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SHERRITT ANNOUNCES PRELIMINARY PROSPECTUS FILING FOR COAL BUSINESS

TORONTO, May 11, 2006 − Sherritt International Corporation announced today that Royal Utilities Income Fund has filed a preliminary prospectus with Canadian securities regulators to permit an initial public offering of its trust units.

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of Alberta. All of the outstanding units of the Fund are currently owned by Royal Utilities Partnership, an equal partnership between subsidiaries of Sherritt International Corporation and Ontario Teachers' Pension Plan.

The offering by the Fund is the culmination of a realignment of the assets of the Partnership's Coal business, which commenced in 2003, as a result of which the Fund has become a highly-focused, pure-play thermal coal producer. Royal Utilities Income Fund indirectly holds all of the common shares of Prairie Mines and Royalty Ltd., the largest thermal coal producer in Canada. Prairie Mines owns and operates the Paintearth, Sheerness, Genesee (50% joint venture interest), Poplar River, Boundary Dam and Bienfait mines and operates the Highvale and Whitewood mines under contract. A total of 37 million tonnes of coal was produced by Prairie Mines in 2005.

Prairie Mines also holds a portfolio of mineral rights located in Alberta and Saskatchewan on which it earns royalties from the production of coal and potash.

Revenue at Prairie Mines is derived from two principal sources: the supply of thermal coal under long-term contracts with the major electric utilities in Alberta and Saskatchewan, and royalty payments received from certain utility customers and other parties based on coal and potash production.

Sherritt and Teachers' will continue to hold indirectly the other assets of their Coal business which are not held by the Fund, including the Coal Valley export mine, development properties such as Bow City, and certain other non-mining assets. The Partners will also continue to indirectly pursue other opportunities for the value-added utilization of coal as a primary energy resource, such as supplying energy in the form of steam or gases such as hydrogen through gasification.

The preliminary prospectus of the Fund is available on SEDAR at www.sedar.com.

Sherritt International Corporation is a diversified resource company involved in the production of thermal coal, nickel, cobalt, oil and electricity. Its success is built on 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.

Sherritt's 151 million common shares and $293 million 7% convertible debentures trade on the Toronto Stock Exchange under the symbols S and S.DB.A respectively. Sherritt's $274 million of 7.875% senior unsecured debentures trade on the over-the-counter bond market.

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