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Sherritt Reports Record Second-Quarter 2007 Results

Highlights

- Record net earnings of \$132.4 million and earnings per share of \$0.72
- Record results in Metals and Oil and Gas
- Dynatec acquisition completed with overwhelming support
- Power's 65 MW expansion commissioned on time and under budget

Financial Highlights (unaudited)

(millions of dollars, except per share amounts)	Q2 2007	Q1 2007	Q2 2006 ⁽³⁾	Six months ended June 30	
				2007	2006 ⁽³⁾
Revenue	\$ 405.4	\$ 310.1	\$ 291.5	\$ 715.5	\$ 539.0
EBITDA ⁽¹⁾	245.9	172.9	123.6	418.8	234.6
Net earnings	132.4	89.1	57.2	221.5	92.9
Basic earnings per share	0.72	0.52	0.38	1.24	0.61
Diluted earnings per share	0.72	0.52	0.33	1.24	0.53
Basic book value per share ⁽²⁾	11.40	9.61	8.57	11.40	8.57
Total cash and short-term investments ⁽³⁾	470.3	397.9	367.5	470.3	367.5
Total assets ⁽³⁾	3,804.0	2,682.0	2,354.3	3,804.0	2,354.3
Weighted average number of shares (millions)					
Basic	183.5	172.0	151.3	177.8	151.2
Diluted	184.5	172.8	193.3	178.7	193.9

⁽¹⁾ 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.

⁽²⁾ Basic book value per share, a non-GAAP measure, is calculated by dividing shareholders' equity by the outstanding number of shares of 233.5 million as at June 30, 2007, 172.0 million as at March 31, 2007, 172.0 million as at December 31, 2006, and 151.3 million as at June 30, 2006.

⁽³⁾ Total cash and short-term investments exclude \$0.2 million (2006 - \$nil million) from the discontinued operations. Total assets include \$79.9 million (2006 - \$52.4 million) from the discontinued operations.

TORONTO, August 1, 2007 - Sherritt International Corporation ("Sherritt" or the "Corporation") today announced record 2007 second-quarter results. Record net earnings of \$132.4 million or \$0.72 per share were achieved in the second quarter of 2007, compared with net earnings of \$57.2 million or \$0.33 per share in the second quarter of 2006. These results were driven by strong sales volumes in the Metals and Oil and Gas businesses and robust metal prices. Earnings per share for the second quarter of 2007 included the dilution

impact (\$0.05 per share) of the 61,439,408 common shares issued as part of the Plan of Arrangement between Sherritt and Dynatec Corporation. This was offset by a \$6.1 million favourable mark-to-market adjustment related to stock-based compensation during the quarter.

In Power, an additional 65 MW of power generation capacity was commissioned in the second quarter, bringing total capacity to 376 MW. In addition, an agreement in principle was reached during the quarter to add a further 125 MW of capacity by 2010.

Total assets at June 30, 2007, were \$3.8 billion. Cash and short-term investments were \$470.3 million at the end of the second quarter of 2007. Capital expenditures in the second quarter of 2007 amounted to \$91.4 million, as the Corporation continued to focus on growth opportunities across all business units. The Metals expansion project in Cuba and the completion of the 65 MW expansion in Power were the main drivers behind capital expenditures in the quarter.

Sherritt's operations across all business units continue to perform at or near capacity as Sherritt remains focused on delivering strong operating results and executing capital projects.

Sherritt anticipates that nickel prices will continue to be above historical averages, despite having declined from the record levels experienced in the second quarter. Among other factors, the market is being influenced by Chinese nickel pig iron production and lower demand from stainless steel producers. Prices have stabilized and are expected to remain strong over the balance of the year. Oil and cobalt prices are expected to remain strong for the remainder of the year. Sherritt remains focused on extracting additional efficiencies out of its operations and exploring accretive business opportunities.

Total capital expenditures, funding requirements for Ambatovy and deferred expenditures for the Dodds-Roundhill coal gasification project for the year are expected to be approximately \$680 million. Expenditures for the remainder of the year are mainly allocated to the Metals expansion in Moa and Fort Saskatchewan, construction start-up at Ambatovy and continued oil drilling in Cuba. Capital expenditures and funding will be met from cash on hand, cash flow from operations and project financing. With respect to the Ambatovy project, discussions with a syndicate of international lending agencies for the provision of US\$2.1 billion (100% basis) of project debt financing are nearing a conclusion, with signing of the financing agreement expected during the third quarter of 2007.

Metals

Mixed sulphide production in 2007 remains on track to meet full-year guidance of 33,000 tonnes (100% basis). Expectations for full-year finished nickel and cobalt production remain at approximately 32,000 tonnes of nickel and 3,500 tonnes of cobalt (100% basis).

Metals expansion activities, which now include Ambatovy and Moe/Fort Saskatchewan, are proceeding as planned. Construction activities for the phased expansion in Moe and Fort Saskatchewan are moving towards the completion of Phase 1 by the end of the year. Once operational in the first quarter of 2008, this incremental production will allow the Metals refinery to process additional mixed sulphide feed from Moe, while reducing its reliance on less profitable third-party feed materials. Phase 2 construction is proceeding as planned with projected start up scheduled for 2009. In combination with Phase 2, progress continues on the construction of the sulphuric acid plant, which is expected to be commissioned in conjunction with Phase 2.

Initial works for pre-construction activities at the Ambatovy nickel project in Madagascar commenced in the second quarter at the site for the proposed processing plant and refinery near Toamasina and at the mine site near Moramanga. Based on the ongoing mobilization of personnel and resources, the advancement of preparatory work related to the Project's initial works program and progress being made on the project debt financing, the Ambatovy Project ended the second quarter on track for construction to commence in the third quarter of 2007. According to the construction schedule, this would result in mechanical completion being achieved in the first half of 2010. Capital, excluding financing costs, for the Ambatovy project is forecasted to be approximately US\$3.3 billion (100% basis). It is anticipated that the timing of capital expenditures will be spread out evenly over the next two and a half years.

Capital expenditures for the remainder of 2007 are expected to total approximately \$400 million, divided relatively evenly between the Moe/Fort Saskatchewan Metals expansion and Ambatovy.

Coal

Royal Utilities Income Fund ("Royal Utilities" or the "Fund"), which Sherritt operates and in which it has a 41.2% interest, declared distributions of \$23.5 million in the second quarter. Consistent with previous guidance, the Fund intends to declare distributions of \$93.8 million (\$0.9596 per unit) in 2007, for a target payout ratio of 97%. Business development initiatives continue to be pursued, including the manufacture of activated carbon for mercury capture to meet pending legislative requirements. In addition, Royal Utilities continues to review the feasibility of providing contract mining services to the proposed Dodds-Roundhill coal gasification project.

At the Coal Valley mine, forecasted full-year sales and shipments of 3.9 million tonnes (100% basis) remain unchanged, but will be largely dependent on the level of train service. Realized prices are expected to remain strong due to a strong export market, partially offset by the stronger Canadian dollar.

The Dodds-Roundhill coal gasification project continues to proceed as planned with the feasibility study expected to be completed in the third quarter.

Capital expenditures for the remainder of the year are expected to be approximately \$12.9 million, which will be spent on sustaining capital at Coal Valley and development work on the Dodds-Roundhill coal gasification project.

Oil and Gas

Discussions and evaluations with CUPET, Cuba's state oil company, are ongoing regarding the processing alternatives for Cuban crude. The objective of the discussions is to determine the process modifications required to produce oil that is more marketable. Average gross working-interest oil production for the full year is expected to be comparable to 2006 levels.

Total capital expenditures in Oil and Gas in 2007 are expected to be approximately \$130 million.

Power

In the second quarter of 2007, Sherritt and its partners agreed in principle to a further 125 MW combined cycle facility expansion at Boca de Jaruco, Cuba (Phase 8). The facilities would be operational in 2010 at which time Energas' total capacity will increase to 501 MW. As with previous expansions, Power would finance and construct this project.

Over the remainder of the year, scheduled maintenance will be performed on several turbines which will result in a net generation capacity factor of approximately 80% over the last six months of 2007. Third-quarter production is expected to approach 600 GWh.

Capital expenditures for the remainder of the year are estimated to be \$15 million and include approximately \$5 million for sustaining capital. Preliminary engineering and a final project cost estimate for the 125 MW expansion are expected to be completed by the end of the third quarter.

Business Segment Review

Metals

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Six months ended June 30	
						2007	2006
Production (tonnes)							
Nickel	4,035	3,514	4,209	3,878	3,338	7,549	7,019
Cobalt	452	434	458	419	370	886	779
Mixed sulphides	4,198	4,006	3,680	4,029	3,686	8,204	7,219
Sales (thousands of pounds)							
Nickel	8,887	7,776	9,250	8,795	7,213	16,663	15,496
Cobalt	976	888	1,022	879	861	1,864	1,784
Revenue (\$mm)	\$ 274.1	\$ 204.0	\$ 192.3	\$ 148.0	\$ 120.3	\$ 478.1	\$ 203.1
EBITDA (\$mm)	\$ 166.7	\$ 134.7	\$ 108.5	\$ 78.9	\$ 46.3	\$ 301.4	\$ 76.4
Realized Prices ⁽¹⁾							
Nickel (\$/lb)	\$ 23.37	\$ 21.84	\$ 16.88	\$ 14.42	\$ 10.42	\$ 22.65	\$ 9.00
Cobalt (\$/lb)	30.26	30.02	20.85	17.77	16.46	30.15	15.48
Reference Prices							
Nickel (US\$/lb)	\$ 21.76	\$ 18.80	\$ 15.00	\$ 13.24	\$ 9.09	\$ 20.25	\$ 7.87
Cobalt (US\$/lb) ⁽²⁾	28.01	25.82	18.86	15.59	14.43	26.89	13.41
Capital Expenditures(\$mm)	\$ 49.1	\$ 31.0	\$ 25.1	\$ 21.1	\$ 13.7	\$ 80.1	\$ 26.6

(1) 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.

(2) Average Metal Bulletin: 99.3% cobalt published price.

The combination of year-over-year production and sales increases of 21% and 23%, respectively, and strong average realized prices of \$23.37 for nickel and \$30.26 for cobalt, resulted in record revenue of \$274.1 million and record EBITDA of \$166.7 million in the second quarter, representing increases of 128% and 260%, respectively, over comparable levels in the second quarter of 2006. Finished nickel and cobalt production increased relative to the first quarter, as rail shipments of mixed-sulphide feed returned to normal levels. Production exceeded prior year levels when process bottlenecks at Moa restricted availability of mixed-sulphide feed.

Operating costs were higher primarily due to higher sales volumes, increased third-party feed costs reflecting the increase in nickel and cobalt prices, and higher sulphuric acid and maintenance costs. Third-party feed costs were approximately \$15 million in the second quarter 2007 and \$29 million year to date, compared with \$10 million in the second quarter 2006 and \$16 million for the first six months last year.

Record nickel prices in May settled 34% lower by quarter end as lower demand from China and stainless steel producers led to LME quarter-end pricing of US\$16.27 per pound. Cobalt prices remained well above prior year levels, but decreased 12% in the quarter.

Fertilizer sales improved as buyers experienced tight supply stemming from increased demand for crop-based ethanol.

Coal

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Six months ended June 30	
						2007	2006
Coal							
EBITDA(\$mm)							
Coal Valley and other coal development assets	\$ 0.3	\$ (1.2)	\$ (1.3)	\$ 0.6	\$ (0.7)	\$ (0.9)	\$ (2.8)
Royal Utilities ⁽¹⁾	-	-	-	-	14.0	-	34.9
Total	0.3	(1.2)	(1.3)	0.6	13.3	(0.9)	32.1
Equity-accounted earnings in							
Royal Utilities ⁽¹⁾	\$ 5.0	\$ 6.9	\$ 4.7	\$ 5.2	\$ -	\$ 11.9	\$ -
Distributions received from							
Royal Utilities ⁽¹⁾	\$ 9.7	\$ 9.6	\$ 9.6	\$ 6.8	\$ -	\$ 19.3	\$ -
Capital Expenditures							
Coal Valley and other coal development assets	\$ 0.7	\$ 0.4	\$ 1.9	\$ 1.3	\$ 0.7	\$ 1.1	\$ 2.4
Royal Utilities ⁽¹⁾	-	-	-	-	2.6	-	3.2
Total	0.7	0.4	1.9	1.3	3.3	1.1	5.6
Royal Utilities ⁽²⁾							
Realized prices (\$/tonne)	\$ 13.37	\$ 12.41	\$ 11.86	\$ 12.45	\$ 12.63	\$ 12.86	\$ 11.92
Sales volumes (millions of tonnes) ⁽⁴⁾	8.4	9.4	9.3	9.0	8.5	17.8	18.3
Production volumes (millions of tonnes) ⁽⁴⁾	8.4	9.5	9.5	8.4	8.3	18.0	18.3
Coal Valley ⁽³⁾							
Realized prices (\$/tonne)	\$ 51.55	\$ 50.93	\$ 46.98	\$ 48.47	\$ 47.05	\$ 51.27	\$ 46.78
Sales volumes (millions of tonnes) ⁽⁴⁾	0.5	0.4	0.3	0.6	0.4	0.9	0.7
Production volumes (millions of tonnes) ⁽⁴⁾	0.4	0.5	0.5	0.5	0.4	0.9	0.8

⁽¹⁾ For all periods up 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 its interest Royal Utilities.

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

⁽³⁾ Coal Valley mine is primarily an export market mine.

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

The Corporation's Coal business includes its 41.2% interest in Royal Utilities and its 50% interest in Coal Valley. Effective June 27, 2006, the Corporation began recording its interest in Royal Utilities using the equity method of accounting and, therefore, including its share of earnings as a separate line item in the Consolidated Statements of Earnings. Prior to this date, the 50% interest in Royal Utilities was proportionally consolidated. In the second quarter of 2006, this interest contributed \$56.4 million of revenue and \$14.0 million of EBITDA to the Corporation's financial results.

On a 100% basis, Royal Utilities' sales volumes in the second quarter of 2007 were similar to those recorded a year earlier as higher sales volumes at Poplar River and Sheerness offset reduced demand at Boundary Dam from an unplanned unit outage and higher availability of hydro power in Saskatchewan. Paintearth sales volumes were down compared with the same quarter of 2006, due to planned and unplanned maintenance at the generating station in 2007.

Average realized prices increased by \$0.74 per tonne to \$13.37 per tonne from the prior year quarter. This increase was primarily due to higher cost and capital recoveries at the contract and Genesee mines, as well as inflation adjustments to coal prices at certain owned mines.

Royal Utilities is committed to leadership in health and safety practices and continues to focus, maintain and target zero lost-time incidents among workers. During the second quarter, three mines achieved milestones since their last recordable lost-time incidents: Genesee (19 years), Sheerness (12 years) and Poplar River (3 years).

Revenues were \$7.8 million and \$13.6 million higher than the comparable three- and six-month period of 2006, respectively, after adjusting the change in accounting for Royal Utilities to equity accounting. The increase was driven by higher sales volumes and higher realized prices at Coal Valley which resulted in the second quarter of 2007 being the second-best revenue generating quarter in the history of Coal Valley.

Sherritt's Coal EBITDA for the second quarter of 2007 of \$0.3 million represented the results from Coal Valley. Net expenditures on the coal development assets in the second quarter of \$2.7 million were deferred, recognizing the future benefits of the work being performed. Coal Valley's EBITDA improved by \$0.6 million from the second quarter of 2006 as a result of higher realized prices and increased sales volumes.

Higher realized prices at Coal Valley were due to improving export thermal coal contracts, as a result of improved market prices. Sales volumes were higher than the same period in 2006 as Coal Valley began to reduce inventory accumulated during the CN Rail strike.

Capital expenditures related to permitting and development work at Coal Valley were \$0.7 million in the second quarter of 2007.

Activities at the Dodds-Roundhill coal gasification project continue to advance. Pre-engineering studies have been completed and results will be delivered in the third quarter. In addition to those activities, significant work continues to be carried out to identify potential off-take customers, develop community relations and complete the required Environmental Impact Assessment application – which is to be submitted in the next six months.

Oil and Gas

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Six months ended June 30	
						2007	2006
Daily Production Volumes ^{(1) (2)}							
Production (boepd)							
Gross working-interest production ^{(3) (5)}	31,731	30,644	31,295	30,763	31,162	31,190	31,273
Net production ⁽⁴⁾							
Cuba (heavy oil)							
Cost recovery ⁽⁵⁾	12,201	9,051	11,832	6,480	6,074	10,635	6,685
Profit oil ⁽⁵⁾	<u>7,248</u>	<u>8,456</u>	<u>7,339</u>	<u>9,088</u>	<u>9,535</u>	<u>7,848</u>	<u>9,376</u>
Total Cuba	19,449	17,507	19,171	15,568	15,609	18,483	16,061
Spain (light/medium oil) ⁽⁴⁾	427	476	379	505	457	451	476
Pakistan (natural gas) ⁽⁴⁾	<u>405</u>	<u>409</u>	<u>406</u>	<u>403</u>	<u>375</u>	<u>407</u>	<u>188</u>
Total	20,281	18,392	19,956	16,476	16,441	19,341	16,725
Revenues	\$ 77.7	\$ 58.4	\$ 68.7	\$ 65.1	\$ 69.6	\$ 136.1	\$ 138.3
EBITDA(\$mm)	\$ 59.3	\$ 41.1	\$ 51.0	\$ 52.6	\$ 54.7	\$ 100.4	\$ 110.9
Realized Prices							
Cuba (per barrel)	\$ 41.19	\$ 34.52	\$ 36.87	\$ 41.88	\$ 45.20	\$ 38.05	\$ 44.15
Spain (per barrel)	\$ 76.11	\$ 67.10	\$ 67.43	\$ 77.32	\$ 78.09	\$ 71.38	\$ 74.57
Pakistan (per barrel)	\$ 8.31	\$ 9.06	\$ 8.84	\$ 8.75	\$ 8.71	\$ 8.69	\$ 8.71
Reference Prices							
US Gulf Coast Fuel Oil							
#6 (US\$ per barrel)	\$ 49.48	\$ 38.89	\$ 39.53	\$ 46.38	\$ 48.88	\$ 44.21	\$ 47.47
Capital Expenditures(\$mm)	\$ 35.8	\$ 47.3	\$ 35.6	\$ 29.0	\$ 33.3	\$ 83.1	\$ 60.8

(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) Gross working-interest production includes the Corporation's working-interest shares of gross production in Cuba, Spain and Pakistan before the allocation of production to CUPET under the production-sharing contracts and before deduction of any royalty obligations under other concession agreements. This figure excludes production from wells for which commerciality has not been established under the production-sharing contracts as well as the working interests for other participants under the production-sharing contracts and other concession agreements.

(4) Net production (equivalent to net sales volumes) represents the Corporation's share of gross working-interest production, less the share of production allocated to CUPET under the production-sharing contracts and any royalty obligations associated with other concession agreements.

(5) Gross working-interest oil production is allocated between Oil and Gas and CUPET in accordance with production-sharing contracts. 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.

Revenues in the second quarter of 2007 increased from the comparable quarter in 2006 mainly due to significantly higher net production, reflecting higher cost recovery oil, partially offset by lower realized oil prices. The increase in cost recovery oil in the second quarter reflected the recognition of \$3.7 million in cost recovery carried forward from the first quarter. Production for the quarter from the Badar gas field in Pakistan was up 8% over the second quarter of 2006, while production from Spain decreased marginally due to natural reservoir declines and scheduled workovers.

Through its ongoing exploration and development programs, Sherritt expects to realize production increases from new oil wells and from workovers and other production enhancement initiatives. Pending the results from additional wells, the corporation expects Majaguillar commercialization to be approved in late 2007/early 2008.

EBITDA in the second quarter of 2007 increased by 8% over the second quarter of 2006, as increased net production was marginally impacted by lower realized prices, which decreased 9% year over year. The new pricing reflects additional quality-related discounts for viscosity, water and sulphur.

Capital expenditures for the second quarter were \$35.8 million, and were mainly in support of development and exploration drilling along with facility construction. During the quarter, three development wells were initiated and three development wells were completed.

Power

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Six months ended June 30	
						2007	2006
Electricity sold (GWh) ⁽¹⁾	566	487	501	566	549	1,052	981
Revenue (\$mm)	\$ 28.3	\$ 27.9	\$ 26.1	\$ 29.0	\$ 28.4	\$ 56.2	\$ 50.6
EBITDA (\$mm)	\$ 21.2	\$ 20.2	\$ 14.9	\$ 20.8	\$ 20.7	\$ 41.4	\$ 35.8
Realized price per MWh	\$ 43.95	\$ 46.77	\$ 45.27	\$ 44.43	\$ 44.46	\$ 45.25	\$ 44.52
Capital Expenditures(\$mm)	\$ 5.6	\$ 10.1	\$ 16.0	\$ 5.9	\$ 5.5	\$ 15.7	\$ 11.8

⁽¹⁾ Includes non-controlling interest.

Sherritt and its partners have agreed in principle to proceed with a 125 MW combined-cycle expansion at Boca de Jaruco. Preliminary engineering commenced for this incremental capacity, which is expected to come online in 2010.

Revenue from electricity sales was \$0.4 million higher than the prior year due to a 3% increase in electricity sales as the 65 MW expansion commenced operation late in the second quarter of 2007. Revenue from by-product sales and other sources decreased \$0.7 million compared to the prior year's second quarter. The decrease in realized prices during the second quarter of 2007 was due to the strength of the Canadian dollar on the fixed long-term US dollar-denominated power generation contracts. Net capacity factor in the second quarter was 85%.

Operating costs were lower in the second quarter of 2007 than the second quarter of 2006, due to less scheduled maintenance and a decrease in turbine leasing costs, partly offset by additional operating costs relating to the 65 MW expansion.

Capital expenditures of \$5.6 million in the second quarter 2007 were primarily directed to the 65 MW expansion.

Summary Financial Results by Segment (unaudited)

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.

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. The non-controlling interests are disclosed separately in the consolidated financial statements.

Three months ended June 30, 2007

(\$ millions)	Metals ⁽¹⁾	Oil and Gas	Power	Coal ⁽²⁾	Corporate and Other ⁽⁵⁾	Consolidated
Revenue	\$ 274.1	\$ 77.7	\$ 28.3	\$ 24.6	\$ 0.7	\$ 405.4
Operating, selling, general and administrative	107.4	18.4	7.1	24.3	2.3	159.5
EBITDA	166.7	59.3	21.2	0.3	(1.6)	245.9
Depletion, amortization and accretion	5.5	23.0	6.6	2.7	1.1	38.9
Operating earnings (loss)	161.2	36.3	14.6	(2.4)	(2.7)	207.0
Share of earnings of equity investments ⁽³⁾	-	-	-	5.0	-	5.0
Net financing expense						(6.6)
Income taxes						(67.2)
Non-controlling interests						(5.8)
Gain on disposition of investments						-
Earnings from continuing operations						132.4
Earnings from discontinued operations						-
Net earnings						132.4
Capital expenditures ⁽⁴⁾	\$ 49.1	\$ 35.8	\$ 5.6	\$ 0.7	\$ 0.2	\$ 91.4

(1) 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.

(2) Coal results include the Corporation's 50% proportionate interest in Royal Utilities up to June 27, 2006 and the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets.

(3) Share of earnings of equity investments includes Royal Utilities.

(4) Total capital expenditures include \$0.1 million from discontinued operations.

(5) The Corporate and Other segment includes result of the metallurgical technology business acquired from Dynatec, for the period from June 14 to June 30, 2007.

Three months ended June 30, 2006

(\$ millions)	Metals ⁽¹⁾	Oil and Gas	Power	Coal ⁽²⁾	Corporate and Other	Consolidated
Revenue	\$ 120.3	\$ 69.6	\$ 28.4	\$ 73.2	\$ -	\$ 291.5
Operating, selling, general and administrative	74.0	14.9	7.7	59.9	11.4	167.9
EBITDA	46.3	54.7	20.7	13.3	(11.4)	123.6
Depletion, amortization and accretion	5.0	21.3	6.7	13.6	1.2	47.8
Operating earnings (loss)	41.3	33.4	14.0	(0.3)	(12.6)	75.8
Share of earnings of equity investments ⁽³⁾	-	-	-	-	0.3	0.3
Net financing expense						(11.5)
Income taxes						(8.0)
Non-controlling interests						(5.0)
Gain on disposition of investments						5.0
Earnings from continuing operations						56.6
Earnings from discontinued operations						0.6
Net earnings						57.2
Capital expenditures ⁽⁴⁾	\$ 13.7	\$ 33.3	\$ 5.5	\$ 3.3	\$ 0.4	\$ 56.2

(1) 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.

(2) Coal results include the Corporation's 50% proportionate interest in Royal Utilities up to June 27, 2006 and the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets.

(3) Share of earnings of equity investments includes Royal Utilities and the tourism businesses.

(4) Total capital expenditures include \$0.4 million from discontinued operations.

Six months ended June 30, 2007

(\$ millions)	Metals ⁽¹⁾	Oil and Gas	Power	Coal ⁽²⁾	Corporate and Other ⁽⁴⁾	Consolidated
Revenue	\$ 478.1	\$ 136.1	\$ 56.2	\$ 44.4	\$ 0.7	\$ 715.5
Operating, selling, general and administrative	176.7	35.7	14.8	45.3	24.2	296.7
Earnings (loss) before undernoted items	301.4	100.4	41.4	(0.9)	(23.5)	418.8
Depletion, amortization and accretion	11.5	46.1	12.6	5.1	2.1	77.4
Operating earnings (loss)	289.9	54.3	28.8	(6.0)	(25.6)	341.4
Share of earnings of equity investments	-	-	-	11.9	-	11.9
Net financing expense						(7.4)
Income taxes						(113.2)
Non-controlling interests						(11.2)
Earnings from continuing operations						221.5
Earnings from discontinued operations						-
Net earnings						221.5
Capital expenditures ⁽³⁾	80.1	83.1	15.7	1.1	0.3	180.3
Assets ⁽³⁾	\$ 766.9	\$ 707.1	\$ 552.2	\$ 119.8	\$ 1,658.0	\$ 3,804.0

Six months ended June 30, 2006

(\$ millions)	Metals ⁽¹⁾	Oil and Gas	Power	Coal ⁽²⁾	Corporate and Other	Consolidated
Revenue	\$ 203.1	\$ 138.3	\$ 50.6	\$ 147.0	\$ -	\$ 539.0
Operating, selling, general and administrative	126.7	27.4	14.8	114.9	20.6	304.4
Earnings (loss) before undernoted items	76.4	110.9	35.8	32.1	(20.6)	234.6
Depletion, amortization and accretion	9.6	41.9	13.0	27.6	2.4	94.5
Operating earnings (loss) from continuing operations	66.8	69.0	22.8	4.5	(23.0)	140.1
Share of earnings of equity investments	-	-	-	-	0.9	0.9
Net financing expense						(19.8)
Income taxes						(26.0)
Non-controlling interests						(8.3)
Gain on disposition of investments						5.0
Earnings from continuing operations						91.9
Earnings from discontinued operations						1.0
Net earnings						92.9
Capital expenditures ⁽³⁾	26.6	60.8	11.8	5.6	1.0	105.8
Assets ⁽³⁾	\$ 418.4	\$ 630.7	\$ 536.7	\$ 446.5	\$ 322.0	\$ 2,354.3

(1) 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.

(2) Coal results include the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and coal development assets. Up to June 27, 2006, it includes the Corporation's 50% proportionate interest in Royal Utilities and after June 27, 2006, it includes the equity accounted interest in the earnings of Royal Utilities.

(3) Total capital expenditures include \$0.1 million (2006 - \$0.9 million) and Assets include \$79.9 million (2006 - \$52.4 million) from discontinued operations.

(4) The Corporate and Other segment includes results of metallurgical technology division acquired from Dynatec, for the period from June 14 to June 30, 2007.

Sherritt International Corporation is a leading diversified resource company involved in the production of thermal coal, nickel, cobalt, oil, gas and electricity. It also licenses its proprietary technologies to other mining companies. Sherritt's 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 \$3.8 billion asset base through expansion of its existing businesses, capital projects and strategic acquisitions.

Sherritt is a world leader in producing nickel from lateritic ore, with operations in Cuba and Canada, and a significant project under development in Madagascar. In addition, Sherritt operates and owns 41.2% of Royal Utilities Income Fund, the largest thermal coal producer in Canada. Sherritt also produces more than 31,000 barrels of oil equivalent per day and manages 376 megawatts of power generation capacity.

Sherritt's 233.5 million common shares trade on the Toronto Stock Exchange under the symbol S. Sherritt's \$273.6 million principal amount of 7.875% Senior Unsecured Debentures Series A due November 26, 2012, trade on the over-the-counter bond market.

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, Madagascar 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.

For further information, please contact:
Sherritt International Corporation - Investor Relations
416-924-4551

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 March 31, 2007

(\$ millions)	Metals ⁽¹⁾	Oil and Gas	Power	Coal ⁽²⁾	Corporate	Consolidated
Revenue	\$ 204.0	\$ 58.4	\$ 27.9	\$ 19.8	\$ -	\$ 310.1
Operating, selling, general and administrative	69.3	17.3	7.7	21.0	21.9	137.2
EBITDA	134.7	41.1	20.2	(1.2)	(21.9)	172.9
Depletion, amortization and accretion	6.0	23.1	6.0	2.4	1.0	38.5
Operating earnings (loss)	128.7	18.0	14.2	(3.6)	(22.9)	134.4
Share of earnings of equity investments ⁽³⁾	-	-	-	6.9	-	6.9
Net financing expense						(0.8)
Income taxes						(46.0)
Non-controlling interests						(5.4)
Net earnings						89.1
Capital expenditures	\$ 31.0	\$ 47.3	\$ 10.1	\$ 0.4	\$ 0.1	\$ 88.9

⁽¹⁾ 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.

⁽²⁾ Coal results include the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and the coal development assets.

⁽³⁾ Share of earnings of equity investments includes Royal Utilities.

Three months ended December 31, 2006

(\$ millions)	Metals	Oil and Gas	Power	Coal ⁽¹⁾	Corporate	Consolidated
Revenue	\$ 192.3	\$ 68.7	\$ 26.1	\$ 17.1	\$ -	\$ 304.2
Operating, selling, general and administrative	83.8	17.7	11.2	18.4	14.1	145.2
EBITDA	108.5	51.0	14.9	(1.3)	(14.1)	159.0
Depletion, amortization and accretion	6.1	21.4	6.0	2.9	1.0	37.4
Operating earnings (loss) from continuing operations	102.4	29.6	8.9	(4.2)	(15.1)	121.6
Share of earnings of equity investments ⁽²⁾	-	-	-	4.7	0.1	4.8
Net financing expense						(3.5)
Income taxes						(39.0)
Non-controlling interests						(3.5)
Loss on disposition of investments						(0.3)
Write down of investments						<u>(2.3)</u>
Earnings from continuing operations						77.8
Earnings from discontinued operations						<u>0.8</u>
Net earnings						78.6
Capital expenditures ⁽³⁾	\$ 25.1	\$ 35.6	\$ 16.0	\$ 1.9	\$ 0.1	\$ 78.7

(1) Coal includes the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets.

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

(3) Total capital expenditures include \$nil million from discontinued operation.

Three months ended September 30, 2006

(millions of Canadian dollars)	Metals	Oil and Gas	Power	Coal ⁽¹⁾	Corporate	Consolidated
Revenue	\$ 148.0	\$ 65.1	\$ 29.0	\$ 29.1	\$ -	\$ 271.2
Operating, selling, general and administrative	69.1	12.5	8.2	28.5	6.1	124.4
EBITDA	78.9	52.6	20.8	0.6	(6.1)	146.8
Depletion, amortization and accretion	5.1	22.5	6.3	2.1	1.1	37.1
Operating earnings (loss) from continuing operations	73.8	30.1	14.5	(1.5)	(7.2)	109.7
Share of earnings of equity investments ⁽²⁾	-	-	-	5.2	-	5.2
Net financing expense						(6.0)
Income taxes						(30.3)
Non-controlling interests						(5.4)
Gain on disposition of investments						-
Earnings from continuing operations						73.2
Earnings from discontinued operations						0.9
Net earnings						74.1
Capital expenditures ⁽³⁾	\$ 21.1	\$ 29.0	\$ 5.9	\$ 1.3	\$ 1.0	\$ 58.3

⁽¹⁾ Coal includes the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets.

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

⁽³⁾ Total capital expenditures include \$nil million from discontinued operation.

Year ended December 31, 2006

(\$ millions)	Metals	Oil and Gas	Power	Coal ⁽¹⁾	Corporate	Consolidated
Revenue	\$ 543.4	\$ 272.1	\$ 105.7	\$ 193.2	\$ -	\$ 1,114.4
Operating, selling, general and administrative	279.6	57.6	34.2	161.8	40.8	574.0
EBITDA	263.8	214.5	71.5	31.4	(40.8)	540.4
Depletion, amortization and accretion	20.8	85.8	25.3	32.6	4.5	169.0
Operating earnings (loss) from continuing operations	243.0	128.7	46.2	(1.2)	(45.3)	371.4
Share of earnings of equity investments ⁽²⁾	-	-	-	9.9	1.0	10.9
Net financing expense						(29.3)
Income taxes						(95.3)
Non-controlling interests						(17.2)
Gain on disposition of investments						4.7
Write down of investments						(2.3)
Earnings from continuing operations						242.9
Earnings from discontinued operations						2.7
Net earnings						245.6
Capital expenditures ⁽³⁾	\$ 72.8	\$ 125.4	\$ 33.7	\$ 8.8	\$ 2.1	\$ 242.8

⁽¹⁾ Coal results include the Corporation's 50% proportionate interest in Royal Utilities up to June 27, 2006 and the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets.

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

⁽³⁾ Total capital expenditures include \$0.9 million from discontinued operation.