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Sherritt Reports Strong First Quarter Results

Highlights

- **Coal Valley mine and Power expansions on track**
- **Metals expansion: basic engineering underway**
- **Oil surpasses 100 million barrel milestone in Cuba**
- **Redemption of 6% convertible debentures strengthens balance sheet**
- **Quarterly dividend initiated**

Toronto, Ontario, May 3, 2005. Sherritt International Corporation today announced net earnings of \$35.5 million or \$0.25 per share for the first quarter of 2005. This represents a 45% increase over fourth quarter 2004 net earnings. A 35% decrease in realized cobalt prices and a higher effective income tax rate caused the drop from net earnings of \$46.1 million or \$0.35 per share in the first quarter of 2004. Earnings per share for the quarter also reflected 6% higher average shares outstanding. Earnings before interest, taxes, depreciation and amortization (EBITDA) for the period were \$122.4 million compared with \$125.6 million in 2004, significantly higher than the previous quarter at \$100.2 million. Total cash balances increased to \$474.5 million at quarter end.

Financial Highlights (unaudited)

(millions of dollars, except per share amounts)	Three months ended March 31	
	2005	2004 (restated)
Revenue	\$ 255.3	\$ 258.5
EBITDA ⁽¹⁾	122.4	125.6
Operating earnings ⁽¹⁾	77.7	81.6
Net earnings	35.5	46.1
Earnings per share		
Basic	0.25	0.35
Diluted	0.21	0.26
Weighted average number of shares-- basic (millions of shares)	139.1	131.3
Weighted average number of shares-- diluted (millions of shares)	198.6	209.0

⁽¹⁾ Reference should be made to the Summary Financial Results by Segment later in this news release for a description of the above financial measures and for a reconciliation of these measures to GAAP measures.

All amounts in this press release represent Sherritt's 100% interest, except for amounts relating to Coal and Metals, which reflect the Corporation's 50% interest in these businesses, unless otherwise indicated. Effective October 1, 2004 Sherritt adopted new accounting requirements, issued by the Canadian Institute of Chartered Accountants, in respect of accounting for convertible debentures and the consolidation of variable interest entities. Both changes have been applied retroactively with restatement of prior periods.

During the quarter, the Corporation completed the redemption of its remaining \$200 million par value 6% convertible debentures through the issue of 22,735,062 common shares. Sherritt also acquired 545,432 of its common shares at \$10.00 per share as a result of an issuer bid that closed on March 17,

2005. As a result of the redemption, Sherritt will have no long-term debt repayable until 2010 and a debt to capitalization ratio of 32%.

In view of its strong cash flow, Sherritt announced on April 28 the initiation of a quarterly dividend, the first payment of \$0.025 per share is to be paid on May 24, 2005 to holders of record on May 10, 2005.

Coal generated record EBITDA of \$21.0 million in the three months ended March 31, 2005 on revenue of \$62.9 million compared to EBITDA of \$18.0 million on revenue of \$63.2 million in the first quarter of 2004. The increase in EBITDA can be attributed mainly to improvements at the Boundary Dam mine. Record production of 5.1 million tonnes was achieved in the quarter. While shipments from mine mouth operations were higher than the first quarter of 2004, reduced rail service delayed deliveries at other operations.

Capital spending in the quarter was \$1.3 million. The \$38 million, two million tonne expansion at the Coal Valley mine to four million tonnes (100% basis) will be completed around the second quarter of 2006.

Metals EBITDA for the three months ended March 31, 2005 was \$49.3 million on revenue of \$99.8 million compared with EBITDA of \$57.2 million on revenue of \$105.0 million in the first quarter of 2004. Results for the quarter primarily reflected a 35% decline in realized cobalt prices compared with the prior year period. Capital spending in the quarter was \$4.0 million.

In March, 2005, Sherritt announced the signing of a base agreement with its Cuban partner to jointly fund the brownfield expansion of the Metals business by 16,000 tonnes per year to 49,000 tonnes (100% basis) of nickel plus cobalt in mixed sulphides, subject to a definitive funding agreement and confirmation of 25 years of limonite reserves in the assigned concessions. Completion of the first engineering phase, including the drilling program to confirm reserves, is expected by September 30. Orders for equipment with long delivery times are expected to commence during the third quarter, with construction anticipated to start in late 2005.

Oil and Gas generated EBITDA of \$40.0 million on revenue of \$49.7 million in the three months ended March 31, 2005 compared with EBITDA of \$37.9 million on revenue of \$47.6 million in the first quarter of 2004. The increases in revenue and EBITDA reflected the increase in crude oil prices offset in part by lower gross production due to natural reservoir declines. Capital spending for the quarter was \$28.8 million.

In March 2005, Oil and Gas surpassed the 100 million barrel production milestone in Cuba. Following on promising initial results of the Santa Cruz exploration well in December, 2004, Sherritt has begun drilling two appraisal wells in this field. If initial results are borne out, commercialization of the field is anticipated around the end of the year.

Power generated EBITDA of \$19.6 million during the first quarter of 2005 compared with \$20.0 million in the first quarter of 2004 mainly due to the impact of the stronger Canadian dollar. Approximately 0.4 million megawatt hours of electricity was generated during the period. Capital spending in the first quarter of 2005 was \$23.8 million, devoted mostly to the 85 MW expansion, which commenced construction in the third quarter of 2004. The expansion, which will bring total capacity to over 310 MW, is progressing well and is expected to be operational in the fourth quarter of 2005.

In **Other Businesses**, Sherritt's soybean-based food processing business generated revenue of \$17.2 million and EBITDA of \$2.8 million during the quarter.

Outlook

Strong nickel, cobalt, coal and oil prices and a high level of general economic activity are among the key factors that will continue to affect financial results for 2005. Although commodity prices are cyclical, early indications suggest that prices will remain at the higher end of the cycle throughout 2005.

Production levels in 2005 are expected to remain at close to 2004 levels for Metals and Power, while Coal production will increase at the Genesee and Coal Valley mines. Oil and Gas is expecting a modest increase in gross and net production in 2005 from current levels as a result of higher drilling activity. Total capital spending in 2005 is expected to be approximately \$300 million.

The outlook for each of Sherritt's business units follows:

Coal (all references are to Sherritt's 50% share)

Coal production is expected to increase by 5% to 20 million tonnes in 2005 as a result of expansions at the Coal Valley and Genesee mines. Capital additions are expected to be approximately \$37 million in 2005. These capital additions include approximately \$16 million of equipment relating to the \$38 million expansion project at the Coal Valley mine. The mine is scheduled to be at full capacity by the second quarter of 2006. While there have been delays to certain shipments, the rail service provider has indicated that it is adding sufficient coal carrying capacity to address forecast shipment levels from the mines that it serves. It is anticipated that the Coal Valley mine freight rates for the year commencing April 1, 2005 will be finalized by the end of May.

Metals (all references are to Sherritt's 50% share)

In 2005, finished nickel and finished cobalt production is expected to be near record levels. Nickel prices are anticipated to remain strong in 2005 relative to historical prices as market fundamentals continue to be positive, and demand for high-grade cobalt is expected to improve cobalt prices by the fourth quarter of 2005. The benefits of strong nickel and cobalt prices are expected to be partly offset by continued high energy and raw materials prices. Sustaining capital expenditures for Metals are expected to be approximately \$33 million in 2005 and are focused on improving operational efficiency, maintaining process reliability and implementing environmental initiatives. In addition, an estimated \$75 million for basic engineering and commitments for additional expenditures related to the Metals expansion is anticipated for 2005.

Oil and Gas

Sherritt expects that 2005 fuel oil reference prices will, on average, be comparable to average prices in 2004. Capital expenditures for Oil and Gas are expected to increase to approximately \$128 million in 2005. Oil and Gas has launched an ambitious exploration and development program, with four drilling rigs in operation and three additional drilling rigs to be imported by the Cuban government later in 2005. In addition to its development drilling activity in Cuba, Sherritt intends to drill appraisal wells on the recent discovery at Santa Cruz and to drill several other exploration prospects in Block 7 (Guanabo and Tarara), Block 9 (San Anton) and Block 10 (Playa Larga). These prospects were identified from major seismic programs acquired and interpreted over the past two years. Sherritt expects that its development drilling program will result in modest increases in gross production volumes, offsetting natural production declines, with the potential for further increases in production volumes if additional fields are discovered through the exploration drilling program. Sherritt anticipates that net oil production in 2005 will be comparable to 2004, assuming that fuel oil prices and production from new wells are in line with expectations.

Power

Construction of the 85 MW expansion is expected to be completed on schedule in the fourth quarter of 2005. As production from the expansion will be offset by scheduled maintenance at existing facilities, total expected production of 1.6 million megawatt hours will be basically unchanged from 2004. Capital expenditures in 2005 are estimated to be \$102 million with \$98 million relating to the expansion. The Corporation is committed to an additional 75 megawatt capacity expansion subject to confirmation and dedication of sufficient natural gas reserves from oil fields in Cuba. The Corporation and its Cuban partners are considering increasing further this additional expansion to take full advantage of natural gas reserves. The estimated cost of the additional expansion has not been finalized.

Sherritt is proceeding with the regulatory approval process related to the Bow City power generation project and public reference documents were released in January 2005.

Other Businesses

The soybean-based food processing business will pursue opportunities to maximize consumption of its products in Cuba by continuing to improve production facilities and optimizing the distribution of its products. Production levels are expected to increase by 20% in 2005. Capital expenditures for 2005 are estimated to be \$1 million.

Summary Financial Results by Segment (unaudited) ⁽¹⁾

Three months ended March 31, 2005

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other ⁽²⁾	Corporate	Consolidated
Revenue	\$ 62.9	\$ 99.8	\$ 49.7	\$ 25.7	\$ 17.2	\$ -	\$ 255.3
Operating, selling, general and administrative	41.9	50.5	9.7	6.1	14.4	10.3	132.9
EBITDA ⁽¹⁾	21.0	49.3	40.0	19.6	2.8	(10.3)	122.4
Depletion, amortization and accretion	13.8	5.0	18.9	5.2	0.7	1.1	44.7
Operating earnings (loss)	7.2	44.3	21.1	14.4	2.1	(11.4)	77.7
Share of earnings of equity investments							0.5
Net financing expense							(14.8)
Earnings before income taxes and non-controlling interest							63.4
Capital expenditures	\$ 1.3	\$ 4.0	\$ 28.8	\$ 23.8	\$ 0.1	\$ 1.4	\$ 59.4

Three months ended March 31, 2004 (restated)

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other ⁽²⁾	Corporate	Consolidated
Revenue	\$ 63.2	\$ 105.0	\$ 47.6	\$ 26.7	16.0	-	\$ 258.5
Operating, selling, general and administrative	45.2	47.8	9.7	6.7	15.1	8.4	132.9
EBITDA ⁽¹⁾	18.0	57.2	37.9	20.0	0.9	(8.4)	125.6
Depletion, amortization and accretion	12.8	5.0	20.5	4.3	0.4	1.0	44.0
Operating earnings (loss)	5.2	52.2	17.4	15.7	0.5	(9.4)	81.6
Share of earnings of equity investments							0.5
Net financing expense							(14.0)
Earnings before income taxes and non-controlling interest							68.1
Capital expenditures	\$ 0.8	\$ 1.4	\$ 17.8	\$ -	\$ -	\$ -	\$ 20.0

- ⁽¹⁾ This table presents EBITDA and operating earnings by segment and reconciles 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 are, therefore, unlikely to be comparable with similar measures presented by other issuers.
- ⁽²⁾ Other includes the results of the soybean-based food processing business.

Key Operating Statistics

	Three months ended March 31, 2005	Three months ended March 31, 2004
Sales Volumes (Sherritt's share)		
Thermal coal (000's of tonnes) ⁽¹⁾	4,961	5,056
Nickel (000's of pounds) ⁽¹⁾	8,955	8,274
Cobalt (000's of pounds) ⁽¹⁾	829	826
Fertilizers (tonnes)	13,553	16,967
Net oil – Cuba (bbls per day) ⁽²⁾	17,523	19,964
Net oil – Spain (bbls per day)	462	938
Electricity generation (000's of MWh) ⁽¹⁾	419	421
Realized Prices		
Thermal coal (per tonne)	\$12.68	\$12.51
Nickel (per pound)	8.58	8.66
Cobalt (per pound)	21.66	33.32
Oil – Cuba (per bbl)	28.40	24.21
Oil – Spain (per bbl)	58.97	41.43
Power (per MWh)	54.80	58.58
Average Reference Prices		
Nickel (U.S.\$ per pound)	6.97	6.67
Cobalt (U.S.\$ per pound) ⁽³⁾	17.27	24.63
U.S. Gulf Coast Fuel Oil No. 6 (U.S.\$ per bbl)	27.57	22.37

⁽¹⁾ Represents the Corporation's respective 50% share of Luscar Energy Partnership (Coal), 50% share of the Metals Enterprise (Metals) and 100% of Energas S.A. (Power), which includes the two-thirds non-controlling interest share in Energas S.A.

⁽²⁾ Gross working interest production in Cuba is allocated to the Corporation and agencies of the Cuban government in accordance with participation and production-sharing arrangements. Net working interest production or net sales volumes represents the Corporation's share of gross working interest production. Net working interest production for each production-sharing arrangement comprises profit oil (which is based upon a negotiated percentage) and cost recovery oil (which is based upon the Corporation's costs within each block). These costs, upon certification by agencies of the Cuban government, are accumulated in cost recovery pools by each production-sharing arrangement and reduced by allocation of produced oil to the Corporation. Production allocated to agencies of the Cuban government is considered to be a royalty interest.

⁽³⁾ Average Metal Bulletin 99.3% cobalt published price

Sherritt International Corporation is a diversified resource company involved in the production of thermal coal, nickel, cobalt, oil and electricity. Its success is built upon utilizing innovative technologies and the breadth of its financial and operational expertise to increase productivity and profitability. Sherritt continues to explore opportunities to grow its \$2.7 billion asset base through expansion of its existing businesses and strategic acquisitions.

A leader in employee health and safety, Sherritt is also dedicated to ensuring that its operations meet the highest standards in environmental stewardship.

Sherritt's 154 million common shares and \$300 million 7% convertible debentures trade on the Toronto Stock Exchange under the symbols S and S.DB.A respectively. Sherritt's \$105 million of 9.875% senior unsecured debentures trade on the over-the-counter bond market.

The Corporation's first quarter review of consolidated results and interim consolidated financial statements can be found on the Corporation's web site at www.sherritt.com

This news release contains forward-looking statements. These forward-looking statements are not based on historic facts, but rather on Sherritt International Corporation's current expectations 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 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 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 is active; 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; potential imprecision of reserve estimates; market competition; developments affecting labour relations; environmental regulation and other risk factors listed from time to time in Sherritt's continuous disclosure documents such as its annual report, annual information form and management information circular.

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