of 2007. In light of rapidly declining commodity markets, Sherritt also announced that it is taking immediate steps to reduce its cost structures and capital spending including suspending significant expansion initiatives.

### Financial Highlights (unaudited)

(millions of dollars, except per share amounts)	Q3 2008	Q2 2008	Q3 2007	Nine months ended	
				September 30, 2008	September 30, 2007
Revenue	\$ 477.2	\$ 441.2	\$ 301.3	\$ 1,232.6	\$ 1,016.8
EBITDA <sup>(1)</sup>	216.3	190.4	158.6	582.4	577.4
Net earnings	133.1	80.3	65.4	302.4	286.9
Basic earnings per share	0.45	0.28	0.28	1.12	1.46
Diluted earnings per share	0.45	0.28	0.28	1.11	1.45
Net working capital <sup>(2)</sup>	\$ 842.6	\$ 904.7	\$ 522.3	\$ 842.6	\$ 522.3
Total assets	8,821.2	8,255.0	3,780.9	8,821.2	3,780.9
Shareholders' equity	3,995.0	3,794.8	2,678.6	3,995.0	2,678.6
Long-term debt to capitalization	27%	25%	12%	27%	12%
Weighted average number of shares (millions)					
Basic	291.9	282.1	233.6	268.8	196.6
Diluted	295.8	286.6	234.5	273.2	197.5

(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.

Sherritt reported strong results for the third quarter of 2008, with revenue of \$477.2 million, EBITDA of \$216.3 million and net earnings of \$133.1 million, compared with revenue of \$301.3 million, EBITDA of \$158.6 million and net earnings of \$65.4 million for the third quarter of 2007. Record operating results in Sherritt's Coal and Oil and Gas operations more than offset the impact of lower average realized nickel prices (35%

lower than in third quarter of 2007). Net earnings were also positively impacted by a recovery in the stock-based compensation of \$10.6 million (\$0.04 per share), foreign exchange gains of \$13.5 million (\$0.05 per share) and a recovery in future tax expense of \$ 8.3 million (\$0.03 per share). Adjusted for these items, net earnings for the quarter were \$100.7 million or \$0.33 per share on a fully diluted basis.

At September 30, 2008, on a consolidated basis, cash and cash equivalents totalled \$578 million and undrawn credit facilities totaled \$1.8 billion.

Metals achieved record nickel production and sales volumes during the third quarter. Revenue and EBITDA were \$137.5 million and \$39.1 million, respectively, during the quarter, compared to \$150.7 million and \$87.3 million, respectively, in the prior-year period. The lower revenue and EBITDA primarily reflected declining average realized nickel prices. Following the successful commissioning of Phase 1 of the Moa/Fort Saskatchewan expansion, production of finished nickel increased significantly to 8,830 tonnes (100% basis) during the quarter, representing growth of 16% over the prior-year period. Increased Metals production reflected the 4,000 tonne per year (100% basis) increase in nominal annual production capacity to 37,000 tonnes (100% basis) of nickel and cobalt contained in mixed sulphides.

The 60,000 tonne nickel (100% basis) Ambatovy Project in Madagascar continues to progress, with all major contracts and equipment orders now awarded. Construction activities continue and engineering is 79% complete.

In Coal, Prairie Operations continued to benefit from increasing coal and potash royalties, as well as higher average realized prices during the third quarter. In the third quarter, revenue of \$150.6 million was \$27.2 million higher than in the same quarter last year, due to higher royalties, and higher cost and capital recoveries at the contract and Genesee mines. EBITDA was also higher than in the prior-year period, primarily on account of increased royalties. At Mountain Operations, the robust pricing environment for export thermal coal continued to result in average realized prices that were significantly higher than in the prior periods. The average realized price of \$87.19/tonne during the third quarter was 73% higher than in the same period in 2007. As a result, Mountain Operations reported another quarter of record revenue of \$39.3 million and EBITDA of \$9.4 million, as the growth in revenue outweighed the impact of cost pressures in fuel, steel, and tires.

In Oil and Gas, the third quarter marked the sixth consecutive quarter of record revenue and EBITDA, with \$112.9 million and \$96.2 million, respectively, on account of continued strength in global oil prices. Average realized oil prices in Cuba and Spain during the quarter were 64% and 50% higher, respectively, than in the comparable quarter in 2007. The higher average realized prices more than offset the impact of lower net working-interest production levels in Cuba, which averaged 15,960 barrels per day ("bpd") during the quarter.

In Power, electricity production of 577 Gigawatt hours ("GWh") was below last year's levels due to increased maintenance activities during the quarter. Revenue was

essentially unchanged from the third quarter of 2007 at \$30.9 million, as higher by-product prices offset decreased production. EBITDA of \$23.7 million during the quarter represented a 9% growth relative to the prior-year period as a result of lower repair costs in 2008.

## REVIEW OF OPERATIONS

### Metals

	Q3 2008	Q3 2007	Nine months ended September 30	
			2008	2007
Production (tonnes)				
Nickel	4,415	3,802	11,867	11,351
Cobalt	438	418	1,250	1,304
Sales (thousands of pounds)				
Nickel	9,762	8,367	26,324	25,030
Cobalt	936	923	2,758	2,787
Reference Prices				
Nickel (US\$/lb)	\$ 8.61	\$ 13.71	\$ 11.09	\$ 18.03
Cobalt (US\$/lb) <sup>(1)</sup>	32.54	25.84	41.49	\$ 26.54
Realized Prices				
Nickel (\$/lb)	\$ 9.16	\$ 14.14	\$ 11.28	\$ 19.81
Cobalt (\$/lb)	33.64	26.61	41.74	\$ 28.98
Unit Operating Costs (US\$ per lb)				
Net direct cash costs of nickel <sup>(2)</sup>	\$ 4.50	\$ 3.30	\$ 3.14	\$ 3.11
Third-party feed costs	0.54	1.23	0.94	1.42
Revenue (\$mm)	\$ 137.5	\$ 150.7	\$ 477.5	\$ 628.8
EBITDA (\$mm)	\$ 39.1	\$ 87.3	\$ 199.6	\$ 388.7
Capital Expenditures (\$mm)				
Moa Joint Venture (\$mm) (50% basis)	\$ 66.3	\$ 48.4	\$ 181.2	\$ 128.5
Ambatovy Joint Venture (\$mm) (100% basis) <sup>(3)</sup>	\$ 366.5	\$ 69.0	\$ 1,251.1	\$ 74.0

(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.

At the Moa Joint Venture, mixed sulphides production in the third quarter was 8,700 tonnes (100% basis), or 310 tonnes above third quarter production in 2007. While Hurricane Ike reduced production volumes by approximately 530 tonnes (100% basis), overall production volumes increased primarily as a result of the achievement of Phase 1 production rates.

Finished nickel production during the quarter was a record 8,830 tonnes (100% basis), or 16% higher than the comparable period last year, primarily as a result of the achievement of Phase 1 production rates and the timing of the annual shutdown, which occurred in the second quarter in 2008 compared to the third quarter in 2007. Third quarter finished cobalt production of 876 tonnes (100% basis) was 5% above prior-year levels as higher Phase 1 production rates and the impact of earlier annual shutdown were partially offset by processing less cobalt-rich third-party feed.

During the third quarter, nickel reference prices continued to decline, with the average reference price of U.S.\$8.61/lb being 26% lower than in the second quarter of 2008 and 37% lower than the same period last year. The declines in reference prices translated into an average realized nickel price of \$9.16/lb during the quarter, versus \$12.12/lb in the previous quarter. Third-quarter cobalt prices remained strong, however reference and average realized prices of U.S.\$32.54/lb and \$33.64/lb, respectively, were 29% and 26% lower than in the second quarter, but 26% higher than in the same period last year.

Revenue of \$137.5 million for the third quarter was \$13.2 million lower than in the same period last year, reflecting lower nickel average realized prices offset by higher nickel, cobalt and fertilizer sales volumes and higher cobalt prices. EBITDA of \$39.1 million was \$48.2 million lower than in the prior year quarter, largely reflecting lower revenue and higher mining, processing and refining costs that have been driven up by increased commodity input prices.

Higher mining, processing and refining costs, partly offset by higher cobalt prices and increased nickel sales, resulted in net direct cash costs of U.S.\$3.96/lb (excluding third-party feeds) for the third quarter of 2008, up from U.S.\$2.07/lb (excluding third-party feeds) for the same period last year.

Sustaining capital expenditures, including certain utilities upgrades at Fort Saskatchewan and capital improvements at Moa concurrent with the expansion, were \$15.6 million in the third quarter. Expansion capital expenditures at Moa/Fort Saskatchewan were \$50.7 million in the third quarter. At September 30, 2008, over 5.1 million exposure hours had been achieved without a lost time injury related to the Moa/Fort Saskatchewan expansion.

The Ambatovy Joint Venture is progressing with most of the major equipment and construction contracts now awarded. Construction activities at the process plant continue in all areas including the pressure acid leach plant, the refinery, as well as associated auxiliary and utility plants. Work at the mine site is also progressing with the construction of the ore preparation plant well under way. Construction has also commenced on the 220-kilometer ore slurry pipeline running from the mine site to the process plant in the port city of Toamasina.

Ambatovy capital expenditures during the third quarter were \$366.5 million. The project has drawn down U.S. \$938.8 million of the U.S. \$2.1 billion project financing to date. The project's commitments to date total U.S. \$2,939.0 million, with incurred costs of U.S. \$1,766.0 million. At the end of September, engineering, procurement and construction were estimated to be 79%, 54% and 36% complete, respectively. Over 24 million exposure hours had been achieved as at the end of the third quarter of 2008 without a lost time injury.

## Coal

	Q3 2008	Q3 2007	Nine months ended September 30	
			2008	2007
<b>Prairie Operations <sup>(1)</sup></b>				
Production volumes (millions of tonnes)	8.8	8.6	26.4	26.6
Sales volumes (millions of tonnes)	8.6	8.6	26.1	26.4
Realized prices (\$/tonne)	\$ 15.54	\$ 13.47	\$ 14.59	\$ 13.06
Unit cash operating costs (\$/tonne)	\$ 12.26	\$ 10.29	\$ 11.44	\$ 9.97
<b>Mountain Operations <sup>(2)</sup></b>				
Production volumes (millions of tonnes)	0.5	0.4	1.3	1.3
Sales volumes (millions of tonnes)	0.5	0.5	1.3	1.4
Realized prices (\$/tonne)	\$ 87.19	\$ 50.39	\$ 80.93	\$ 50.93
Unit cash operating costs (\$/tonne)	\$ 64.51	\$ 53.21	\$ 63.82	\$ 50.43
<b>Revenue (\$mm)</b>				
Prairie Operations <sup>(1)</sup>	\$ 150.6	\$ 123.4	\$ 425.5	\$ 373.8
Mountain Operations and other coal development assets <sup>(2) (3)</sup>	\$ 39.3	\$ 28.1	\$ 104.4	\$ 72.5
	\$ 189.9	\$ 151.5	\$ 529.9	\$ 446.3
<b>EBITDA (\$mm)</b>				
Prairie Operations <sup>(1)</sup>	\$ 46.8	\$ 31.8	\$ 117.8	\$ 102.2
Mountain Operations and other coal development assets <sup>(2) (3)</sup>	\$ 9.4	\$ (2.5)	\$ 20.3	\$ (3.4)
	\$ 56.2	\$ 29.3	\$ 138.1	\$ 98.8
Distributions paid by Royal Utilities (\$mm) <sup>(4)</sup>	\$ -	\$ 23.5	\$ 38.6	\$ 70.4
<b>Capital Expenditures (\$mm)</b>				
Prairie Operations <sup>(1)</sup>	\$ 1.7	\$ 2.6	\$ 13.2	\$ 6.4
Mountain Operations and other coal development assets <sup>(2) (3)</sup>	\$ 1.3	\$ 0.9	\$ 2.4	\$ 2.0
	\$ 3.0	\$ 3.5	\$ 15.6	\$ 8.4

(1) Prairie Operations have been presented on a 100% basis. Sherritt equity accounted for the Prairie Operations up to the date of acquisition of Royal Utilities. Sales and production volumes are presented on a 100% basis.

(2) Mountain Operations include the results, including sales and production volumes, of the Coal Valley mine, which is primarily involved in the export of thermal coal, and are presented on a 50% basis.

(3) Coal development assets include certain undeveloped reserves that produce coal-bed methane and technologies under development, including the Dodds-Roundhill coal gasification project and are presented on a 50% basis.

(4) Distributions paid by Royal Utilities on a 100% basis.

Average realized prices at Prairie Operations in the third quarter of 2008 were \$15.54/tonne, approximately 15% higher than in the comparable period of 2007,

primarily as a result of higher cost and capital recoveries at the contract and Genesee mines. Revenue from coal and potash royalties in the third quarter increased by 123% and 194%, respectively, from the prior-year period, to \$12.5 million and \$5.0 million, respectively. As a result, overall revenue from Prairie Operations in the third quarter of \$150.6 million was 22% higher than in the same quarter last year. EBITDA of \$46.8 million was 47% higher than in the third quarter of 2007, primarily on account of the higher royalty streams.

Average realized prices at the Mountain Operations were \$87.19/tonne during the third quarter of 2008, 73% higher than the same period in 2007, reflecting significantly higher settlement prices on export thermal coal contracts. Consequently, revenue in the third quarter grew by 40% versus the third quarter of 2007, to a record \$39.3 million. Operating costs per tonne in the third quarter of 2008 were also higher than in the prior-year period, at \$64.51/tonne, as a result of higher input costs such as fuel, steel, power and tires, as well as increasing coal-haul distances. Despite the cost pressures, Mountain Operations and coal development assets generated a combined EBITDA of \$9.4 million compared to a loss of \$2.5 million in the third quarter of 2007, as the impact of higher average realized prices significantly outweighed the rising operating cost environment.

Combined capital expenditures at Prairie Operations and Mountain Operations of \$3.0 million in the third quarter of 2008 were not materially different from prior-year levels. The expenditures were mostly related to sustaining capital at Mountain Operations and on infrastructure at Sheerness, Poplar River, and Boundary Dam mines at Prairie Operations.

## Oil and Gas

	Q3 2008	Q3 2007	Nine months ended September 30	
			2008	2007
Daily Production Volumes <sup>(1)(2)</sup>				
Production (boepd)				
Gross working-interest production in Cuba <sup>(3)(5)</sup>	28,952	30,420	31,248	30,362
Net production <sup>(4)</sup>				
Cuba (heavy oil)				
Cost recovery <sup>(5)</sup>	6,878	10,689	6,748	10,653
Profit oil <sup>(5)</sup>	<u>9,082</u>	<u>8,037</u>	<u>10,125</u>	<u>7,912</u>
Total Cuba	15,960	18,726	16,873	18,565
Spain (light/medium oil) <sup>(4)</sup>	447	586	473	497
Pakistan (natural gas) <sup>(4)</sup>	<u>390</u>	<u>395</u>	<u>391</u>	<u>403</u>
Total	16,797	19,707	17,737	19,465
Reference Prices (US\$ per barrel)				
US Gulf Coast Fuel Oil #6	\$ 95.25	\$ 55.32	\$ 83.48	\$ 47.91
Brent	114.41	75.92	112.98	67.56
Realized Prices				
Cuba (per barrel)	\$ 72.51	\$ 44.13	\$ 61.68	\$ 40.12
Spain (per barrel)	117.26	78.00	112.84	74.01
Pakistan (per boe)	7.61	7.88	7.35	8.42
Unit Operating Costs (\$ per boe)				
Cuba	\$ 5.97	\$ 6.49	\$ 5.86	\$ 6.09
Spain	32.75	18.44	31.82	26.67
Pakistan	0.78	0.66	0.92	0.77
Revenue (\$mm)	\$ 112.9	\$ 81.5	\$ 304.9	\$ 217.6
EBITDA (\$mm)	\$ 96.2	\$ 61.9	\$ 250.7	\$ 162.3
Capital Expenditures (\$mm)	\$ 32.6	\$ 35.5	\$ 87.7	\$ 118.6

(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 September 30, 2008, due to higher average realized prices for the period compared to the same period in 2007. However, global oil prices did begin to weaken towards the end of the quarter. Revenue of \$112.9 million was 39% higher than in the third quarter of 2007, while EBITDA of \$96.2 million increased 55% from the prior-year period. Realized oil prices in Cuba and Spain were 64% and 50% higher, respectively, than in the comparable quarter in 2007.

Capital expenditures during the quarter were \$32.6 million, and were mainly in support of development and exploration drilling along with facility construction. During the third quarter of 2008, one development well was initiated and two development wells were drilled. For the first nine months of 2008, ten development wells and one exploration well were drilled.

## Power

			Nine months ended September 30	
	Q3 2008	Q3 2007	2008	2007
Electricity sold (000's of MWh) <sup>(1)</sup>	577	628	1,742	1,681
Realized price per MWh	\$ 42.32	\$ 42.38	\$ 41.25	\$ 44.18
Unit cash operating cost (\$ per MWh)	\$ 11.89	\$ 12.96	\$ 10.71	\$ 13.09
Revenue (\$mm)	\$ 30.9	\$ 31.6	\$ 91.0	\$ 87.8
EBITDA (\$mm)	\$ 23.7	\$ 21.8	\$ 70.4	\$ 63.2
Capital Expenditures (\$mm)	\$ 4.9	\$ 1.2	\$ 16.2	\$ 16.9

(1) Includes non-controlling interest.

Electricity production during the third quarter of 2008 was 8% lower than in the same period in 2007, as a result of maintenance activities. Net capacity factor for the quarter was 76%, which includes the impact of two hurricanes on operations.

Despite lower production, revenue was largely unchanged from the third quarter of 2007 at \$30.9 million, as higher by-product prices and sales volumes offset most of the decline in revenue from electricity production. Operating costs during the third quarter of 2008 were lower compared with the same quarter in 2007 primarily as a result of high repair costs in the prior-year period. As a result, EBITDA of \$23.7 million during the quarter grew by over 9% relative to the third quarter of 2007.

Third-quarter expansion capital expenditures in support of the Boca de Jaruco combined cycle expansion project were \$4.2 million, while sustaining capital expenditures were \$0.7 million.

## **OUTLOOK**

### **Impact of Changing Economic Conditions**

The Corporation's fourth-quarter results are expected to be impacted by significant pricing reductions in nickel, cobalt and oil offset in part by contractually escalating domestic coal prices and the continued strong international pricing environment for thermal coal and potash. Given the volatility of these commodity markets, it is difficult to forecast the impact of such pricing adjustments on the Corporation.

Given the Corporation's financial position, available credit facilities, and the fact that there are no scheduled maturities on its public debt until 2012, the Corporation is currently not expecting a need to access the debt and equity capital markets for financing over the next twelve months. However, because the duration of the general economic uncertainty and its detrimental effect on credit and capital markets is unknown, it is difficult to determine the long-term impact on the Corporation.

In light of current market conditions, Sherritt has initiated a series of measures to bring its spending in line with the projected cash flow generation of its operations and available project-specific facilities in order to preserve its balance sheet and maintain a strong liquidity position. The review has already resulted in:

- The suspension of approximately \$270.0 million of capital contributions by the Corporation to the Moa/Fort Saskatchewan expansion
- A significant reduction in forecast sustaining capital expenditures in 2009
- A targeted reduction in forecast controllable operating expenses of at least 15%
- A decision to scale Oil and Gas expenditures to be in-line with Oil and Gas cash flow
- The initiation of a comprehensive review of the Ambatovy Project and Power's 150 MW combined cycle expansion to reduce projected costs and re-evaluate schedules

### **Metals**

Consistent with previous guidance, full-year production (100% basis) for 2008 is expected to be approximately 32,500 tonnes of nickel and 3,400 tonnes of cobalt. The Moa/Fort Saskatchewan expansion suspension eliminates the need for an estimated one-month outage at Fort Saskatchewan planned for 2009. Accordingly, 2009 production is expected to be approximately 33,400 tonnes of nickel and 3,400 tonnes of cobalt.

Sherritt expects that mining, processing and refining costs for 2008 will be higher than in the prior year as a result of increased input commodity costs, which have increased substantially due to higher sulphur, sulphuric acid and energy costs realized in the third quarter. Subsequent to quarter end many such input costs have declined rapidly in international markets. These trends, if sustained, will reduce mining, processing and

refining costs substantially; however, there may be a time-lag in realizing these reductions.

Sustaining capital expenditures are expected to be \$17.5 million in the fourth quarter and \$55.9 million for 2008, marginally lower than earlier guidance of \$71.2 million reflecting the suspension of capital contributions with respect of improvements being made at Moa concurrently with the expansion. Sustaining capital expenditures for 2009 are under review but are not expected to exceed \$40.0 million.

Given the suspension noted above, capital expenditures for the balance of 2008 are also under review, but are expected to be substantially less than the \$83.0 million previously estimated for the fourth quarter. 2009 expansion related capital expenditures are anticipated to not exceed the net free cash flow of the business.

Capital expenditures for the Ambatovy Project in the fourth quarter of 2008 are expected to be U.S. \$458.0 million. Sherritt's share of capital expenditures for the Ambatovy Project for the balance of 2008 is expected to be \$183.2 million, of which approximately \$90.0 million will be financed by project debt. The remainder of Sherritt's share will be financed by draw-downs on existing \$236.0 million project partner provided facilities. Capital expenditures for 2009 and beyond are being reassessed as part of the comprehensive cost and schedule review currently underway.

## **Coal**

Production for 2008 at Prairie Operations is expected to be 35.8 million tonnes, slightly lower than the 36.1 million tonnes previously estimated due to reduced consumption by the power plants serviced by the contract mines. 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. Full-year 2008 coal and potash royalties are anticipated to be \$40.0 million and \$16.0 million respectively, representing material increases over 2007 levels due to the current robust pricing environment in coal and potash. As previously reported, unit operating costs continued to face upward pressures during the quarter. This is due to the higher diesel prices, as well as increased labour, equipment and maintenance costs. Some of these costs, particularly diesel, have declined substantially after quarter end. While Sherritt expects 2008 unit operating costs at Prairie Operations to be approximately 16% higher than 2007, reduced diesel costs, to the extent they are sustained may mitigate some of this increase during the fourth quarter. Full-year 2008 capital expenditures at Prairie Operations are expected to be \$19.0 million, with \$5.8 million anticipated in the fourth quarter. Sustaining capital expenditures for 2009 are anticipated to be \$17.9 million.

Work is progressing well on Coal's previously announced construction of the first phase of the activated carbon plants. The overall capital cost for this phase is not expected to differ significantly from previous guidance, with fourth quarter 2008 capital expenditures anticipated to be \$1.1 million and the remainder of the expenditure is expected to be incurred in 2009.

At Mountain Operations, realized prices continue to benefit from the robust pricing environment in the export thermal coal market. Sherritt expects sales and production volumes at the Coal Valley mine to be 3.9 million tonnes (100% basis), reflecting the impact of poor weather in the first half of 2008. As per previous guidance, Sherritt also continues to expect 2008 EBITDA from the Coal Valley mine to be approximately \$100 million on a 100% basis. Sherritt's share of sustaining capital expenditures at Mountain Operations for the fourth quarter and full year of 2008 are expected to be approximately \$4.4 million and \$6.8 million. Sustaining capital expenditures for 2009 are anticipated to be \$10.4 million on a 50% basis.

Progress continues on re-opening the Obed Mountain mine, in which Sherritt has a 50% interest. Production at the mine, which has an estimated annual capacity of 1.2 million tonnes (100% basis), is expected to commence in the second half of 2009. Sherritt's share of the capital expenditures associated with re-opening the mine is expected to be approximately \$2.6 million in the fourth quarter of 2008 and \$10.4 million in 2009. These costs will be directed toward plant re-start, load-out facilities and conveyor upgrades. As previously disclosed, an off-take contract for 100% of the mine's production has been secured, which guarantees a floor price for three years with a sharing of the price upside.

Sherritt also continues to develop the Dodds-Roundhill coal gasification project with a view to completing the pre-feasibility study by the end of 2008.

## **Oil and Gas**

Despite the slowdowns in production in Cuba due to hurricanes Gustav and Ike, gross working-interest production for 2008 is expected to be maintained at or around the 29,000 bpd level which is slightly lower than the levels experienced in 2007. Assuming realized prices similar to those experienced in the third quarter, net production in Cuba for the fourth quarter will be approximately 17,000 bpd. Sherritt's net working-interest production in Cuba is determined by gross working-interest production, capital expenditures, operating costs, and crude oil prices. Net production in Spain and Pakistan is projected to remain constant at the current rate of 470 bpd and 400 boepd, respectively.

Sherritt has identified a new potential zone in the Puerto Escondido field in Cuba which is currently being tested with the drilling of an exploratory well.

As part of Sherritt's comprehensive cost review, all sustaining and exploration capital expenditures are being reassessed in the Oil and Gas business. This includes a reassessment of the enhanced oil recovery pilot project for the Varadero oil field and opportunities in Turkey, the Alboran Sea and East Irish Sea. Capital expenditures for the fourth quarter are estimated to be \$20.0 million and will relate mainly to drilling activities in Cuba. Total capital expenditures for 2008 are expected to be approximately \$115.0 million. Capital expenditures for 2009 are currently estimated to be \$180.0 million.

million and are subject to reassessment based upon changes in projected revenue and cash flow of Oil and Gas.

Oil and Gas has historically sold all of its Cuban oil production to an agency of the Government of Cuba. As at September 30, 2008, the Oil and Gas credit risk exposure related to its share of accounts receivable with its businesses in Cuba was approximately \$392.8 million including receivables of \$248.7 million related to 100% blocks and \$144.1 million related to a jointly-owned block. Oil and Gas is also party to a series of arrangements with agencies of the Government of Cuba that provide for payments made to certain Cuban agencies for labour, taxes, royalties and other local services in Metals, Oil and Gas, and Power to be used for the payment of Oil and Gas receivables. These arrangements also allow Oil and Gas, subject to certain limitations, to manage its sustaining and growth capital appropriately in the event that Oil and Gas receivables remain overdue beyond stipulated time periods. Recent negative pricing adjustments in nickel and cobalt have negatively impacted the amount of funds available to offset projected Oil and Gas receivables at current price levels. These arrangements also provide for agencies of the Cuban Government to redirect additional or alternate streams of foreign exchange inflows that can be used to pay for Oil and Gas receivables in the event the currently allocated streams are insufficient to pay for projected Oil and Gas receivables. In addition, under Oil and Gas's contractual arrangements with the Cuban Government, the business has the right to receive its share of oil production in kind and to export the same for sale purposes if acceptable payment arrangements cannot be agreed to.

Although the past hurricane season and the current global economic conditions have negatively impacted Cuba, the Cuban Government has stated its intention to work with the Corporation and its businesses in order to provide for the appropriate agencies to meet their respective financial obligations to the Corporation. As part of these deliberations, the Corporation believes that an acceptable framework for the orderly collection of revenues and an appropriate capital spending program will be agreed to prior to the initiation of the 2009 drilling season.

## **Power**

Total expected electricity production in 2008 is 2,300 GWh, down slightly from the previous estimate of 2,400 GWh due to increased maintenance activities. Fourth-quarter 2008 production is expected to be approximately 550 GWh.

Sustaining capital expenditures are estimated to be \$2.0 million in the fourth quarter and \$7.5 million for 2008. Capital expenditures on the 150 MW combined cycle project are estimated to be \$22.0 million for the fourth quarter. 2009 expenditures on the project are currently under review. Progress also continues on the development of 25 MW of thermal generating capacity in Madagascar. Electricity production is expected to commence in 2009, while capital expenditure requirements are expected to be approximately \$8.0 million in the fourth quarter and \$15.0 million in 2009.

Power has historically sold all of its Cuban power and by-product production to several agencies of the Government of Cuba. The Power credit risk exposure related to its share of cash, accounts receivable and loans associated with its businesses in Cuba was approximately \$20.4 million as at September 30, 2008. Power is party to a similar series of arrangements as Oil and Gas with agencies of the Government of Cuba that provide for an orderly payment of receivables. The Corporation is presently engaged in discussions with the appropriate agencies of the Government of Cuba in order to establish an acceptable framework for an orderly collection of revenues and an appropriate capital spending program for 2009.

## **Other**

Effective January 1, 2009, Mr. Ian W. Delaney will assume the position of non-executive Chairman of the Board of Sherritt. "These arrangements reflect my intention previously announced in 2004 to transition to a non-executive role at age 65," said Mr. Delaney. "We have spent many years developing an effective management team and it is time to let them exercise their talents. I am completely confident in their abilities." As Chairman of Sherritt, Mr. Delaney will continue to be responsible for the overall leadership and effectiveness of the Board and will be the Board's primary liaison with management. The executive functions previously carried out by the Executive Chairman will be assumed by the current President and Chief Executive Officer, Jowdat Waheed. The Honourable Marc Lalonde will continue to serve as Lead Director of Sherritt.

## 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 100% interest in Royal Utilities from the date of acquisition and 50% proportionate interest in Coal Valley and coal development assets. 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 September 30, 2008

(\$ millions)	Metals	Coal	Oil and Gas	Power	Corporate and Other <sup>(2)</sup>	Consolidated
Revenue	\$ 137.5	\$ 189.9	\$ 112.9	\$ 30.9	\$ 6.0	\$ 477.2
Operating, selling, general and administrative <sup>(1)</sup>	(98.4)	(133.7)	(16.7)	(7.2)	(4.9)	(260.9)
EBITDA	39.1	56.2	96.2	23.7	1.1	216.3
Depletion, amortization and accretion	(6.8)	(30.6)	(24.2)	(7.3)	(1.4)	(70.3)
Operating earnings (loss)	32.3	25.6	72.0	16.4	(0.3)	146.0
Share of earnings of equity investments	-	-	-	-	0.1	0.1
Net financing expense						(2.1)
Income taxes						0.4
Non-controlling interests						(9.0)
Earnings from continuing operations						135.4
Loss from discontinued operations						(2.3)
Net earnings						133.1
Capital expenditures	\$ 432.8	\$ 3.0	\$ 32.6	\$ 4.9	\$ 6.4	\$ 479.7

<sup>(1)</sup> Excluding depreciation of \$4.5 million in Metals and \$12.6 million in Coal.

<sup>(2)</sup> The Corporate and Other segment includes result of the metallurgical technology business acquired from Dynatec.

### Three months ended September 30, 2007

(\$ millions)	Metals	Coal <sup>(1)</sup>	Oil and Gas	Power	Corporate and Other <sup>(4)</sup>	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 <sup>(2)</sup>	-	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 <sup>(3)</sup>	\$ 48.4	\$ 0.9	\$ 35.5	\$ 1.2	\$ 3.0	\$ 89.0

(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.

### Nine months ended September 30, 2008

(\$ millions)	Metals	Coal <sup>(1)</sup>	Oil and Gas	Power	Corporate and Other <sup>(3)</sup>	Consolidated
Revenue	\$ 477.5	\$ 345.3	\$ 304.9	\$ 91.0	\$ 13.9	\$ 1,232.6
Operating, selling, general and administrative <sup>(2)</sup>	(277.9)	(261.8)	(54.2)	(20.6)	(35.7)	(650.2)
EBITDA	199.6	83.5	250.7	70.4	(21.8)	582.4
Depletion, amortization and accretion	(17.5)	(53.5)	(77.1)	(22.0)	(4.0)	(174.1)
Operating earnings (loss)	182.1	30.0	173.6	48.4	(25.8)	408.3
Share of earnings of equity investments	-	8.3	-	-	1.2	9.5
Net financing expense						(14.7)
Income taxes						(75.8)
Non-controlling interests						(21.9)
Earnings from continuing operations						305.4
Loss from discontinued operations						(3.0)
Net earnings						302.4
Capital expenditures	\$ 1,432.3	\$ 10.5	\$ 87.7	\$ 16.2	\$ 14.5	\$ 1,561.2

(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.

(2) Excluding depreciation of \$11.0 million in Metals and \$23.7 million in Coal.

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

## Nine months ended September 30, 2007

(\$ millions)	Metals <sup>(1)</sup>	Coal <sup>(2)</sup>	Oil and Gas	Power	Corporate and Other <sup>(4)</sup>	Consolidated
Revenue	\$ 628.8	\$ 72.5	\$ 217.6	\$ 87.8	\$ 10.1	\$ 1,016.8
Operating, selling, general and administrative	(240.1)	(75.9)	(55.3)	(24.6)	(43.5)	(439.4)
EBITDA	388.7	(3.4)	162.3	63.2	(33.4)	577.4
Depletion, amortization and accretion	(17.3)	(6.3)	(66.1)	(19.9)	(3.2)	(112.8)
Operating earnings (loss)	371.4	(9.7)	96.2	43.3	(36.6)	464.6
Share of earnings of equity investments	-	15.9	-	-	-	15.9
Net financing expense						(23.9)
Income taxes						(154.2)
Gain on sale of investment						1.4
Non-controlling interests						(16.2)
Earnings from continuing operations						287.6
Loss from discontinued operations						(0.7)
Net earnings						286.9
Capital expenditures <sup>(3)</sup>	\$ 128.5	\$ 2.0	\$ 118.6	\$ 16.9	\$ 3.3	\$ 269.3

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

<sup>(2)</sup> Coal results include the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and coal development assets.

<sup>(3)</sup> Total capital expenditures include \$2.9 million from discontinued operations.

<sup>(4)</sup> 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 June 30, 2008

(\$ millions)	Metals	Coal <sup>(1)</sup>	Oil and Gas	Power	Corporate and Other <sup>(3)</sup>	Consolidated
Revenue	\$ 177.7	\$ 124.5	\$ 104.5	\$ 30.3	\$ 4.2	\$ 441.2
Operating, selling, general and administrative <sup>(2)</sup>	(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 <sup>(1)</sup>	-	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
Loss from discontinued operations						(0.5)
Net earnings						80.3
Capital expenditures	\$ 566.3	\$ 6.9	\$ 30.8	\$ 7.5	\$ 7.8	\$ 619.3

<sup>(1)</sup> 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.

<sup>(2)</sup> Excluding depreciation of \$3.4 million in Metals and \$9.2 million in Coal.

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

### Three months ended March 31, 2008

(\$ millions)	Metals	Coal <sup>(1)</sup>	Oil and Gas	Power	Corporate and Other <sup>(4)</sup>	Consolidated
Revenue	\$ 162.3	\$ 30.9	\$ 87.5	\$ 29.8	\$ 3.7	\$ 314.2
Operating, selling, general and administrative <sup>(2)</sup>	(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 <sup>(3)</sup>	-	6.4	-	-	-	6.4
Net financing income						0.9
Income taxes						(47.9)
Non-controlling interests						(6.2)
Earnings from continuing operations						89.2
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) Excluding depreciation of \$3.1 million in Metals and \$1.9 million in Coal.

(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 <sup>(1)</sup>	Oil and Gas	Power	Corporate and Other <sup>(4)</sup>	Consolidated
Revenue	\$ 176.9	\$ 23.2	\$ 85.9	\$ 29.9	\$ 7.7	\$ 323.6
Operating, selling, general and administrative <sup>(1)</sup>	(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 <sup>(2)</sup>		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 <sup>(3)</sup>	\$ 698.8	\$ 1.2	\$ 29.2	\$ 1.9	\$ 2.4	\$ 733.5

(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. The current period has been restated to reflect a change in the reclassification and adjustment in the Metals business.

(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 press 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", "will", "could", "should", "suspect", "outlook", "projected", "continue" or other similar words or phrases. Similarly, statements with respect to expectations concerning assets, prices, costs, dividends, foreign-exchange rates, earnings, production, market conditions, capital expenditures, commodity demand, risks, availability of regulatory approvals, the impact of investments in asset-backed commercial paper, corporate objectives and plans or goals, are or may be forward-looking statements. These forward-looking statements are not based on historic facts, but rather on current expectations, assumptions and projections about future events. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that those assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. Sherritt cautions readers of this press release not to place undue reliance on any forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. By their nature, forward-looking statements require Sherritt to make assumptions and are subject to inherent risks and uncertainties. Key factors that may result in material differences between actual results and developments and those contemplated by this press release include business and economic conditions in Canada, Cuba, Madagascar, and the principal markets for Sherritt's products. Other such factors include, but are not limited to, uncertainties in the development and construction of large mining projects; risks related to the availability of capital to develop the Ambatovy Project; risks associated with Sherritt's joint venture partners; potential interruptions in transportation; Sherritt's reliance on key personnel and skilled workers; the possibility of equipment and other unexpected failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainties in oil and gas exploration; 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 legislation; development programs; uncertainties in reserve estimates; uncertainties in asset retirement and reclamation cost estimates; Sherritt's reliance on significant customers; foreign exchange and pricing risks; uncertainties in commodity pricing; credit risks; competition in product markets; Sherritt's ability to access markets; risks in obtaining insurance; uncertainties in labour relations; uncertainties in pension liabilities; the ability of Sherritt to enforce legal rights in foreign jurisdictions; the ability of Sherritt to obtain*

*government permits; risks associated with government regulations and environmental health and safety matters; and other factors listed from time to time in Sherritt's continuous disclosure documents.*

*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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