

Sherritt International Corporation
Interim Consolidated
Financial Statements
Nine Months Ended
September 30, 2005

Sherritt International Corporation
Third Quarter Report

Interim Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Retained Earnings	4
Consolidated Statements of Cash Flow	5
Notes to Interim Consolidated Financial Statements	6
Supplementary Financial Information	
Schedule of Selected Current Assets and Accounts Payable by Operating Segment	18

Consolidated Balance Sheets

	September 30 2005 (unaudited)	December 31 2004 (audited)
(in millions of Canadian dollars)		
ASSETS		
Current assets		
Cash, cash equivalents and short-term investments	\$ 510.7	\$ 427.0
Restricted cash	11.9	25.0
Advances and loans receivable	34.4	27.7
Accounts receivable	260.4	282.6
Inventories	113.4	103.1
Overburden removal costs	2.6	1.4
Prepaid expenses	9.5	8.6
Future income taxes	15.4	18.9
	958.3	894.3
Capital assets	1,627.4	1,500.5
Investments	21.4	21.7
Future income taxes	83.3	66.8
Other assets	96.4	114.3
	\$ 2,786.8	\$ 2,597.6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	\$ 65.1	\$ 44.9
Accounts payable and accrued liabilities	202.1	178.8
Asset retirement obligations (note 5)	9.8	11.8
Current portion of long-term debt (note 4)	7.6	4.2
	284.6	239.7
Long-term debt and other liabilities (note 4)	586.0	777.7
Asset retirement obligations (note 5)	69.9	65.4
Future income taxes	207.4	203.7
Non-controlling interests (note 9)	205.9	183.7
	1,353.8	1,470.2
Shareholders' equity		
Convertible debentures (note 6)	12.6	25.0
Capital stock (note 7)	802.9	582.4
Contributed surplus (note 10)	193.7	199.2
Retained earnings	423.8	320.8
	1,433.0	1,127.4
	\$ 2,786.8	\$ 2,597.6

Consolidated Statements of Operations

	Three months ended September 30		Nine months ended September 30	
	2005	2004 (restated – note 2)	2005	2004 (restated – note 2)
[unaudited – in millions of Canadian dollars except per share amounts]				
Revenue	\$ 253.4	\$ 259.6	\$ 828.8	\$ 824.1
Operating, selling, general and administrative	154.5	136.2	462.3	433.6
Earnings before undernoted items	98.9	123.4	366.5	390.5
Depletion, amortization and accretion	46.2	45.6	137.6	136.4
Net financing expense (note 11)	7.4	20.1	35.5	45.2
Share of loss (earnings) of equity investment	(0.1)	0.1	(0.6)	(0.4)
Earnings from continuing operations before income taxes and non-controlling interest	45.4	57.6	194.0	209.3
Income taxes (note 12)	14.9	15.2	57.2	45.9
Non-controlling interest	7.4	7.2	22.2	28.8
Earnings from continuing operations	23.1	35.2	114.6	134.6
Discontinued operations	-	-	-	1.0
Net earnings	\$ 23.1	\$ 35.2	\$ 114.6	\$ 135.6
Earnings from continuing operations per share				
Basic	\$ 0.15	\$ 0.27	\$ 0.76	\$ 1.03
Diluted	0.13	0.20	0.64	0.75
Earnings per share				
Basic	\$ 0.15	\$ 0.27	\$ 0.76	\$ 1.03
Diluted	0.13	0.20	0.64	0.76

Consolidated Statements of Retained Earnings

	Three months ended September 30		Nine months ended September 30	
	2005	2004 (restated – note 2)	2005	2004 (restated – note 2)
[unaudited – in millions of Canadian dollars]				
Beginning of period, as previously reported	\$ 404.5	\$ 296.4	\$ 320.8	\$ 194.9
Change in accounting policies (note 2)	-	(35.2)	-	(34.1)
Beginning of period, as restated	404.5	261.2	320.8	160.8
Net earnings	23.1	35.2	114.6	135.6
Dividends on common shares	(3.8)	-	(11.6)	-
End of period	\$ 423.8	\$ 296.4	\$ 423.8	\$ 296.4

Consolidated Statements of Cash Flow

	Three months ended September 30		Nine months ended September 30	
	2005	2004 (restated -note 2)	2005	2004 (restated - note 2)
[unaudited - millions of Canadian dollars]				
Operating activities				
Net earnings	\$ 23.1	\$ 35.2	\$ 114.6	\$ 135.6
Items not affecting cash				
Non-controlling interests	7.4	7.2	22.2	28.8
Accretion on convertible debentures	0.1	0.7	0.6	2.1
Depletion, amortization and accretion	46.2	45.6	137.6	136.4
Amortization of financing cost	0.2	0.8	0.6	2.1
Share of (earnings) loss of equity investments	(0.1)	0.1	(0.6)	(0.4)
Future income taxes	(1.0)	(8.8)	(8.0)	(25.4)
Foreign exchange loss (gains)	(0.6)	5.5	6.2	3.4
Asset retirement obligations expenditures	(1.3)	(2.7)	(3.6)	(7.9)
Other items	0.2	-	(0.3)	(2.2)
Cash provided before working capital changes	74.2	83.6	269.3	272.5
Decrease (increase) in non-cash working capital				
Accounts receivable	26.4	7.3	8.1	9.9
Inventories	(17.7)	(13.3)	(13.3)	(10.5)
Overburden removal costs	0.3	0.4	(1.2)	0.6
Prepaid expenses	0.5	3.3	(0.9)	1.1
Accounts payable and accrued liabilities	23.8	16.0	9.2	(20.8)
	33.3	13.7	1.9	(19.7)
Cash provided by operating activities	107.5	97.3	271.2	252.8
Investing activities				
Capital expenditures	(70.5)	(39.1)	(214.8)	(85.3)
Net proceeds from sale of capital assets	0.1	0.6	1.7	2.3
Restricted cash	2.1	(7.0)	13.1	(13.7)
Other assets	10.9	4.7	(3.1)	8.1
Investments	-	(0.3)	0.9	-
Cash used for investing activities	(57.4)	(41.1)	(202.2)	(88.6)
Financing activities				
Short-term debt	(17.8)	(1.1)	20.2	(0.4)
Long-term debt	0.4	(1.1)	(2.2)	(2.8)
Issue of common shares	8.6	0.4	14.4	0.7
Repurchase of common shares	(4.5)	-	(9.9)	-
Dividend paid	(3.9)	-	(7.8)	-
Cash provided by (used for) financing activities	(17.2)	(1.8)	14.7	(2.5)
Increase in net cash	32.9	54.4	83.7	161.7
Net cash at beginning of period	477.8	441.4	427.0	334.1
Net cash at end of period	\$ 510.7	\$ 495.8	\$ 510.7	\$ 495.8
Supplementary Cash Flow Information				
Cash received for interest	\$ 4.2	\$ 2.8	\$ 11.0	\$ 7.5
Cash paid for interest on debt	6.1	6.7	33.0	23.4
Cash paid for income taxes	12.7	18.5	46.7	59.1

Net cash consists of cash, cash equivalents and short-term investments. As at September 30, 2005, short-term investments with maturities greater than three months were \$17.4 million (2004 - \$40.1 million).

Notes to Interim Consolidated Financial Statements (unaudited)

(All tabular dollar amounts expressed in millions of Canadian dollars, except per share amounts)

1. Summary of accounting policies

These interim consolidated financial statements follow the same accounting policies as the consolidated financial statements for the year ended December 31, 2004. The disclosures contained in these interim consolidated financial statements do not include all requirements of Canadian generally accepted accounting principles for annual financial statements. Accordingly, the interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2004.

2. Changes in accounting policies

(a) Consolidation of variable interest entities

On October 1, 2004, the Corporation early adopted AcG-15, Consolidation of Variable Interest Entities. The guideline requires the primary beneficiary of a variable interest entity (VIE) to consolidate the VIE. A VIE is an entity which either does not have sufficient equity at risk to finance its activities without additional subordinated financial support or where the holders of the equity at risk lack the characteristics of a controlling financial interest. The primary beneficiary is the enterprise that will absorb or receive the majority of the VIEs expected losses, expected residual returns, or both. The Corporation is the primary beneficiary of two VIEs as described in note 9.

The Corporation has implemented the guideline on a retroactive basis with restatement of prior periods. The cumulative effect of the change in policy on the opening retained earnings for 2004 was a reduction of \$5.4 million. The change in policy for the third quarter of 2004 resulted in an increase in earnings of \$2.4 million (increase in EPS – basic \$0.02, diluted \$0.01). For the nine months ended September 30, 2004, the change in policy resulted in an increase in earnings of \$2.6 million (increase in EPS – basic \$0.02, diluted \$0.01).

(b) Convertible debentures – disclosure and presentation

On October 1, 2004, the Corporation early adopted changes to CICA section 3860, Financial Instruments – Disclosure and Presentation. The convertible debentures are now divided into liability and equity components in accordance with the substance of the contractual arrangement.

The liability component was determined by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability without an associated equity component. The carrying amount of the equity component represented the holders' option to convert the convertible debentures into common shares and was determined by deducting the carrying amount of the liability component from the principal value of the convertible debentures that were originally issued at par. The liability is increased to the par value of the convertible debentures over the term to maturity through an accretion charge recorded in interest expense (see note 4).

The changes have been implemented on a retroactive basis with restatement of prior periods. The cumulative effect of the change in policy on the opening retained earnings for 2004 was \$28.7 million. The change in policy for the third quarter of 2004 resulted in a decrease in net earnings of \$7.4 million (decrease in EPS – basic \$0.01, diluted \$nil). For the nine months ended September 30, 2004, the change in policy resulted in a decrease in net earnings of \$22.0 million (decrease in EPS – basic \$0.02, increase in EPS - diluted \$0.01)

3. Post-retirement benefits

The Corporation's pension expense for the third quarter of 2005 was \$1.9 million (2004 - \$3.5 million). For the nine months ended September 30, 2005, pension expense was \$6.3 million (2004 - \$7.7 million).

4. Long-term debt and other liabilities

	September 30, 2005	December 31, 2004 (restated)
6% convertible debentures due 2006 ^(a)	\$ -	\$ 196.8
7% convertible debentures due 2013	293.7	293.3
Senior notes	159.7	165.5
Senior unsecured debentures	105.0	105.0
	558.4	760.6
Capital lease obligations	28.1	16.2
Other long-term liabilities	7.1	5.1
	593.6	781.9
Current portion of long-term debt	(7.6)	(4.2)
	\$ 586.0	\$ 777.7

^(a) \$192.4 million principal amount of the 6% convertible debentures were converted into 21,923,924 shares and the remaining balance of \$7.6 million was redeemed for 811,137 shares during the nine months ended September 30, 2005.

Interest and accretion on long-term debt for the third quarter of 2005 was \$12.2 million (2004 - \$17.4 million). For the nine months ended September 30, 2005, interest and accretion on long-term debt was \$38.8 million (2004 - \$53.0 million).

5. Asset retirement obligations

Asset retirement obligations have been recognized in respect of the mining operations of Coal and Metals, including associated infrastructure and buildings. Obligations have also been recorded for nickel and cobalt refining facilities, fertilizers and utilities facilities and oil and gas production facilities. Reclamation of coal mining operations is typically carried out on a continuous basis over the life of each mine and is dependent on the rate that mining progresses over the area to be mined. Retirement of refinery, fertilizer and utility facilities, oil and gas production facilities, infrastructure and buildings normally takes place at the end of the assets' useful life.

The following is a reconciliation of the opening and closing asset retirement obligation balances.

	Nine months ended September 30, 2005	Year ended December 31, 2004
Balance, beginning of period	\$ 77.2	\$ 79.4
Additions to liabilities	5.4	7.3
Liabilities settled	(4.8)	(14.3)
Accretion expense	4.4	5.5
Change in foreign exchange rates	(2.5)	(0.7)
Balance, end of period	79.7	77.2
Current portion	(9.8)	(11.8)
	\$ 69.9	\$ 65.4

5. Asset retirement obligations (continued)

The Corporation has estimated the undiscounted cash flow required to settle the asset retirement obligation at approximately \$211.9 million. Expenditures will be made on an ongoing basis over several decades and are expected to be funded by cash generated from operations. Credit adjusted discount rates from 3% to 9% were applied to expected future cash flows to determine the carrying value of the asset retirement obligation.

In view of uncertainties concerning asset retirement obligations, the ultimate costs could be materially different from the amounts estimated. The estimate of the future asset retirement liabilities is subject to change based on amendments to applicable laws and legislation. Future changes in asset retirement liabilities, if any, could have a significant impact and would be reflected prospectively, as a change in accounting estimate.

6. Convertible debentures

	September 30, 2005	December 31, 2004 (restated)
7% convertible debentures due 2013	\$ 12.6	\$ 12.6
6% convertible debentures due 2006	-	12.4
	\$ 12.6	\$ 25.0

The equity component in respect of the 7% convertible debentures represents the value of the debentureholders' option to convert the convertible debentures into common shares at the time the debentures were issued. The equity component in respect of the 6% convertible debentures was reclassified to capital stock as result of the conversion and redemption transactions described in note 4. The above amounts are shown net of related issue costs on an after tax basis.

7. Capital stock

The Corporation's authorized share capital consists of an unlimited number of common shares.

The changes in the Corporation's outstanding common shares were as follows:

	Nine months ended September 30, 2005	Year ended December 31, 2004	Nine months ended September 30, 2005	Year ended December 31, 2004
	Number		Stated Capital	
Balance, beginning of period	131,381,776	131,189,779	\$ 582.4	\$ 581.7
Increase(decrease):				
Share purchase plan	123,200	91,140	0.5	0.4
Repurchase of shares	(958,332)	-	(5.0)	-
Stock options exercised	2,144,000	100,000	13.9	0.3
6% convertible debenture conversion	21,923,924	-	202.4	-
6% convertible debenture redemption	811,137	-	8.7	-
7% convertible debenture conversion	1,142	857	-	-
Balance, end of period	155,426,847	131,381,776	\$ 802.9	\$ 582.4

The Company instituted a Normal Course Issuer Bid to acquire a maximum of five percent of its issued and outstanding shares which commenced July 5, 2005 and expires July 4, 2006. Between July 5, 2005, and September 30, 2005, 412,900 shares were purchased pursuant to the plan at an average price of \$10.70 per share. The Corporation 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.

If all of the 7% convertible debentures are converted into shares at the option of the holders, up to 42,855,143 additional common shares may be issued on or before December 14, 2013.

7. Capital stock (continued)

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

	Three months ended September 30		Nine months ended September 30	
	2005	2004 (restated)	2005	2004 (restated)
Earnings from continuing operations	\$ 23.1	\$ 35.2	\$ 114.6	\$ 134.6
Loss on redemption of convertible debentures	-	-	(0.5)	-
Earnings from continuing operations - basic	23.1	35.2	114.1	134.6
Earnings from discontinued operations	-	-	-	1.0
Net earnings - basic	23.1	35.2	114.1	135.6
Loss on redemption of convertible debentures	-	-	0.9	-
Interest and accretion on convertible debentures	3.6	7.6	12.5	22.5
Net earnings - diluted	26.7	42.8	127.5	158.1
Earnings from discontinued operations	-	-	-	(1.0)
Earnings from continuing operations - diluted	\$ 26.7	\$ 42.8	\$ 127.5	\$ 157.1
Weighted average number of shares - basic	155.2	131.3	149.6	131.3
Weighted average effect of dilutive securities:				
Employee stock options	1.7	0.6	1.7	0.6
Convertible debentures	42.9	77.0	47.7	77.0
Weighted average number of shares - diluted	199.8	208.9	199.0	208.9
Earnings from continuing operations per common share				
Basic	\$ 0.15	\$ 0.27	\$ 0.76	\$ 1.03
Diluted	0.13	0.20	0.64	0.75
Earnings from discontinued operations per common share				
Basic	-	-	-	0.01
Diluted	-	-	-	-
Earnings per common share				
Basic	0.15	0.27	0.76	1.03
Diluted	0.13	0.20	0.64	0.76

8. Stock Compensation Plans

The following is a summary of stock option activity during the three months and nine months ended September 30, 2005.

	Three months ended September 30, 2005		Three months ended September 30, 2004	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of period	5,130,000	\$ 6.66	6,055,000	\$ 6.65
Exercised for shares	(1,234,000)	6.51	-	-
Exercised for cash	(1,746,000)	7.21	-	-
Outstanding at end of period	2,150,000	\$ 6.31	6,055,000	\$ 6.65

	Nine months ended September 30, 2005		Nine months ended September 30, 2004	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of period	6,040,000	\$ 6.62	6,410,000	\$ 6.64
Exercised for shares	(2,144,000)	6.45	(85,000)	3.05
Exercised for cash	(1,746,000)	7.21	-	-
Forfeited	-	-	(270,000)	7.74
Outstanding at end of period	2,150,000	\$ 6.31	6,055,000	\$ 6.65

During the third quarter, the Board of Directors of the Corporation granted a Share Appreciation Right ("SAR") to outstanding options that were scheduled to expire on November 20, 2005 and January 25, 2006. This allows option holders to exercise options for either shares or cash. If the option is exercised for cash, the option holder will be paid an amount equal to the excess of the market value of the shares over the option exercise price.

During the third quarter of 2005, 1,746,000 of these options were exercised for cash totaling \$6.2 million for which this amount was charged to earnings during the period. As at September 30, 2005, 850,000 options with a SAR attachment remained outstanding for which the Corporation has recognized a compensation expense of \$3.7 million. Subsequent to September 30, 2005, all 850,000 options were exercised for cash totaling \$3.7 million.

9. Variable interest entities and non-controlling interests

The Corporation is the primary beneficiary of two VIE's as defined under AcG-15.

The Corporation holds an indirect one-third interest in the equity of a VIE, which owns and operates natural gas-fired power plants in Cuba. In addition, the Corporation indirectly provided financing for the construction of the power plants. As the primary beneficiary of the VIE since March 28, 2003, the Corporation consolidates this entity under AcG-15. The two-thirds non-controlling interest in the entity is presented separately.

The Corporation holds a 49% indirect equity interest in a VIE which processes soybeans in Cuba. In addition, the Corporation indirectly provided financing for the construction of the soybean-based food processing facilities and working capital requirements. As the primary beneficiary of the VIE since its inception in 1998, the Corporation consolidates this entity under AcG-15. The 51% non-controlling interest in the soybean-based food processing entity is presented separately. Prior to the adoption of AcG-15, Sherritt's investment in the soybean-based food processing entity was proportionately consolidated until June 30, 2003 after which it was accounted for on an equity basis.

Until such time as the financing provided by the Corporation and interest thereon, is fully repaid, the Corporation will retain title to the related assets. Following full repayment of the respective financing, title will transfer to the VIE. Each of the VIEs has the exclusive right to use and enjoy the benefits of ownership of the relevant assets unless they default on their respective obligations under the terms of the financing.

10. Contributed surplus

	Nine months ended September 30, 2005	Year ended December 31, 2004
Balance, beginning of period	\$ 199.2	\$ 201.8
Repurchase of convertible debentures	-	(2.6)
Redemption of convertible debentures	(0.5)	-
Repurchase of common shares	(5.0)	-
Balance, end of period	\$ 193.7	\$ 199.2

Contributed surplus was reduced in 2005 by \$5.5 million reflecting the loss on redemption of the 6% convertible debentures and the repurchase of shares. Contributed surplus was reduced in 2004 as a result of the repurchase of \$100 million par value of the 6% convertible debenture. The amounts relating to both of these transactions are stated net of tax.

Contributed surplus may be utilized to eliminate or reduce any deficit, which may arise as a result of the future payment or distribution of dividends or other distributions, from time to time, to holders of the common shares.

11. Net financing expense

	Three months ended September 30		Nine months ended September 30	
	2005	2004 (restated)	2005	2004 (restated)
Interest income on cash, cash equivalents, short-term investments and loans receivable	\$ (5.3)	\$ (4.5)	\$ (13.6)	\$ (17.8)
Interest expense on debt	12.7	18.8	41.9	57.8
Foreign exchange losses/(gains)	(0.6)	5.5	6.2	3.4
Other	0.6	0.3	1.0	1.8
	\$ 7.4	\$ 20.1	\$ 35.5	\$ 45.2

12. Income taxes

	Three months ended September 30		Nine months ended September 30	
	2005	2004 (restated)	2005	2004 (restated)
Current	\$ 15.9	\$ 24.0	\$ 65.2	\$ 71.3
Future	(1.0)	(8.8)	(8.0)	(25.4)
	\$ 14.9	\$ 15.2	\$ 57.2	\$ 45.9

Management is planning to amend its methodology of accounting for income taxes in the Oil and Gas business. Adjustments have not yet been determined and, if any, will be implemented during the fourth quarter and may be applied on a retroactive basis. Any adjustment will likely increase the future income tax liability, however, will not result in a cash tax obligation.

13. Commitments and contingencies

Oil and Gas and Power Receivables

The Corporation has entered into an agreement with an international financial institution, that has been assigned the right, by certain Cuban government agencies, to receive income tax, royalty and labour tax payments (Tax Amounts) made by Moa Nickel S.A. To the extent that the Tax Amounts received by the financial institution exceed the financial institution's minimum quarterly repayment requirements on its loans to Cuban government agencies, the excess is made available to release directly to the Corporation, net of a 4.5% release fee for payment of amounts owing by Cuban government agencies relating to oil, power and soybean-based food product purchases. The agreement expires in January 2006.

The agreement provides for the release of these funds, denominated in Euros, to the Corporation on a monthly basis provided that certain conditions are met. In the event that the Tax Amounts do not meet the minimum quarterly repayment requirements to the financial institution in the calendar year, the Corporation has agreed to immediately refund amounts received during a particular calendar year to offset the shortfall to the financial institution. If amounts received by the Corporation are refunded to the financial institution, the release fee is refunded to the Corporation and amounts owing to the Corporation from Cuban government agencies will be reinstated in amounts similar to the refund.

13. Commitments and contingencies (continued)

During the third quarter, the Corporation received \$17.1 million under this agreement (2004 - \$24.8 million), which was applied against Oil and Gas and Power receivables. Based on management's expectations for production, commodity prices and costs at Moa Nickel S.A. for the remainder of the year, the Corporation does not expect that it will be required to refund any amounts that relate to the 2005 calendar year and therefore no liability has been recorded in respect of potential refunds. As at September 30, 2005, the estimated maximum potential refund, which would result in a similar amount of receivables being reinstated, is \$9.9 million.

Since the base currency of all payments to the Corporation under this agreement is Euros, the Corporation assumes foreign exchange risk related to potential refunds.

Commitments

As at September 30, 2005 the Corporation was committed to purchases of equipment and services in the amount of \$21.8 million.

14. Segment information

Reference should be made to Sherritt's annual audited consolidated financial statements for a full description of operating segments.

Three months ended September 30, 2005

	Coal	Metals	Oil and Gas	Power	Other ⁽¹⁾	Corporate	Consolidated
Revenue	\$ 64.8	\$ 83.8	\$ 59.7	\$ 24.2	\$ 20.9	\$ -	\$ 253.4
Operating, selling, general and administrative	50.3	49.6	8.7	5.5	19.2	21.2	154.5
Earnings (loss) before undernoted items	14.5	34.2	51.0	18.7	1.7	(21.2)	98.9
Depletion, amortization and accretion	14.2	4.8	19.8	5.6	0.8	1.0	46.2
Operating earnings (loss) from continuing operations	0.3	29.4	31.2	13.1	0.9	(22.2)	52.7
Share of earnings of equity investments							0.1
Net financing expense							(7.4)
Earnings from continuing operations before income taxes and non-controlling interest							45.4
Capital expenditures	17.9	14.1	24.3	13.9	-	0.3	70.5
Assets	\$ 782.0	\$ 401.6	\$ 604.8	\$528.8	\$ 94.3	\$ 375.3	\$ 2,786.8

Three months ended September 30, 2004 (restated)

	Coal	Metals	Oil and Gas	Power	Other ⁽¹⁾	Corporate	Consolidated
Revenue	\$ 60.2	\$ 100.9	\$ 51.1	\$ 26.6	\$ 20.8	\$ -	\$ 259.6
Operating, selling, general and administrative	44.6	48.6	9.8	6.0	17.7	9.5	136.2
Earnings (loss) from continuing operations before undernoted items	15.6	52.3	41.3	20.6	3.1	(9.5)	123.4
Depletion, amortization and accretion	13.2	5.1	21.0	4.4	0.5	1.4	45.6
Operating earnings (loss) from continuing operations	2.4	47.2	20.3	16.2	2.6	(10.9)	77.8
Share of loss of equity investments							(0.1)
Net financing expense							(20.1)
Earnings from continuing operations before income taxes and non-controlling interest							57.6
Capital expenditures	1.8	5.3	21.4	10.1	-	0.5	39.1
Assets	\$ 765.7	\$ 398.8	\$ 542.2	\$ 471.2	\$101.0	\$ 383.8	\$ 2,662.7

⁽¹⁾ Other includes the results of the soybean-based food processing business.

14. Segment information (continued)

Nine months ended September 30, 2005

	coal	Metals	Oil and Gas	Power	Other ⁽¹⁾	Corporate	Consolidated
Revenue	\$ 193.0	\$ 325.4	\$ 176.2	\$ 76.5	\$ 57.7	\$ -	\$ 828.8
Operating, selling, general and administrative	143.5	179.5	28.7	23.2	50.4	37.0	462.3
Earnings (loss) before undernoted items	49.5	145.9	147.5	53.3	7.3	(37.0)	366.5
Depletion, amortization and accretion	42.3	15.0	58.8	16.2	2.2	3.1	137.6
Operating earnings (loss) from continuing operations	7.2	130.9	88.7	37.1	5.1	(40.1)	228.9
Share of earnings of equity investments							0.6
Net financing expense							(35.5)
Earnings from continuing operations before income taxes and non-controlling interest							194.0
Capital expenditures	25.0	24.5	92.1	71.2	0.2	1.8	214.8
Assets	\$ 782.0	\$ 401.6	\$ 604.8	\$ 528.8	\$ 94.3	\$ 375.3	\$ 2,786.8

Nine months ended September 30, 2004 (restated)

	coal	Metals	Oil and Gas	Power	Other ⁽¹⁾	Corporate	Consolidated
Revenue	\$ 185.0	\$ 348.7	\$ 152.0	\$ 80.5	\$ 57.9	\$ -	\$ 824.1
Operating, selling, general and administrative	132.4	176.7	28.2	17.1	52.1	27.1	433.6
Earnings (loss) before undernoted items	52.6	172.0	123.8	63.4	5.8	(27.1)	390.5
Depletion, amortization and accretion	42.4	15.1	61.3	13.0	1.5	3.1	136.4
Operating earnings (loss) from continuing operations	10.2	156.9	62.5	50.4	4.3	(30.2)	254.1
Share of earnings of equity investments							0.4
Net financing expense							(45.2)
Earnings from continuing operations before income taxes and non-controlling interest							209.3
Capital expenditures	4.1	9.3	61.0	10.2	-	0.7	85.3
Assets	\$ 765.7	\$ 398.8	\$ 542.2	\$ 471.2	\$ 101.0	\$ 383.8	\$ 2,662.7

⁽¹⁾ Other includes the results of the soybean-based food processing business.

14. Segment information (continued)

Three months ended September 30

	2005		2004 (restated)	
	Revenue ^(a)	Capital Assets	Revenue	Capital Assets
Canada	\$ 67.4	\$ 816.1	\$ 67.1	\$ 796.2
Cuba	101.0	801.8	95.5	669.7
Europe	51.5	2.3	60.1	4.3
Asia	29.9	7.2	32.6	6.9
Other foreign countries	3.6	-	4.3	-
	<u>\$ 253.4</u>	<u>\$ 1,627.4</u>	<u>\$ 259.6</u>	<u>\$ 1,477.1</u>

Nine months ended September 30

	2005		2004 (restated)	
	Revenue ^(a)	Capital Assets	Revenue	Capital Assets
Canada	\$ 227.9	\$ 816.1	\$ 239.7	\$ 796.2
Cuba	301.0	801.8	281.0	669.7
Europe	185.6	2.3	185.7	4.3
Asia	100.3	7.2	100.4	6.9
Other foreign countries	14.0	-	17.3	-
	<u>\$ 828.8</u>	<u>\$ 1,627.4</u>	<u>\$ 824.1</u>	<u>\$ 1,477.1</u>

^(a) Revenues have been attributed to geographic segments based on location of customer.

15. Financial instruments

Unutilized lines of credit as at September 30, 2005 were \$71.2 million.

16. Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation adopted in the current period.

17. Subsequent event

On November 1, 2005, the Corporation filed a preliminary short form base shelf prospectus permitting the issuance of up to \$500 million of senior unsecured debentures. Upon regulatory clearance and filing of a final short form base shelf prospectus, the Corporation will be entitled to issue senior unsecured debentures from time to time over the next two years, in one or more series and at prices and on terms to be determined at the time of sale.

In the short term, if market conditions warrant, the Corporation intends to effect an issue of senior unsecured debentures. The Corporation intends to use the proceeds of such an offering, together with cash on hand, to permit it to (i) redeem all of its outstanding \$105 million, 9.875% senior unsecured debentures due March 31, 2010; and (ii) effect a reduction or defeasance of its 50% share of the US\$275 million, 9.75% senior unsecured debentures, due October 15, 2011, in its coal business.

Schedule of Selected Current Assets and Accounts Payable by Operating Segment

September 30, 2005

	Coal	Metals	Oil and Gas	Power	Other	Corporate	Consolidated
Accounts receivable	\$ 24.7	\$ 41.0	\$ 153.7	\$ 21.4	\$ 14.0	\$ 5.6	\$ 260.4
Inventories	23.8	70.2	-	12.7	6.7	-	113.4
Overburden removal costs	2.6	-	-	-	-	-	2.6
Prepaid expenses	1.7	2.9	1.2	0.7	1.5	1.5	9.5
Future income taxes	4.2	7.5	3.7	-	-	-	15.4
	\$ 57.0	\$ 121.6	\$ 158.6	\$ 34.8	\$ 22.2	\$ 7.1	\$ 401.3
Accounts payable and accrued liabilities	\$ 52.4	\$ 56.9	\$ 30.9	\$ 9.4	\$ 17.3	\$ 35.2	\$ 202.1

June 30, 2005

	Coal	Metals	Oil and Gas	Power	Other	Corporate	Consolidated
Accounts receivable	\$ 30.9	\$ 65.9	\$ 148.8	\$ 25.8	\$ 9.8	\$ 14.5	\$ 295.7
Inventories	24.0	55.9	-	13.8	3.5	-	97.2
Overburden removal costs	2.8	-	-	-	-	-	2.8
Prepaid expenses	1.2	3.7	1.7	-	1.5	1.9	10.0
Future income taxes	1.6	10.3	6.4	-	-	-	18.3
	\$ 60.5	\$ 135.8	\$ 156.9	\$ 39.6	\$ 14.8	\$ 16.4	\$ 424.0
Accounts payable and accrued liabilities	\$ 34.3	\$ 48.1	\$ 36.6	\$ 15.0	\$ 8.2	\$ 23.6	\$ 165.8

March 31, 2005

	Coal	Metals	Oil and Gas	Power	Other	Corporate	Consolidated
Accounts receivable	\$ 29.1	\$ 54.2	\$ 141.4	\$ 36.5	\$ 13.3	\$ 10.8	\$ 285.3
Inventories	24.3	76.1	-	12.2	9.2	-	121.8
Overburden removal costs	1.8	-	-	-	-	-	1.8
Prepaid expenses	0.8	4.0	3.9	-	1.2	1.8	11.7
Future income taxes	1.8	14.0	5.1	-	-	-	20.9
	\$ 57.8	\$ 148.3	\$ 150.4	\$ 48.7	\$ 23.7	\$ 12.6	\$ 441.5
Accounts payable and accrued liabilities	\$ 36.4	\$ 67.0	\$ 37.4	\$ 9.4	\$ 20.0	\$ 22.1	\$ 192.3

December 31, 2004

	Coal	Metals	Oil and Gas	Power	Other	Corporate	Consolidated
Accounts receivable	\$ 26.8	\$ 50.1	\$ 135.8	\$ 47.3	\$ 11.4	\$ 11.2	\$ 282.6
Inventories	20.0	65.8	-	11.0	6.3	-	103.1
Overburden removal costs	1.4	-	-	-	-	-	1.4
Prepaid expenses	1.2	3.8	1.3	0.2	1.4	0.7	8.6
Future income taxes	2.4	11.7	4.8	-	-	-	18.9
	\$ 51.8	\$ 131.4	\$ 141.9	\$ 58.5	\$ 19.1	\$ 11.9	\$ 414.6
Accounts payable and accrued liabilities	\$ 38.2	\$ 57.0	\$ 30.5	\$ 11.2	\$ 19.0	\$ 22.9	\$ 178.8