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## Sherritt Announces Record Earnings in the Third Quarter

### Highlights

- Third-quarter earnings per share increased 188% from prior year to \$0.49 per share
- Operations capitalize on strong commodity prices to drive EBITDA up by 48%
- Metals expansion construction proceeding in a phased approach
- Additional \$50 million of principal amount convertible debt purchased in October

### Financial Highlights (unaudited)

(millions of dollars, except per share amounts)	Q3 2006	Q2 2006 (restated) <sup>(2)</sup>	Q3 2005 (restated) <sup>(2)</sup>	Nine months ended September 30	
				2006	2005 (restated) <sup>(2)</sup>
Revenue	\$ 285.5	\$ 306.6	\$ 257.3	\$ 853.4	\$ 836.9
EBITDA <sup>(1)</sup>	148.3	124.8	100.1	385.3	369.2
Net earnings	74.1	57.2	26.1	167.0	115.2
Basic earnings per share	0.49	0.38	0.17	1.10	0.77
Diluted earnings per share	0.43	0.36	0.15	1.00	0.64
Basic book value per share <sup>(3)</sup>	9.02	8.57	8.97	9.02	8.97
Total cash and cash equivalents	416.0	367.5	368.7	416.0	368.7
Total assets	2,473.3	2,354.3	2,790.7	2,473.3	2,790.7
Weighted average number of shares (millions)					
Basic	151.3	151.3	155.2	151.3	149.6
Diluted	179.1	179.4	199.8	179.2	199.0

<sup>(1)</sup> 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 is, therefore, unlikely to be comparable with similar measures presented by other issuers.

<sup>(2)</sup> Comparable periods have been restated to reflect a change in the methodology of accounting for income taxes in the Cuban oil and gas business and the reclassification and adjustment of certain revenues, operating, selling, general and administrative costs in the Metals business.

<sup>(3)</sup> Basic book value per share, a non-GAAP measure, is calculated by dividing shareholders' equity by the outstanding number of shares of 151.7 million as at September 30, 2006, 151.3 million as at June 30, 2006 and 155.4 million as at September 30, 2005.

**TORONTO, October 31, 2006.** Sherritt International Corporation ("Sherritt" or the "Corporation") today announced record earnings in the third quarter of \$74.1 million or \$0.49 per share. Operations capitalized on strong commodity prices to drive net earnings up by \$48.0 million from the third quarter of 2005.

After adjusting for Royal Utilities, consolidated revenues in the third quarter were \$83.4 million higher than the comparable period in 2005. Unlike the third quarter of 2005, revenues recorded in the third quarter of 2006 do not reflect Royal Utilities' revenues. Sherritt now accounts for Royal Utilities using the equity method of accounting. All business segments posted higher revenues compared to the same quarter last year.

EBITDA for the quarter was \$148.3 million, an increase of \$23.5 million over the second quarter, and an increase of \$48.2 million from the comparable period last year. Increased capacity in certain business segments and stronger commodity pricing continued to drive EBITDA. Cash and cash equivalents, restricted cash and short-term investments totalled \$417.8 million as at September 30, 2006. The \$50.3 million increase over the previous quarter is mainly due to cash from operations of \$99.5 million, exceeding capital expenditures of \$55.3 million.

Capital expenditures of \$55.3 million in the third quarter included \$30.0 million in drilling activity and facilities construction in Oil and Gas and \$17.3 million in expansion and maintenance in Metals. Power expenditures were \$13.0 million, including progress payments of \$7.3 million that are recorded in other assets, mainly for the Phase 7 expansion.

### **Significant Events in the Quarter**

In Metals, Sherritt and its joint venture partner have agreed to modify the original expansion plans at Moa Nickel and Fort Saskatchewan (16,000 tonnes per annum on a 100% basis) and proceed instead with a phased expansion. Phase 1 will result in 4,000 tonnes per annum (100% basis) of new production and is projected to be commissioned at the end of 2007. Phase 2 will be approximately 9,000 tonnes per annum (100% basis) and is projected to be commissioned in 2009. Phase 3 will likely include over 3,000 tonnes per annum (100% basis) of additional capacity and is projected to be commissioned in 2011. Delivery of Phase 1 production will come online prior to the original timeline outlined for the expansion. The decision to phase the expansion lowers execution risk and provides for an optimal utilization of available labour in Canada and Cuba.

The IPO of Sherritt's thermal coal assets was favourably received in the market. In the quarter, Royal Utilities' units appreciated by 12%. Sherritt holds 40.3 million units.

Subsequent to quarter end, Sherritt purchased \$50 million principal amount of its outstanding 7% convertible unsecured subordinated debentures due December 15, 2013 by way of an issuer bid. Total consideration for the purchase was \$80.5 million. Sherritt considers this purchase to be an effective use of its cash while still providing the Corporation with the flexibility to pursue growth opportunities. Additional purchases of outstanding debentures may be considered. The \$143 million principal amount of convertible debentures that remain outstanding are redeemable in whole or in part at the option of the Corporation, starting December 16, 2006.

### **Outlook for 2006 (see "Forward-looking Statements")**

Sherritt anticipates that prices for nickel, cobalt and oil will continue to be above historical averages. Pricing similar to that seen at the end of the quarter is expected for the remainder of the year. .

Overall, all business segments within Sherritt are undertaking growth initiatives seeking to capitalize on the strong commodities environment by increasing productive capacity while simultaneously improving cost competitiveness.

Sherritt expects to confirm higher oil reserves in the fourth quarter which will reduce depletion expense. In addition, as the drilling and classification of concessions in the Metals business nears completion, Sherritt will be incorporating significant additional nickel and cobalt reserves.

Factoring in timing adjustments for ongoing capital projects, full year 2006 capital expenditures are expected to be approximately \$268 million. This amount includes \$87 million in Metals, \$38 million in Power and \$125 million in Oil and Gas.

**Metals** – Taking into consideration process bottlenecks experienced in prior quarters, full year nickel production is expected to be approximately 30,000 tonnes (100% basis). Cobalt production for the year remains inline with initial expectations of approximately 3,000 tonnes (100% basis).

Operating costs in the fourth quarter are expected to be similar to those recorded in the third quarter.

Metals capital expenditures, adjusted to realign with the phased expansion, are expected to be \$41 million in the fourth quarter.

**Oil and Gas** – Gross working-interest oil production in Cuba is expected to remain relatively constant into the fourth quarter as new production from development drilling offsets natural reservoir declines. The outlook for net oil production for the remainder of 2006 is dependent on several factors, including gross working-interest production volumes, fuel oil reference prices and capital spending. Average gross working-interest production volumes for the year are expected to be approximately 30,500 boepd.

Sherritt applied in the third quarter for production from the Majaguillar block to be declared commercial. Majaguillar is expected to help oil production growth in 2007.

Oil and Gas capital expenditures are expected to be \$35 million in the fourth quarter. As compared to previous guidance, full-year capital expenditures will be lower than previously anticipated due to the timing of capital expenditures associated with Oil and Gas facilities.

**Power** – Production for 2006 remains on track to surpass two million megawatt (MW) hours.

The first of two Phase 7 turbines for the 65 MW expansion at Boca de Jaruco is scheduled to be delivered in November, with the second turbine expected in January. Commissioning of both turbines is expected in the second quarter of 2007. The total cost of the project is estimated to be \$60 million, with approximately \$18 million to be spent in the fourth quarter.

As of September 2005, the tariff for the initial 226 MW of capacity decreased to US\$38 per megawatt hour as per the terms of the contract. The tariff for subsequent operations including Phase 6 (85 MW) and Phase 7 (65MW), is US\$45 per megawatt hour until financing provided by Sherritt for these phases is repaid. This financing is expected to be repaid by 2010, but the repayment period may be extended if subsequent expansions proceed. The full-year 2006 weighted average tariff is expected to be approximately US\$39.50 per megawatt hour.

Operating costs are expected to be slightly higher in the fourth quarter, compared to the third quarter, due to additional scheduled maintenance.

**Coal** – Positive cash flow generated at Coal Valley operations is projected to continue into the fourth quarter. In the final quarter of 2006, Coal Valley expects to maintain the record production levels that were achieved in the third quarter.

Sherritt is actively moving forward with the Dodds-Roundhill coal gasification project (formerly known as Camrose Riley) and preliminary engineering has commenced. Negotiations with oxygen and gasification suppliers for the project are underway. Discussions have also begun with off-take customers for all syngas production from the first phase of the proposed four-stage project.

Preliminary engineering has begun for the first coal gasification complex in western Canada. Near surface coal reserves of approximately 500 million tonnes (equivalent to approximately nine trillion cubic feet of gas) have been earmarked for the gasification project. Public consultations for the proposed Dodds-Roundhill mine were initiated in the third quarter and a preliminary disclosure document has been submitted to the Alberta government.

Sherritt intends to demonstrate that proven gasification technologies can be successfully deployed in western Canada. With control over approximately 12 billion tonnes of near surface coal reserves in this area, Sherritt believes that the potential exists to have its coal reserves revalued on an energy equivalent basis.

Capital expenditures for the remainder of the year are expected to be \$0.4 million.

## Metals

	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Nine months ended September 30, 2006		2005
Production (tonnes)								
Nickel	3,878	3,338	3,681	3,854	3,825	10,897		12,085
Cobalt	419	370	409	409	417	1,198		1,287
Sales (thousands of pounds)								
Nickel	8,795	7,213	8,283	9,275	7,619	24,291		26,289
Cobalt	879	861	923	963	955	2,663		2,768
EBITDA (mm of \$)	\$ 78.9	\$ 46.3	\$ 30.1	\$ 20.5	\$ 34.3	\$ 155.3		\$ 145.9
Realized Prices <sup>(1)</sup>								
Nickel (\$/lb)	\$ 14.42	\$ 10.42	\$ 7.77	\$ 6.91	\$ 8.02	\$ 10.96		\$ 8.68
Cobalt (\$/lb)	17.77	16.46	14.56	16.08	17.64	16.24		19.62
Reference Prices								
Nickel (US\$/lb)	\$ 13.24	\$ 9.09	\$ 6.72	\$ 5.73	\$ 6.61	\$ 9.69		\$ 7.00
Cobalt (US\$/lb) <sup>(2)</sup>	15.59	14.43	12.43	12.50	13.41	14.15		15.16
Capital Expenditures (mm of \$)	\$ 17.3	\$ 12.9	\$ 15.1	\$ 12.8	\$ 10.8	\$ 45.3		\$ 24.4

<sup>(1)</sup> Comparable periods have been restated to reflect the change in accounting for certain selling expenses which were previously netted against revenues and have now been reclassified to operating, selling, general and administrative costs

<sup>(2)</sup> Average Metal Bulletin: 99.3% cobalt published price

Mixed sulphide production at Moa recovered during the quarter and contributed to a 16% increase in nickel production over the second quarter of 2006. Nickel sales quarter-over-quarter grew 22%, increasing from 7.2 million pounds to 8.8 million pounds. Operations in Moa during the quarter focused on maintaining mixed sulphides production at the 33,000 tonne production rate (100% basis).

Capitalizing on the strong commodity prices, EBITDA in the quarter was a record \$78.9 million. This represents a 70% increase over last quarter and 130% increase over the third quarter of 2005.

During the quarter, nickel prices remained well above historical averages and reached a 15-year high in August. Subsequent to quarter end, nickel prices surpassed a 19-year old record of US\$15.56 per pound in mid October.

Annual planned maintenance activities were initiated at the Fort Saskatchewan site in the third quarter. In addition, autoclave maintenance outlined in the second quarter is proceeding and is expected to be concluded during the fourth quarter.

Capital expenditures for the period totalled \$17.3 million, with the majority of that spent on Phase 1 activities in Moa.

## Oil and Gas

Daily Production Volumes <sup>(1) (2)</sup>	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Nine months ended September 30, 2006 2005	
Production (boepd)							
Gross working-interest production in Cuba <sup>(3) (5)</sup>	29,855	30,330	30,891	29,714	29,600	30,355	31,257
Net production <sup>(4)</sup>							
Cuba (heavy oil)							
Cost recovery <sup>(5)</sup>	6,480	6,074	7,303	6,189	5,764	6,616	8,462
Profit oil <sup>(5)</sup>	<u>9,088</u>	<u>9,535</u>	<u>9,215</u>	<u>9,255</u>	<u>9,408</u>	<u>9,279</u>	<u>8,922</u>
Total Cuba	15,568	15,609	16,518	15,444	15,172	15,895	17,384
Spain (light/medium oil) <sup>(4)</sup>	505	457	495	592	569	486	498
Pakistan (natural gas) <sup>(4)</sup>	<u>403</u>	<u>375</u>	-	-	-	<u>261</u>	-
Total	16,476	16,441	17,013	16,036	15,741	16,642	17,882
EBITDA (mm of \$)	\$ 52.6	\$ 54.7	\$ 56.2	\$ 49.1	\$ 52.1	\$ 163.5	\$ 150.2
Realized Prices							
Cuba (per bbl)	\$ 41.88	\$ 45.20	\$ 43.14	\$ 38.28	\$ 39.65	\$ 43.40	\$ 34.74
Spain (per bbl)	77.32	78.09	71.28	65.96	73.46	75.53	66.04
Reference Prices							
US Gulf Coast Fuel Oil #6 (US\$ per bbl)	\$ 46.38	\$ 48.88	\$ 45.86	\$ 40.31	\$ 39.88	\$ 47.11	\$ 34.43
Capital Expenditures	\$ 30.0	\$ 33.0	\$ 23.7	\$ 28.9	\$ 27.9	\$ 86.7	\$ 93.2

(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 boepd.

(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. CUPET's share is analogous to Crown royalty interests under Canadian hydrocarbon fiscal regimes. 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.

EBITDA for the quarter was comparable with the second quarter of 2006 and third quarter of 2005. Year-to-date EBITDA was \$13.3 million higher due to increased realized prices, partly offset by higher operating and administration costs resulting from inflationary cost pressures in the industry.

Total net production of 16,476 boepd reflects the impact of current oil prices, as well as, increased cost recoverable spending in the quarter. Production for the Spain and Pakistan assets continued to support the overall net barrel production.

During the third quarter of 2006, as many as eight drill rigs were active. Four rigs were drilling in the Santa Cruz field and four rigs were active in Canasi, Seboruco and Yumuri fields. During the quarter 6 wells were initiated, 5 wells completed with 3 being successful. Current production from these successful wells is just over 2600 bpd.

In the quarter, a record was achieved when a 5,175 metre horizontal well was completed at Seboruco. Given the distance and complexity of this well, the achievement illustrates the technology and expertise that Sherritt has in Cuba. This achievement should allow for drilling initiatives to proceed on fields previously considered unreachable. Current production from this well is approximately 1,500 bpd.

Exploration drilling is progressing at Playa Larga. San Anton is still production testing; however, initial results indicate that there may be a limited reservoir.

At Varadero West, the electrical submersible pump that was placed earlier this year has performed without complications. Initial results are encouraging as normal production declines have reduced. Additional results are required before this technology can be deemed successful and applied on other producing wells.

Oil and Gas capital expenditures in the third quarter totalled \$30.0 million.

## Power

	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Nine months ended September 30	
						2006	2005
Electricity sold (000's of MWh) <sup>(1)</sup>	566	549	431	409	377	1,547	1,223
EBITDA (mm of \$)	\$ 20.8	\$ 20.7	\$ 15.1	\$ 14.4	\$ 18.7	\$ 56.6	\$ 53.3
Realized price per MWh	\$ 44.43	\$ 44.46	\$ 44.61	\$ 44.57	\$ 50.67	\$ 44.49	\$ 53.67
Capital Expenditures (mm of \$)	\$ 5.7	\$ 6.6	\$ 8.1	\$ 9.2	\$ 19.6	\$ 20.4	\$ 68.7

<sup>(1)</sup> Includes non-controlling interest.

Full-year production remains on track to surpass two million megawatt hours. Electricity generation in the third quarter was higher than previous quarters. This increase was the result of additional capacity from Phase 6, which came online at the beginning of 2006. The average tariff charged for power production declined for periods subsequent to the third quarter of 2005 as financing for all phases, except Phase 6, was repaid.

Availability in the quarter was 86% as planned maintenance on several units was conducted. As equipment continues to age, planned maintenance activities will lead to availability levels in the mid-to-high eighties.

Activities remain on track to commission both turbines of Phase 7 in the second quarter of 2007. When fully commissioned, power production capacity will be approximately 385 megawatts of electricity.

Capital expenditures for the third quarter were \$5.7 million, the majority of which can be attributed to Phase 7.

## Coal

	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Nine months ended September 30	
						2006	2005
Coal							
EBITDA							
Coal Valley and other coal development assets	\$ 0.6	\$ (0.4)	\$ (2.1)	\$ (4.2)	\$ (4.2)	\$ (1.9)	\$ (6.1)
Royal Utilities <sup>(1)</sup>	-	13.7	20.9	20.0	18.7	34.6	55.6
Total	0.6	13.3	18.8	15.8	14.5	32.7	49.5
Equity-accounted earnings in Royal Utilities <sup>(1)</sup>	\$ 5.2	\$ -	\$ -	\$ -	\$ -	\$ 5.2	\$ -
Distribution received from Royal Utilities <sup>(1)</sup>	\$ 10.0	\$ -	\$ -	\$ -	\$ -	\$ 10.0	\$ -
Capital Expenditures							
Coal Valley and other coal development assets	\$ 1.3	\$ 1.0	\$ 2.5	\$ 19.6	\$ 14.2	\$ 4.8	\$ 18.9
Royal Utilities <sup>(1)</sup>	-	2.6	0.6	1.9	3.7	3.2	6.1
Total	1.3	3.6	3.1	21.5	17.9	8.0	25.0
Royal Utilities <sup>(2)</sup>							
Realized prices (\$/tonne)	\$ 12.45	\$ 12.63	\$ 11.31	\$ 11.10	\$ 11.10	\$ 12.10	\$ 10.98
Sales volumes (millions of tonnes) <sup>(4)</sup>	9.0	8.5	9.7	9.7	9.0	27.2	27.2
Production volumes (millions of tonnes) <sup>(4)</sup>	8.4	8.3	10.0	9.8	9.1	26.7	27.4
Coal Valley <sup>(3)</sup>							
Realized prices (\$/tonne)	\$ 48.47	\$ 47.05	\$ 46.45	\$ 45.77	\$ 50.85	\$ 47.58	\$ 51.19
Sales volumes (millions of tonnes) <sup>(4)</sup>	0.6	0.4	0.3	0.1	0.2	1.3	0.6
Production volumes (millions of tonnes) <sup>(4)</sup>	0.5	0.4	0.4	0.1	0.1	1.3	0.6

<sup>(1)</sup> For all periods prior to June 27, 2006, the Corporation proportionately consolidated its 50% interest in Royal Utilities. Subsequent to June 27, 2006, the Corporation is equity-accounting for Royal Utilities.

<sup>(2)</sup> Royal Utilities include the two contract operations, five mine-mouth operations, and the Bienfait mine and Char plant.

<sup>(3)</sup> Coal Valley mine is primarily an export market mine.

<sup>(4)</sup> Coal Valley sales and production volumes are presented on a 50% basis. Royal Utilities sales and production volumes are presented on a 100% basis.

Royal Utilities sales volumes were 9.0 million tonnes (100% basis) for the third quarter in both 2006 and 2005. Realized prices per tonne (excluding royalty revenue) for the third quarter were \$12.45 in 2006 compared to \$11.10 in 2005. Higher realized prices were mostly offset by higher operating costs mainly due to increased fuel costs. The Corporation's share of equity accounted earnings from Royal Utilities was \$5.2 million for the third quarter of 2006 and distributions received were \$10.0 million. Sherritt owns 40.3 million Royal Utilities' units.

Coal Valley operations during the quarter reached several milestones as increased capacity translated into record production and sales. Production of 0.5 million tonnes in the quarter supported record coal sales of 0.6

million tonnes. Increased availability of rail sets and strong demand led to the significant quarter-over-quarter increases compared to the second quarter of 2006 and the third quarter of 2005.

Realized prices per tonne were up marginally compared to the second quarter of 2006 as higher US dollar export coal prices were offset by the strength of the Canadian dollar.

Coal Valley capital expenditures for the quarter were \$1.3 million.

## **Other**

Sherritt's soybean-based food processing business generated revenue of \$14.3 million and EBITDA of \$1.5 million in the third quarter as compared to revenue of \$20.9 million and EBITDA of \$1.5 million for the comparative quarter of 2005. The decrease in revenue was mostly due to lower realized prices and volumes which were offset by lower procurement and operating costs to record comparable EBITDA. Capital expenditures are estimated at \$1 million for 2006. Overall, this business continues to develop new products and uncover additional markets for its value-added products.

## Summary Financial Results by Segment (unaudited)

The tables below present 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.

All amounts in this news release represent Sherritt's 100% interest unless otherwise indicated. Amounts relating to Metals and Coal Valley reflect the Corporation's 50% interest in these operations. Amounts relating to Coal reflect the Corporation's 50% proportionate interest in Royal Utilities up to June 27, 2006. Subsequent to June 27, 2006, the Corporation changed its accounting for Royal Utilities to the equity method. Sherritt holds a one-third interest in the Power business and a 49% interest in the soybean-based food processing business. The non-controlling interests are disclosed separately in the consolidated financial statements.

### Three months ended September 30, 2006

(millions of Canadian dollars)	Coal <sup>(3)</sup>	Metals	Oil and Gas	Power	Other <sup>(1)</sup>	Corporate	Consolidated
Revenue	\$ 29.1	\$ 148.0	\$ 65.1	\$ 29.0	\$ 14.3	\$ -	\$ 285.5
Operating, selling, general and administrative	28.5	69.1	12.5	8.2	12.8	6.1	137.2
EBITDA	0.6	78.9	52.6	20.8	1.5	(6.1)	148.3
Depletion, amortization and accretion	2.1	5.1	22.5	6.3	0.6	1.1	37.7
Operating earnings (loss) from continuing operations	(1.5)	73.8	30.1	14.5	0.9	(7.2)	110.6
Share of earnings of equity investments <sup>(2)</sup>	5.2	-	-	-	-	-	5.2
Net financing expense							(6.0)
Income taxes							(30.3)
Non-controlling interests							(5.4)
Gain on disposition of investments							-
Net earnings							74.1
Capital expenditures	\$ 1.3	\$ 17.3	\$ 30.0	\$ 5.7	\$ -	\$ 1.0	\$ 55.3

<sup>(1)</sup> Other includes the consolidated results of the Corporation's soybean-based food processing business as a Variable Interest Entity under Accounting Guideline 15.

<sup>(2)</sup> Share of earnings of equity investments includes Royal Utilities and the tourism businesses.

<sup>(3)</sup> Coal includes Royal Utilities on proportionate consolidation basis up to June 27, 2006, and the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and coal development assets.

**Three months ended September 30, 2005 (restated) <sup>(2)</sup>**

(millions of Canadian dollars)	Coal <sup>(3)</sup>	Metals	Oil and Gas	Power	Other <sup>(1)</sup>	Corporate	Consolidated
Revenue	\$ 64.8	\$ 86.6	\$ 60.8	\$ 24.2	\$ 20.9	\$ -	\$ 257.3
Operating, selling, general and administrative	50.3	52.3	8.7	5.5	19.4	21.0	157.2
EBITDA	14.5	34.3	52.1	18.7	1.5	(21.0)	100.1
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	29.5	32.3	13.1	0.7	(22.0)	53.9
Share of earnings of equity investments	-	-	-	-	-	0.1	0.1
Net financing expense							(5.3)
Income taxes							(15.2)
Non-controlling interests							(7.4)
Net earnings							26.1
Capital expenditures	\$ 17.9	\$ 10.8	\$ 27.9	\$ 19.6	\$ -	\$ 0.3	\$ 76.5

<sup>(1)</sup> Other includes the consolidated results of the Corporation's soybean-based food processing business as a Variable Interest Entity under Accounting Guideline 15.

<sup>(2)</sup> Comparable periods have been restated to reflect a change in the methodology of accounting for income taxes in the Cuban oil and gas business and the reclassification and adjustment of certain revenues, operating, selling, general and administrative costs in the Metals business.

<sup>(3)</sup> Coal results include the Corporations 50% proportionate interest in Royal Utilities, and the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and the coal development assets.

## Nine months ended September 30, 2006

(millions of Canadian dollars)	Coal <sup>(3)</sup>	Metals	Oil and Gas	Power	Other <sup>(1)</sup>	Corporate	Consolidated
Revenue	\$ 176.1	\$ 351.1	\$ 203.4	\$ 79.6	\$ 43.2	\$ -	\$ 853.4
Operating, selling, general and administrative	143.4	195.8	39.9	23.0	39.3	26.7	468.1
EBITDA	32.7	155.3	163.5	56.6	3.9	(26.7)	385.3
Depletion, amortization and accretion	29.7	14.7	64.4	19.3	2.0	3.5	133.6
Operating earnings (loss) from continuing operations	3.0	140.6	99.1	37.3	1.9	(30.2)	251.7
Share of earnings of equity investments <sup>(4)</sup>	5.2	-	-	-	-	0.9	6.1
Net financing expense							(25.8)
Income taxes							(56.3)
Non-controlling interests							(13.7)
Gain on disposition of investments							5.0
Net earnings							167.0
Capital expenditures	\$ 8.0	\$ 45.3	\$ 86.7	\$ 20.4	\$ 0.9	\$ 1.1	\$ 162.4

## Nine months ended September 30, 2005 (restated) <sup>(2)</sup>

(millions of Canadian dollars)	Coal <sup>(3)</sup>	Metals	Oil and Gas	Power	Other <sup>(1)</sup>	Corporate	Consolidated
Revenue	\$ 193.0	\$ 330.8	\$ 178.9	\$ 76.5	\$ 57.7	\$ -	\$ 836.9
Operating, selling, general and administrative	143.5	184.9	28.7	23.2	51.7	35.7	467.7
EBITDA	49.5	145.9	150.2	53.3	6.0	(35.7)	369.2
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	91.4	37.1	3.8	(38.8)	231.6
Share of earnings of equity investments	-	-	-	-	-	0.6	0.6
Net financing expense							(34.1)
Income taxes							(60.7)
Non-controlling interests							(22.2)
Gain on disposition of investments							-
Net earnings							115.2
Capital expenditures	\$ 25.0	\$ 24.4	\$ 93.2	\$ 68.7	\$ 0.2	\$ 1.8	\$ 213.3

<sup>(1)</sup> Other includes the consolidated results of the Corporation's soybean-based food processing business as a Variable Interest Entity under Accounting Guideline 15.

<sup>(2)</sup> Comparable periods have been restated to reflect a change in the methodology of accounting for income taxes in the Cuban oil and gas business and the reclassification and adjustment of certain revenues, operating, selling, general and administrative costs in the Metals business.

<sup>(3)</sup> Coal results include the Corporations 50% proportionate interest in Royal Utilities for the nine months ended September 30, 2005 and up to June 27, 2006 for the nine months ended September 30, 2006, and the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and the coal development assets.

<sup>(4)</sup> Share of earnings of equity investments includes Royal Utilities since June 28, 2006 and the tourism business.

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 \$2.4 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 152 million common shares and \$142 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 Series A, due November 26, 2012 trade on the over-the-counter bond market.

The Corporation's third quarter management's discussion and analysis and interim consolidated financial statements can be found on SEDAR at [www.sedar.com](http://www.sedar.com), and on the Corporation's web site at [www.sherritt.com](http://www.sherritt.com)

## **Forward-looking Statements**

*This news release contains 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", "likely", "will" or other similar words or phrases. Similarly, statements contained in each of the "Outlook" sections of this news release including those with respect to expectations concerning assets, prices, foreign exchange rates, earnings, production, market conditions, capital expenditures, commodity demand, risks, availability of regulatory approvals, 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. 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.*

*The Corporation does not intend, and does not assume any obligations, to update these forward-looking statements.*

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Sherritt International Corporation  
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## 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 are, therefore, unlikely to be comparable with similar measures presented by other issuers.

### Three months ended June 30, 2006

(millions of Canadian dollars)	Coal <sup>(3)</sup>	Metals <sup>(2)</sup>	Oil and Gas	Power	Other <sup>(1)</sup>	Corporate	Consolidated
Revenue	\$ 73.2	\$120.3	\$ 69.6	\$ 28.4	\$ 15.1	\$ -	\$ 306.6
Operating, selling, general and administrative	59.9	74.0	14.9	7.7	13.9	11.4	181.8
EBITDA	13.3	46.3	54.7	20.7	1.2	(11.4)	124.8
Depletion, amortization and accretion	13.6	5.0	21.3	6.7	0.6	1.2	48.4
Operating earnings (loss)	(0.3)	41.3	33.4	14.0	0.6	(12.6)	76.4
Share of earnings of equity accounted investments							0.3
Net financing expense							(11.5)
Income taxes							(8.0)
Non-controlling interests							(5.0)
Gain on disposition of investments							5.0
Net earnings							57.2
Capital expenditures	\$ 3.6	\$ 12.9	\$ 33.0	\$ 6.6	\$ 0.4	\$ -	\$ 56.5

### Three months ended March 31, 2006

(millions of Canadian dollars)	Coal <sup>(3)</sup>	Metals <sup>(2)</sup>	Oil and Gas	Power	Other <sup>(1)</sup>	Corporate	Consolidated
Revenue	\$ 73.8	\$ 82.8	\$ 68.7	\$ 22.2	\$ 13.8	\$ -	\$ 261.3
Operating, selling, general and administrative	55.0	52.7	12.5	7.1	12.6	9.2	149.1
EBITDA	18.8	30.1	56.2	15.1	1.2	(9.2)	112.2
Depletion, amortization and accretion	14.0	4.6	20.6	6.3	0.8	1.2	47.5
Operating earnings (loss)	4.8	25.5	35.6	8.8	0.4	(10.4)	64.7
Share of earnings of equity accounted investments							0.6
Net financing expense							(8.3)
Income taxes							(18.0)
Non-controlling interests							(3.3)
Net earnings							35.7
Capital expenditures	\$ 3.1	\$ 15.1	\$ 23.7	\$ 8.1	\$ 0.5	\$ 0.1	\$ 50.6

<sup>(1)</sup> Other includes the consolidated results of the Corporation's soybean-based food processing business as a Variable Interest Entity under Accounting Guideline 15.

<sup>(2)</sup> Comparable periods have been restated to reflect a change in the reclassification and adjustment of certain revenues, operating, selling, general and administrative costs in the Metals business.

<sup>(3)</sup> Coal results include the Corporation's 50% proportionate interest in Royal Utilities for the three months ended March 31, 2006 and up to June 27, 2006 for the three months ended June 30, 2006, and the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and the coal development assets.

**Three months ended December 31, 2005 <sup>(2)</sup>**

(millions of Canadian dollars)	Coal <sup>(3)</sup>	Metals	Oil and Gas	Power	Other <sup>(1)</sup>	Corporate	Consolidated
Revenue	\$ 62.7	\$ 98.0	\$ 58.6	\$ 22.0	\$ 17.4	\$ -	\$ 258.7
Operating, selling, general and administrative	46.9	77.5	9.5	7.6	17.2	6.8	165.5
EBITDA	15.8	20.5	49.1	14.4	0.2	(6.8)	93.2
Depletion, amortization and accretion	14.8	5.1	22.5	5.6	0.7	1.3	50.0
Operating earnings (loss)	1.0	15.4	26.6	8.8	(0.5)	(8.1)	43.2
Share of earnings of equity accounted investments							-
Net financing expense							(30.8)
Income taxes							2.6
Non-controlling interests							(5.9)
Net earnings							9.1
Capital expenditures	\$ 21.5	\$ 12.8	\$ 28.9	\$ 9.2	\$ 0.5	\$ 0.3	\$ 73.2

<sup>(1)</sup> Other includes the consolidated results of the Corporation's soybean-based food processing business as a Variable Interest Entity under Accounting Guideline 15.

<sup>(2)</sup> Comparable periods have been restated to reflect a change in the methodology of accounting for income taxes in the Oil and Gas to provide a clearer presentation of income taxes in that business. Certain selling expenses in Metals which were previously netted against revenue were reclassified to operating, selling and administrative costs.

<sup>(3)</sup> Coal results include the Corporations 50% proportionate interest in Royal Utilities, and the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and the coal development assets.