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Sherritt Reports Third Quarter Earnings

Highlights

- **Metals earnings reflect lower commodity prices, higher Canadian dollar**
- **Increase in Earnings in Oil and Gas, Revenues and sales volumes in Coal**
- **Continuing Progress in Expansion Projects**

Toronto, Ontario, November 2, 2005. Sherritt International Corporation today announced net earnings of \$23.1 million for the third quarter of 2005, a decrease of \$12.1 million from third quarter 2004 results and \$32.9 million compared with the second quarter this year. Earnings before interest, taxes, depreciation and amortization (EBITDA) for the quarter were \$98.9 million compared with \$123.4 million in 2004. Lower Metals earnings arising from lower cobalt and nickel prices and higher stock based compensation costs were the principal drivers in the decrease in EBITDA compared with the prior year's quarter. These were partly offset by higher Oil and Gas earnings due to higher realized oil prices.

Financial Highlights (unaudited)

(millions of dollars, except per share amounts)	Three months ended September 30		Nine months ended September 30	
	2005	2004 (restated) ⁽³⁾	2005	2004 (restated) ⁽³⁾
Revenue from continuing operations	\$ 253.4	\$ 259.6	\$ 828.8	\$ 824.1
EBITDA ⁽¹⁾	98.9	123.4	366.5	390.5
Operating earnings from continuing operations ⁽¹⁾	52.7	77.8	228.9	254.1
Earnings from continuing operations ⁽²⁾	23.1	35.2	114.6	134.6
Net earnings	23.1	35.2	114.6	135.6
Earnings per share – basic				
From continuing operations ⁽²⁾	0.15	0.27	0.76	1.03
Net earnings	0.15	0.27	0.76	1.03
Earnings per share – diluted				
From continuing operations ⁽²⁾	0.13	0.20	0.64	0.75
Net earnings	0.13	0.20	0.64	0.76
Weighted average number of shares (millions)				
Basic	155.2	131.3	149.6	131.3
Diluted	199.8	208.9	199.0	208.9
Total cash	522.6	517.5	522.6	517.5

⁽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.

⁽²⁾ Earnings from discontinued operations for the three and nine months ended September 30, 2004 of \$nil and \$1.0 million (net of income taxes of \$0.2 million), respectively, relate to the settlement of certain outstanding items from the disposal of the metallurgical coal operations in 2003.

⁽³⁾ Effective October 1, 2004, the Corporation adopted new accounting pronouncements issued by the CICA 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.

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.

Total cash increased to over \$522 million during the quarter. In line with the Corporation's commitment to increasing shareholder value and in view of its strong balance sheet and cash flow, Sherritt introduced both a quarterly dividend and a share repurchase program during the year. Dividends of 2.5 cents per share were paid to shareholders of record on May 24, July 14, and October 14, 2005. On June 29, 2005, Sherritt announced a normal course issuer bid which would allow the purchase of up to 5% of its outstanding shares.

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 notes, due October 15, 2011, in its coal business.

Third Quarter Results

Coal generated EBITDA of \$14.5 million on revenue of \$64.8 million compared to EBITDA of \$15.6 million on revenue of \$60.2 million in the third quarter of 2004. The majority of the work on the two million tonne (100% basis) expansion project, which necessitated a shutdown of the wash plant at the Coal Valley mine site, took place in this quarter, resulting in a decline in margins. The decrease in EBITDA was attributable primarily to slightly lower margins at the mine mouth operations due primarily to higher fuel prices, offset by increased royalties arising out of higher potash prices. Excluding Coal Valley's revenues and operating costs, EBITDA was \$17.9 million for the quarter, compared to \$18.8 million for the comparable quarter last year. Total sales volume at 4.7 million tonnes was slightly higher than the 4.6 million tonnes shipped last year.

Capital spending totalled \$17.9 million, directed for the most part to the expansion at the Coal Valley mine.

Metals generated EBITDA of \$34.2 million on revenue of \$83.8 million, lower than the EBITDA of \$52.3 million on revenue of \$100.9 million in the third quarter of 2004. Results for the quarter primarily reflected lower realized cobalt and nickel prices, reduced nickel sales volumes and a stronger Canadian dollar, partly offset by increased cobalt sales volumes compared with the prior year period. From the second quarter of 2005, realized nickel prices decreased by \$1.21/lb, and cobalt by \$1.98/lb.

Capital spending was \$14.1 million for the quarter, dedicated primarily to sustaining and upgrading facilities, including environmental initiatives, along with basic engineering for the 16,000 tonne Metals expansion project.

Oil and Gas generated EBITDA of \$51.0 million on revenue of \$59.7 million, up from EBITDA of \$41.3 million on revenue of \$51.1 million in the third quarter of 2004. Revenue and EBITDA increased as a result of record crude oil prices, partly offset by lower production volumes due to natural reservoir declines. In addition, hurricanes during the quarter had a negative impact on production of 130,000 barrels. Capital spending totaled \$24.3 million during the third quarter of 2005 versus \$21.4 million during the same period in 2004.

During the third quarter, the Corporation successfully completed two development wells at Seboruco 12 and Seboruco 102, and is participating in the second appraisal well at Santa Cruz, where a successful exploration well was drilled in late 2004. The first Santa Cruz appraisal well was drilled earlier this year and the Corporation expects that production testing will take place following a remedial workover planned for the fourth quarter. In addition to those wells, the Corporation is currently drilling or participating in exploration wells on three separate and distinct structures in Cuba.

Power generated EBITDA of \$18.7 million on revenue of \$24.2 million, compared with EBITDA of \$20.6 million on revenue of \$26.6 million in the third quarter of 2004. The decrease in EBITDA was mainly due to lower realized prices as a result of a stronger Canadian dollar and a decrease in the tariff charged on electricity sales following repayment of financing provided by Sherritt for the construction of the power plants. Production was also affected by three hurricanes during the quarter, resulting in approximately 3.5 days or 15,200 Megawatt ("MW") hours of lost production. Capital spending in the quarter of \$13.9 million was mainly related to the construction of an 85 MW expansion project, which will have two turbines operational by year end and a third in early 2006.

In **Other Businesses**, Sherritt's soybean-based food processing business generated revenue of \$20.9 million and EBITDA of \$1.7 million during the quarter.

In **Corporate**, costs increased to \$21.2 million in the third quarter from \$9.5 million in the same quarter in 2004 mainly due to higher stock based compensation expense as a result of the exercise of stock options with stock appreciation rights for cash consideration.

Outlook

Production levels in 2005 are expected to be similar to 2004 levels for Metals, Power, and Coal. Oil and Gas is expecting a modest increase in gross production for the balance of 2005 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

Coal production in 2005 is expected to remain at levels similar to 2004 as a result of already expanded production at the Genesee mine being offset by lower production from the contract mines. The one million tonne expansion of the Coal Valley mine is nearing completion, with final commissioning of the wash plant now underway. Total expenditures in respect of the Coal Valley mine expansion for 2005 and 2006, including capital expenditures and capital and operating leases, are now expected to be approximately \$57.5 million compared with \$37.5 million estimated previously. The delay of several weeks and increased costs can be attributed primarily to underestimation of the project and difficulties in organizing and staffing construction activities in the tight labour market in Alberta. 2005 production for the mine is now anticipated at 0.9 million tonnes.

Work is continuing on an applied research project to develop the process technology required to beneficiate and gasify coal. Testing of the gasification potential of Sherritt's coals is taking place in the fourth quarter of 2005.

Sherritt is engaged in a series of longer term initiatives to develop its substantial coal reserves in Canada with a view to supplying energy in the form of steam or gases such as hydrogen, through gasification, and related hydrocarbon fuels. While some of these initiatives are in various stages of negotiations with potential customers, others are in the formative research and design stages. As these initiatives advance to become definitive business prospects, the Corporation intends to fund the resulting capital requirements from cash on hand, cash flow from operations, and other forms of financing as required. The Corporation may also consider the sale or monetization of certain operations or mature cash flow streams.

Metals

In 2005, finished nickel and finished cobalt production is expected to be near record levels. Nickel prices for the balance of the year are anticipated to remain strong, relative to historical prices, as long-term market fundamentals continue to be positive. Cobalt prices for the balance of the year are expected to be lower than the prior year, although a recovery in high grade cobalt demand is expected to stabilize cobalt prices before the end of 2005. The benefits of relatively 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 March, 2005, Sherritt announced that it had reached a basic agreement for the expansion of its 50% owned metals joint venture by 50% to 49,000 tonnes per annum. Basic engineering for the project is scheduled for completion by the end of the first quarter of 2006 and construction is expected to begin in the second quarter. Agencies of the Government of Cuba have committed to dedicating sufficient reserves to the joint venture for 25 years of production at this expanded rate. The Corporation anticipates that it will be able to confirm the total capital expenditures required to complete the expansion at the end of basic engineering. Such expenditures (Sherritt's share) are currently estimated to be U.S.\$225 million. Given the anticipated completion date of basic engineering, the Corporation does not expect to enter into significant expansion-related equipment purchase commitments during 2005.

Oil and Gas

During 2005, fuel oil reference prices have increased steadily reaching record levels at the end of September following hurricane damage in the Gulf Coast region. The Corporation expects some moderation in fuel oil reference prices during the fourth quarter as Gulf Coast production and refining capacity returns to normal levels. Sherritt anticipates that its allocated (net) oil production in 2005 will be slightly lower than 2004, due to higher fuel oil prices, lower gross production from new wells, and natural field declines, partly offset by increases in recoverable capital spending.

Oil and Gas is on track with an ambitious exploration and development program at an estimated cost of \$128 million, with six drilling rigs currently in operation. In addition to its development drilling activity in Cuba, Sherritt is currently drilling several exploration and appraisal wells. The Corporation expects to complete and test three exploration wells during the fourth quarter on Block 7 (Guanabo and Tarara) and Block 9 (San Anton), and to spud a fourth exploration well on Block 10 (Playa Larga). A declaration of commerciality is expected to be made following completion of the appraisal wells, after which the Corporation will be entitled to a retroactive allocation of profit oil for all Santa Cruz production since the initial discovery. The level of exploration activity in the oil business is substantial and, to the extent new fields are discovered, significant capital may be required to bring such fields into production. The Corporation has also launched an initiative to improve recovery factors and increase reserves, including conventional gas lift and high volume lift technologies along with evaluating business combinations and other arrangements which will facilitate accelerated growth in the oil business.

Power

Commissioning of the 85 MW expansion has commenced and two of the turbines will be operational by year end. The third turbine, which will bring total capacity to over 310 MW, is now expected to be completed in February 2006. The slight delay in completing the expansion is due in part to three hurricanes that affected construction during the quarter. Capital expenditures for the year are estimated to be \$87 million, of which \$78 million is related to the expansion. Approximately \$8 million will be incurred in 2006 to complete the project. Total production for the year is expected to be 1.6 million megawatt hours.

Discussions continue regarding a further expansion of approximately 190 MW in total. The project as planned would include two phases, the first of which involves two gas turbines providing a total of 65 MW. The second phase involves a combined cycle plant with capacity of approximately 125 MW and will be subject to confirmation and dedication of sufficient natural gas reserves from oil fields in Cuba. If the project proceeds, the gas turbines would be commissioned near the end of 2006 and the combined cycle would be completed in 2008. As with all previous Power projects, Sherritt would finance, construct and operate the expanded facilities, with all surplus net cash flow from the expansion being initially directed towards repayment of the financing and interest costs. Expenditures in respect of this project are expected to commence in the fourth quarter pending finalization of terms. A final decision on this project is expected soon.

Other Businesses

The soybean-based food processing business continues to pursue opportunities to maximize consumption of its products in Cuba. Production levels are expected to increase by 13% in 2005. Capital expenditures for 2005 are estimated to be \$1 million.

Summary Financial Results by Segment (unaudited) ⁽¹⁾

Three months ended September 30, 2005

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other ⁽²⁾	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
EBITDA ⁽¹⁾	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 ⁽¹⁾	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

Three months ended September 30, 2004 (restated)

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other ⁽²⁾	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
EBITDA ⁽¹⁾	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 ⁽¹⁾	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

(1) This table presents EBITDA and operating earnings from continuing operations 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.

Nine months ended September 30, 2005

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other ⁽²⁾	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
EBITDA ⁽¹⁾	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 ⁽¹⁾	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

Nine months ended September 30, 2004 (restated)

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other ⁽²⁾	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
EBITDA ⁽¹⁾	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

(1) This table presents EBITDA and operating earnings from continuing operations 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		Nine months ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
Sales Volumes (Sherritt's share)				
Coal (000's of tonnes) ⁽¹⁾	4,694	4,613	14,202	14,306
Nickel (000's of pounds) ⁽¹⁾	7,619	8,269	26,289	25,676
Cobalt (000's of pounds) ⁽¹⁾	955	888	2,768	2,642
Fertilizers (000's of tonnes)	21	9	143	167
Oil – Cuba (net bbls per day) ⁽²⁾	15,173	19,399	17,384	19,672
Oil – Spain (net bbls per day)	569	584	498	736
Electricity generation (000's of MWh) ⁽¹⁾	377	415	1,223	1,248
Realized Prices				
Coal (per tonne)	13.79	13.06	13.59	12.93
Nickel (per pound)	7.93	8.28	8.60	8.21
Cobalt (per pound)	17.50	31.70	19.45	33.66
Oil – Cuba (per bbl)	39.65	26.91	34.74	26.41
Oil – Spain (per bbl)	73.49	53.85	66.04	46.57
Power (per MWh)	50.67	58.42	53.67	59.12
Average Reference Prices				
Nickel (U.S.\$ per pound)	6.61	6.35	7.00	6.25
Cobalt (U.S.\$ per pound) ⁽³⁾	13.41	23.17	15.16	24.23
U.S. Gulf Coast Fuel Oil No. 6 (U.S.\$ per bbl)	39.88	25.16	34.43	24.34

⁽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 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 \$2.8 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 155 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 third 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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