sherritt

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Sherritt Reports Record Earnings in 2006

Highlights

- **Earnings increase year-over-year by 98% to $245.6 million**
- **Mature coal utility assets successfully monetized through Royal Utilities IPO**
- **Capacity expansions on track in Metals and Power**
- **Remaining convertible debentures eliminated**
- **Dividends increased by 20%**
- **Disposed of the soybean-based food processing business**
- **Announced a normal course issuer bid to acquire up to 5% of shares**

Financial Highlights (unaudited)

(millions of dollars, except per share amounts)	Q4 2006	Q3 2006	Q4 2005	Year ended December 31 2006	Year ended December 31 2005
Revenue	$ 304.2	$ 271.2	$ 241.3	$ 1,114.4	$ 1,020.5
EBITDA [1]	159.0	146.8	93.0	540.4	456.2
Net earnings	78.6	74.1	9.1	245.6	124.3
Basic earnings per share	0.51	0.49	0.06	1.61	0.82
Diluted earnings per share	0.47	0.43	0.05	1.42	0.70
Basic book value per share [2]	9.17	9.02	8.98	9.17	8.98
Total cash and cash equivalents	353.3	399.2	437.3	353.3	437.3
Total assets	2,553.5	2,473.3	2,790.5	2,553.5	2,790.5
Weighted average number of shares (millions)					
Basic	155.0	151.3	154.1	152.2	150.8
Diluted	174.2	179.1	154.6	185.2	199.0

(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 172.0 million as at December 31, 2006, 151.7 million as at September 30, 2006 and 151.3 million as at December 31, 2005.

TORONTO, February 22, 2007. Sherritt International Corporation ("Sherritt" or the "Corporation") today announced fourth quarter and annual results for 2006. Net earnings for the year of $245.6 million translated into record earnings per share of $1.61, an increase of 98% over 2005. The record earnings were driven by stable production from operations and strong commodity prices – particularly nickel.

Sherritt monetized a portion of its mature Coal assets through the successful initial public offering (“IPO”) of Royal Utilities Income Fund (“Royal Utilities”) on June 27, 2006. Proceeds and distributions to Sherritt from this transaction were $127.8 million. Sherritt continues to hold 40.3 million units or 41.2% of the outstanding units of Royal Utilities. In January 2007, Royal Utilities increased monthly distributions by 1% from $0.07917 to $0.07997 per unit. Royal Utilities units closed the year at $11.35, a 13.5% appreciation since the IPO date.

In Oil and Gas, Sherritt is realizing the benefits of the exploration-focused drilling program. The Santa Cruz field was declared commercial in the first quarter of 2006 and, subject to the completion of a successful appraisal program, Sherritt expects the Majaguillar field to be declared commercial in 2007. Declaration of commerciality of these oil fields presents new development prospects for the Corporation.

Expansion in the Metals and Power business units continues to move forward. Significant progress has been made with the Metals expansion project. Commissioning of the initial phase is expected by the end of 2007. The result will be an additional 4,000 tonnes per annum (100% basis) of mixed sulphide capacity in 2008, an increase of 12%, from the Moa operation, with further expansions planned. As for Power, its production capacity increased to 311 MW in 2006 and will reach 376 MW in 2007, representing a 66% increase in capacity from the 226 MW that existed at the beginning of 2006. Evaluation of an additional 125 MW expansion is underway. If a decision is made to proceed, Phase 8 would likely be completed in 2009.

The Corporation completed several initiatives in 2006 to realign its capital structure, including the elimination of the entire outstanding $300 million principal amount of 7% convertible debentures. In addition, cash from operations and distributions from investments contributed to strong cash flows. This strengthening of the balance sheet provides the Corporation with the flexibility to pursue growth and new business opportunities. As at year end, cash and cash equivalents, restricted cash, and short-term investments totaling $369.7 million exceeded the long-term debt (including current portion) of $342.6 million.

Sherritt divested its soybean-based food processing business in the fourth quarter. This divestiture reinforces the Corporation’s focus on developing core assets.

Supported by strong cashflow, the quarterly dividend was increased by 20% to $0.03 a share at the end of 2006.

Sherritt announced today its intention, subject to regulatory approval, to institute a normal course issuer bid which will allow it to purchase up to 5% of its outstanding common shares. Sherritt’s Board of Directors has determined that the purchase of shares would be an appropriate use of a portion of the company’s discretionary cash.

As of February 23, 2007, there were 172,011,570 common shares issued and outstanding. Subject to regulatory approval, Sherritt's purchases may commence on February 28, 2007 and will terminate on February 27, 2008, or at an earlier date if all purchases are completed. The purchases will be made by Sherritt through the facilities of the Toronto Stock Exchange, and the prices that Sherritt will pay for any common shares will be the market price of such shares at the time of acquisition. Sherritt will make no purchases of common shares other than open market purchases or such other means as approved by the TSX.

Significant Events in the Quarter

Strong commodity prices, particularly nickel, drove revenues up and earnings to a record level in the fourth quarter. Adjusting for revenue related to Royal Utilities, quarterly revenue increased by 66% compared to the same period last year. Record earnings of $78.6 million for the quarter were mainly driven by strong commodity prices.

Metals and Oil and Gas production in the fourth quarter demonstrated strong growth as compared to third-quarter results. Finished nickel and cobalt production increased by approximately 9%, while net oil production in Cuba was up 23% during the quarter. Coal Valley set a new record with the production of 1.0 million tonnes (100% basis) of clean coal in the quarter, but sales were marginally lower than in the third quarter due to vessel scheduling difficulties and rail availability issues, which have pushed sales into 2007. Power production in the quarter was 11% lower than in the third quarter, as a result of planned maintenance activities.

Outlook for 2007

The focus in 2007 will be to generate bottom-line growth through the combination of top-line revenue growth from volume increases or incremental opportunities and productivity improvements. Growth targets and opportunities to meet these targets have been identified for each business unit.

The Corporation also set in motion long-range plans for coal gasification. The potential of this initiative is significant, as Sherritt, along with its joint-venture partner Ontario Teachers' Pension Plan, has delineated more than 12 billion tonnes of near-surface coal reserves in western Canada, the majority of which is amenable to coal gasification. The scope of this initiative is still being defined, and Sherritt will disclose additional details as further progress is made.

Phase 7 of the Power expansion is on schedule and on budget. It is set for completion by mid-2007. Once added to existing production, Sherritt will have 376 MW of installed capacity in Cuba.

In Moa, Cuba, Phase 1 of the Metals expansion is progressing according to plan and an incremental 4,000 tonnes of mixed sulphide production capacity should be commissioned by the end of 2007. Increased mixed sulphide feed will reduce reliance on more expensive third-party feed, and bring down unit operating costs.

Full-year capital expenditures for 2007 are expected to be $455 million. The combination of cashflow from operations and cash on hand will fund operating and expansion capital expenditure commitments in 2007.

Metals

Mixed sulphide production from Moa in 2007 is expected to return to historic levels of approximately 33,000 tonnes (100% basis). Finished nickel and cobalt production should exceed 2006 levels with current expectations being about 32,000 and 3,500 tonnes (100% basis), respectively.

Phase 1 of the Metals expansion is designed to add 4,000 tonnes per annum (100% basis) of mixed sulphide capacity by the end of 2007 and provide certain infrastructure and equipment to support subsequent phases. Phase 2 is projected to add a further 9,000 tonnes per annum (100% basis) of mixed sulphide capacity by 2009, with a final phase expected to add an additional 3,000 to 6,000 tonnes per annum of mixed sulphide capacity.

Although additional planning is required to formalize estimates for subsequent phases, average cost for all three phases is expected to be approximately $25 per pound. This estimate excludes a sulphuric acid plant which is expected to be commissioned as Phase 2 is completed. Sherritt's portion of the estimated capital obligations over the next three years for the expansion including the sulphuric acid plant will be about US$450 million.

Capital expenditures for operations and expansion in the first quarter are expected to be approximately $53 million. For the full year, capital expenditures will be about $265 million, of which $220 million relates to the Metals expansion.

Oil and Gas

Gross working interest oil production in 2007 has the potential to increase by 5% to 10% from 2006 levels with the completion of a successful appraisal program at Majaguillar. This potential increase would also be supported by greater efficiencies at the Canasi water treatment plant and additional recoveries from enhanced production activities.

Starting in 2007, the Corporation plans to export a portion of its Cuban production as a consequence of anticipated production growth and limited demand for domestic heavy oil.

Total 2007 capital expenditures for the year are expected to be approximately $130 million and include a drilling program of eight wells in Sherritt's 100% Blocks and eight wells in Block 7 in which Sherritt has a 45% interest. Of these, three wells are exploratory or appraisal in nature and the remainder are infill development wells. Depending upon the success of the exploratory drilling program, additional contingent appraisal wells may be required.

The capital expenditure program also includes $12 million for construction of facilities, including upgrades to the Puerto Escondido and Yumuri batteries, the implementation of a high volume lift project in the Puerto Escondido field and $6 million for a 3D seismic acquisition survey to be conducted in the second quarter in the four offshore blocks held by Sherritt in the Gulf of Mexico.

Power

The 65 MW Phase 7 expansion at Boca de Jaruco, Cuba, is on schedule for commissioning at the end of the second quarter. With installed capacity reaching 376 MW by mid-year, full-year production is expected to be 15% higher than 2006 levels.

The electricity tariff to be paid to Sherritt for both Phase 6 and Phase 7 is US$45 per MWh until financing provided by Sherritt is repaid. A further 125 MW expansion is under discussion with the Cuban state. If a decision is made to proceed with the 125 MW expansion, commissioning would take place in 2009. The full-year weighted average tariff in 2007 for the Power assets is expected to be $41 per MWh.

Availability for 2007 is expected to be between 85% and 90% across all three generating locations. This reflects scheduled maintenance and the commissioning period for Phase 7. Operating costs for 2007 are expected to be slightly lower than the annualized fourth quarter costs of 2006.

Power capital expenditures will be approximately $43 million for 2007, of which $34 million relate to the Phase 7 expansion. For the first quarter, capital expenditures will be approximately $23 million.

Coal

In 2007, Coal Valley will continue to address the challenges associated with rail shipments and vessel delays. First quarter results will be impacted by the ongoing CN rail strike, however at this time full-year sales should not be materially impacted. Near-term realized prices for coal shipments are expected to remain at levels similar to those at the end of 2006. Full-year production is expected to be about 3.7 million tonnes (100% basis) with sales and shipments of 3.9 million tonnes.

Public consultation for the Dodds-Roundhill coal gasification project is well underway. Preliminary engineering and negotiations with suppliers and off-take customers are ongoing and are expected to be concluded during the second quarter.

Coal capital expenditures, excluding Royal Utilities, for the full year will be approximately $10 million. This includes $6 million to complete the preliminary engineering study for the Dodds-Roundhill coal gasification project.

Metals

	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Year ended December 31 2006	2005
Production (tonnes)							
Nickel	4,209	3,878	3,338	3,681	3,854	15,106	15,939
Cobalt	458	419	370	409	409	1,656	1,696
Sales (thousands of pounds)							
Nickel	9,250	8,795	7,213	8,283	9,275	33,541	35,564
Cobalt	1,022	879	861	923	963	3,685	3,731
EBITDA ($mm)	$ 108.5	$ 78.9	$ 46.3	$ 30.1	$ 20.5	$ 263.8	$ 166.4
Realized Prices (1)							
Nickel ($/lb)	$ 16.88	$ 14.42	$ 10.42	$ 7.77	$ 6.91	$ 12.59	$ 8.22
Cobalt ($/lb)	20.85	17.77	16.46	14.56	16.08	17.52	18.71
Reference Prices							
Nickel (US$/lb)	$ 15.00	$ 13.24	$ 9.09	$ 6.72	$ 5.73	$ 11.02	$ 6.68
Cobalt (US$/lb) (2)	18.86	15.59	14.43	12.43	12.50	15.22	14.49
Capital Expenditures ($mm)	$ 25.1	$ 21.1	$ 13.7	$ 12.9	$ 12.5	$ 72.8	$ 37.0

(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

Mixed sulphide production in the fourth quarter at Moa was 3,680 tonnes. Reduced equipment availability and unusually high rainfall hampered mining activities at Moa during the quarter. Nickel production in the fourth quarter increased by 9% over the third quarter to 4,209 tonnes, reflecting completion of the annual maintenance turnaround in the third quarter. Cobalt production also demonstrated strong growth in the quarter, increasing from 419 tonnes in the third quarter to 458 tonnes. Full-year nickel production was predominantly impacted by feed issues in the first half of the year, resulting in total production that was 833 tonnes lower than 2005.

Nickel and cobalt sales, compared to the third quarter, grew 5% and 16%, respectively. Year-over-year sales volumes were lower due the above-mentioned production issues and the timing of sales.

EBITDA in the quarter benefited greatly from increased production and stronger commodity prices. Fourth quarter EBITDA was $108.5 million, an increase of 38% over the third quarter. Compared to the same quarter last year, EBITDA increased four-fold.

Nickel and cobalt prices continued to benefit from supply constraints in the market. Realized nickel and cobalt prices were $16.88 and $20.85 per pound, respectively, in the quarter.

Capital expenditures in the quarter were $25.1 million. For the full year, capital expenditures totaled $72.8 million, of which $48.7 million can be attributed to the Metals expansion.

Oil and Gas

Daily Production Volumes [1] [2]	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Year ended December 31 2006	Year ended December 31 2005
Production (boepd)							
Gross working-interest production in Cuba [3] [5]	30,510	29,855	30,330	30,891	29,714	30,394	30,868
Net production [4]							
Cuba (heavy oil)							
Cost recovery [5]	11,832	6,480	6,074	7,303	6,189	7,931	7,889
Profit oil [5]	7,339	9,088	9,535	9,215	9,255	8,790	9,006
Total Cuba	19,171	15,568	15,609	16,518	15,444	16,721	16,895
Spain (light/medium oil) [4]	379	505	457	495	592	459	522
Pakistan (natural gas) [4]	406	403	375	-	-	297	-
Total	19,956	16,476	16,441	17,013	16,036	17,477	17,417
EBITDA (mm of $)	$ 51.0	$ 52.6	$ 54.7	$ 56.2	$ 49.1	$ 214.5	$ 199.3
Realized Prices							
Cuba (per bbl)	$ 36.87	$ 41.88	$ 45.20	$ 43.14	$ 38.28	$ 41.51	$ 35.56
Spain (per bbl)	67.43	77.32	78.09	71.28	65.96	73.84	66.01
Reference Prices							
US Gulf Coast Fuel Oil #6 (US$ per bbl)	$ 39.53	$ 46.38	$ 48.88	$ 45.86	$ 40.31	$ 45.33	$ 35.90
Capital Expenditures	$ 35.6	$ 29.0	$ 33.3	$ 27.5	$ 29.1	$ 125.4	$ 121.2

(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. 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.

Supported by strong commodity prices during the year, EBITDA of $214.5 million set a record. The fourth quarter's EBITDA of $51.0 million was slightly lower than the third quarter, reflecting a 15% drop in reference prices, due to mild winter conditions and excess supply for fuel oil in the international marketplace.

Net oil production increased 21% quarter-over-quarter to a total of 19,956 barrels per day. Over 96% of net production is generated from Cuban oil field production. In the fourth quarter a total of five oil wells were completed for production, with five wells still drilling at quarter end.

Power

	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Year ended December 31 2006	2005
Electricity sold (000's of MWh) (1)	501	566	549	431	409	2,047	1,632
EBITDA (mm of $)	$ 14.9	$ 20.8	$ 20.7	$ 15.1	$ 14.4	$ 71.5	$ 67.7
Realized price per MWh	$ 45.27	$ 44.43	$ 44.46	$ 44.61	$ 44.57	$ 44.68	$ 51.39
Capital Expenditures (mm of $)	$ 16.0	$ 5.9	$ 5.5	$ 6.3	$ 5.8	$ 33.7	$ 77.0

(1) Includes non-controlling interest.

Full-year power production surpassed two million MWh. Production in the fourth quarter was lower due to planned and unplanned maintenance activities. Availability in the quarter was 79%.

Price per MWh increased slightly in the quarter mainly due to the weaker Canadian dollar. The commissioning of Phase 7 will extend the payback period at the higher rate of US$45 per MWh into 2010 as Phases 6 and 7, along with the potential 125 MW expansion currently under discussion, are all part of the same payback pool.

Both turbines for Phase 7 have arrived at operation sites in Cuba and the installation process has commenced. Once commissioned, the 65 MW will bring total power production capacity to approximately 376 MW of electricity.

In the fourth quarter, capital expenditures, which include accrued capital and cash expenditures, amounted to $16 million, the majority of which can be attributed to the Phase 7 expansion.

Coal

	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Year ended December 31 2006	Year ended December 31 2005
Coal							
EBITDA							
Coal Valley and other coal development assets	$ (1.3)	$ 0.6	$ (0.7)	$ (2.1)	$ (4.2)	$ (3.5)	$ (10.3)
Royal Utilities [1]	-	-	14.0	20.9	20.0	34.9	75.6
Total	(1.3)	0.6	13.3	18.8	15.8	31.4	65.3
Equity-accounted earnings in Royal Utilities [1]	$ 4.7	$ 5.2	$ -	$ -	$ -	$ 9.9	$ -
Distribution received from Royal Utilities [1]	$ 9.6	$ 6.8	$ -	$ -	$ -	$ 16.4	$ -
Capital Expenditures							
Coal Valley and other coal development assets	$ 1.9	$ 1.3	$ 0.7	$ 1.7	$ 20.7	$ 5.6	$ 39.6
Royal Utilities [1]	-	-	2.6	0.6	1.9	3.2	8.0
Total	1.9	1.3	3.3	2.3	22.6	8.8	47.6
Royal Utilities [2]							
Realized prices ($/tonne)	$ 11.86	$ 12.45	$ 12.63	$ 11.31	$ 11.18	$ 12.04	$ 11.03
Sales volumes (millions of tonnes) [4]	9.3	9.0	8.5	9.7	9.5	36.5	36.7
Production volumes (millions of tonnes) [4]	9.5	8.4	8.3	10.0	9.7	36.2	37.1
Coal Valley [3]							
Realized prices ($/tonne)	$ 46.98	$ 48.47	$ 47.05	$ 46.45	$ 45.77	$ 47.45	$ 50.34
Sales volumes (millions of tonnes) [4]	0.3	0.6	0.4	0.3	0.1	1.6	0.7
Production volumes (millions of tonnes) [4]	0.5	0.5	0.4	0.4	0.1	1.8	0.7

(1) 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.
(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.

Compared to the third quarter, Royal Utilities sales volumes were up marginally in the quarter, reaching 9.3 million tonnes, due to increased production at the mines.

Realized prices were up year-over-year due to higher cost recoveries at contract and Genesee mines from increased prices for tires and fuel, and inflation adjustments to coal prices at certain owned mines.

Since going public on June 27, 2006, Royal Utilities distributions have remained steady at $7.8 million ($0.07917 per unit) per month. Given strong cash flow and distributable cash from operations, monthly distributions were increased by 1% commencing with the January 2007 distribution.

Activities at Coal Valley were impacted by decreased rail shipments and scheduling delays for vessels in the fourth quarter. Profitability was also impacted by lower realized prices, which fell to $46.98 per tonne in the quarter due to a change in mix of revenues as a result of lower export sales.

Coal gasification activities continue to move forward. Sherritt believes that unlocking the full energy potential of coal, in an environmentally responsible manner, is the key next step in the ongoing and sustainable development of Alberta’s oilsands, power generation and petrochemical feedstock industries. The Corporation is in the initial stages of this project and expects to have greater clarity on its feasibility mid way through the year, after the preliminary engineering and other assessments are complete.

Capital expenditures at Coal Valley and other development assets totaled $1.9 million in the fourth quarter.

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

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						(2.3)
Earnings from continuing operations						77.8
Earnings from discontinued operations						0.8
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 December 31, 2005

($ millions)	Metals	Oil and Gas	Power	Coal [1]	Corporate	Consolidated
Revenue	$ 98.0	$ 58.6	$ 22.0	$ 62.7	$ -	$ 241.3
Operating, selling, general and administrative	77.5	9.5	7.6	46.9	6.8	148.3
EBITDA	20.5	49.1	14.4	15.8	(6.8)	93.0
Depletion, amortization and accretion	5.1	22.5	5.6	14.8	1.3	49.3
Operating earnings (loss) from continuing operations	15.4	26.6	8.8	1.0	(8.1)	43.7
Share of earnings of equity investments						-
Net financing expense						(30.8)
Income taxes						2.6
Non-controlling interests						(5.9)
Earnings from continuing operations						9.6
Loss from discontinued operations						(0.5)
Net earnings						9.1
Capital expenditures[2]	$ 12.5	$ 29.1	$ 5.8	$ 22.6	$ 0.8	$ 70.8

(1) Coal results include the Corporation's 50% proportionate interest in Royal Utilities, and the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets.
(2) Total capital expenditures include $0.5 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.

Year ended December 31, 2005

($ millions)	Metals	Oil and Gas	Power	Coal [1]	Corporate	Consolidated
Revenue	$ 428.8	$ 237.5	$ 98.5	$ 255.7	$ -	$ 1,020.5
Operating, selling, general and administrative	262.4	38.2	30.8	190.4	42.5	564.3
EBITDA	166.4	199.3	67.7	65.3	(42.5)	456.2
Depletion, amortization and accretion	20.1	81.3	21.8	57.1	4.4	184.7
Operating earnings (loss) from continuing operations	146.3	118.0	45.9	8.2	(46.9)	271.5
Share of earnings of equity investments					0.6	0.6
Net financing expense						(64.9)
Income taxes						(58.1)
Non-controlling interests						(28.1)
Earnings from continuing operations						121.0
Earnings from discontinued operations						3.3
Net earnings						124.3
Capital expenditures[2]	$ 37.0	$ 121.2	$ 77.0	$ 47.6	$ 2.8	$ 285.6

(1) Coal results include the Corporation's 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.
(2) Total capital expenditures include $0.7 million from discontinued operation.

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 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.

Three months ended June 30, 2006

($ millions)	Metals (1)	Oil and Gas	Power	Coal (2)	Corporate	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 Corporations 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 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 operation.

Three months ended March 31, 2006

($ millions)	Metals (1)	Oil and Gas	Power	Coal (2)	Corporate	Consolidated
Revenue	$ 82.8	$ 68.7	$ 22.2	$ 73.8	$ -	$ 247.5
Operating, selling, general and administrative	52.7	12.5	7.1	55.0	9.2	136.5
EBITDA	30.1	56.2	15.1	18.8	(9.2)	111.0
Depletion, amortization and accretion	4.6	20.6	6.3	14.0	1.2	46.7
Operating earnings (loss)	25.5	35.6	8.8	4.8	(10.4)	64.3
Share of earnings of equity investments					0.6	0.6
Net financing expense						(8.3)
Income taxes						(18.0)
Non-controlling interests						(3.3)
Earnings from continuing operations						35.3
Earnings from discontinued operations						0.4
Net earnings						35.7
Capital expenditures(3)	$ 12.9	$ 27.5	$ 6.3	$ 2.3	$ 0.6	$ 49.6

(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 Corporations 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.
(3) Total capital expenditures include $0.5 million from discontinued operation.