

Attention Business/Financial Editors:

Sherritt International Corporation reports significant increases in 2002 operating and net earnings

TORONTO, March 6 /CNW/ - Sherritt International Corporation today announced 2002 net earnings of \$60.4 million or \$0.38 per restricted voting share ("share") compared with net earnings of \$51.6 million or \$0.34 per share for the same period in 2001. Results for the year included a \$37 million (\$29.8 million after tax) write-down of Sherritt's investment in Anaconda Nickel Limited during the third quarter. Results for 2001 included a fourth quarter \$23.4 million (\$18.8 million after tax) write-down of Anaconda. Excluding the impact of the respective adjustments, consolidated net earnings were \$90.2 million or \$0.69 per share in 2002 compared with \$70.4 million or \$0.55 per share in 2001. The 28% improvement in net earnings before adjustments was primarily the result of strong operating earnings from the Oil and Gas and Metals business units due to record production of oil, nickel and cobalt combined with higher oil and nickel prices, partly offset by higher financing expense and taxes.

Net earnings were \$14.6 million or \$0.09 per share for the fourth quarter of 2002 compared with net earnings of \$9.6 million or \$0.04 per share (excluding the \$18.8 million after tax write-down of Anaconda in 2001) in the prior year period. Operating earnings in the fourth quarter 2002, which more than doubled to \$30.4 million compared with the same quarter of 2001, were largely offset by higher financing expense and taxes.

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(thousands of dollars, except per share amounts)	Three months ended December 31		Year ended December 31	
	2002	2001	2002	2001
Revenue	\$ 199,414	\$ 188,976	\$ 806,398	\$ 636,618
Operating earnings	30,423	13,903	133,262	78,455
Write-down of the Anaconda investment	-	23,441	37,000	23,441
Net earnings (loss)	14,633	(9,222)	60,449	51,595
Earnings (loss) per share				
Basic	0.09	(0.15)	0.38	0.34
Diluted	0.09	(0.15)	0.36	0.33
Weighted average number of shares (thousands)	97,762	97,712	97,737	88,412

Results for the year ended December 31, 2002 compared with the year ended December 31, 2001

Consolidated revenue reached a record \$806.4 million in 2002, \$169.8 million or 27% higher than the \$636.6 million achieved in 2001. Significant increases in revenue came from each of Sherritt's business segments. Over half of the revenue increase resulted from the full year inclusion of results from the Coal business, compared with 7 1/2 months in 2001. The remaining increase was primarily due to higher metals and oil sales volumes combined with higher realized nickel and oil prices.

Operating, selling, general and administrative costs of \$518.9 million were \$87.0 million or 20% higher than in 2001, primarily due to the full year inclusion of costs from Coal.

Depletion and amortization expense was \$144.5 million in 2002 compared with \$118.8 million in 2001. Approximately \$15.8 million of the increase arose from the full year inclusion of the Coal business. The remaining increase primarily comprised higher depletion and amortization in the Oil and Gas business, reflecting higher production and depletion rates.

Net financing expense comprised interest income on cash and short-term investments and the Sherritt Power notes, interest expense on debt of the Coal business and Sherritt's other working capital facilities, together with

foreign exchange gains. A net financing expense of \$8.5 million was recorded for 2002 compared with net financing income of \$4.4 million in 2001. The full year inclusion of interest expense on Sherritt's 50% share in Luscar Coal's U.S.\$275 million 9.75% senior notes, issued in October 2001, and lower interest earned on invested cash accounted for the majority of the change from 2001. Foreign exchange gains of \$4.9 million were recorded in 2002 versus \$5.4 million in 2001.

Sherritt's effective tax rate was 29% in 2002 compared with 8% in 2001. Excluding the impact of write-downs in both years, the Corporation's effective tax rate was 26% in 2002 and 12% in 2001. The increase was primarily due to higher than anticipated income taxes on Cuban oil and gas operations, including an additional amount related to prior years. During 2002, the Cuban tax authorities assessed Sherritt for income taxes based on the profitability of each production sharing arrangement, as opposed to the profitability of the business as a whole. As a result, a payment of U.S.\$15.8 million was made for taxes up to December 31, 2001. Elements of the methodology for calculating Cuban taxes payable by the Oil and Gas business are still under negotiation with the Cuban tax authorities. The resolution of these issues will determine the final tax payments required for 2002 and mechanisms for calculating taxes payable going forward. Sherritt's effective consolidated tax rate varies depending upon the relative profitability of each of its businesses, which are taxed at different rates. Management expects Sherritt's effective tax rate to be between 20 and 25% for 2003.

Cash and short-term investments at December 31, 2002 totaled \$193.0 million, an increase of \$68.9 million over the \$124.1 million reported at the end of 2001.

Cash from operating activities before working capital changes was \$235.1 million in 2002, up 21% over the \$195.1 million generated in 2001. Working capital and other items remained relatively flat during the year as higher Coal and Metals inventory was partly offset by lower receivables and higher accounts payable, primarily due to the timing of collections and payments, together with a \$21.0 million reduction in the net future tax liability. Capital expenditures of \$132.0 million were \$18.5 million higher than the prior year, primarily due to higher expenditures incurred by the Coal and Oil and Gas businesses, partly offset by lower expenditures by the Metals business.

Other investing activities, excluding capital expenditures, resulted in a net cash inflow of \$10.9 million and comprised proceeds from the sale of a corporate asset, reductions in loans and advances receivable and a reduction in restricted cash, offset by deferred acquisition costs related to the takeover bid for Fording Inc., which was in process at year end. The costs associated with the Fording takeover bid were reimbursed subsequent to year end as part of a multi-party agreement that has resulted in the restructuring of Sherritt's coal business and the conversion of Fording into the Fording Canadian Coal Trust in February 2003.

Cash used for financing activities of \$43.4 million comprised convertible debenture interest payments of \$36.0 million and reductions in debt.

Results for the fourth quarter of 2002 compared with the fourth quarter of 2001

Consolidated revenue for the fourth quarter of 2002 was \$199.4 million compared with \$189.0 million for the same period in 2001. Higher revenue from the Metals and Oil and Gas businesses, reflecting higher nickel and oil prices, was partly offset by lower coal revenue, primarily due to lower realized prices on the sale of export thermal coal and delays in metallurgical coal shipments close to year end.

Operating, selling, general and administrative costs were \$131.6 million for the quarter compared with \$135.0 million for the fourth quarter of 2001. Lower costs from Metals and the inclusion of \$10.1 million received in the Coal business from the settlement of a legal dispute, were partly offset by higher costs in the Coal business, primarily due to higher rail rates and production costs at the Luscar mine, and higher costs in the Oil and Gas business, reflecting higher production levels.

Depletion and amortization expense for the quarter was \$34.8 million, approximately \$2.9 million lower than the prior year period. Depletion and

amortization in the fourth quarter of 2001 included a \$6.8 million ceiling test write-down of oil properties in Spain. The increase in depletion and amortization, excluding this write-down, was primarily due to higher depletion rates in the Oil and Gas business.

A net financing expense of \$1.0 million for the quarter was slightly lower than the prior year period, primarily due to higher interest income.

Sherritt's effective tax rate was 49% during the fourth quarter. The high tax rate was due to the additional provision required for Cuban income taxes in the Oil and Gas business.

Higher earnings resulted in cash from operating activities before working capital changes of \$61.7 million for the quarter, \$6.9 million greater than the prior year period. A build-up of working capital and other items reduced cash flow by \$37.0 million, comprising higher coal inventories, primarily due to the timing of metallurgical coal shipments, a delay in the collection of oil receivables and a \$21.0 million reduction in the net future tax liability. Offsetting these items was a \$21.4 million increase in accounts payable reflecting the timing of payments.

Capital expenditures were \$39.2 million during the quarter, \$22.0 million of which was incurred by the Oil and Gas business.

Other investing activities excluding capital expenditures of \$11.2 million for the quarter primarily consisted of deferred acquisition costs.

Cash used for financing activities of \$19.0 million during the quarter was primarily used for convertible debenture interest payments of \$18.0 million.

Consolidated Financial Position

Total assets at December 31, 2002 were \$2.0 billion.

Current assets, which primarily consist of cash and short-term investments, accounts receivable and inventory, totaled \$640.8 million at the end of 2002 compared with \$570.6 million at the end of 2001. The \$70.2 million increase was primarily due to the higher cash balance at the end of the year.

Long-term investments were \$99.5 million at December 31, 2002 versus \$143.4 million at the end of 2001. The decrease primarily reflected the write-down of the Anaconda investment.

The long-term future tax assets at December 31, 2002 of \$38.2 million primarily represented the tax benefit of approximately \$114 million of non-capital losses, \$4.1 million of capital losses together with tax adjustments related to the write-down of Anaconda. The benefit of the losses has been recognized in the financial statements on the expectation that sufficient taxable income will be realized in the future to utilize these losses.

Other assets totaled \$122.7 million at December 31, 2002 compared with \$117.6 million at December 31, 2001. The increase primarily comprised deferred acquisition costs related to the Fording acquisition, which was in process at year end.

Accounts payable and accrued liabilities were \$130.9 million at the end of 2002 compared with \$103.1 million at the end of 2001. The increase primarily resulted from the timing of operating and capital expenditures.

Consolidated long-term debt of \$255.3 million at the end of 2002 was \$5.6 million lower than at the end of the prior year, primarily as a result of a lower net liability on Luscar's promissory notes. The current portion of long-term debt increased to \$12.5 million reflecting the pending maturity of one of these notes on May 18, 2003.

A long-term future tax liability of \$190.9 million existed at December 31, 2002 compared with \$217.8 million at the end of 2001. This future income tax liability represents the temporary differences between the value of assets and liabilities for tax purposes versus accounting purposes. These temporary differences are expected to reverse over time, with a corresponding credit to the income statement. The majority of this amount relates to the Coal business.

Outlook

Sherritt Coal Partnership II (a partnership of Sherritt International Corporation and Ontario Teachers' Pension Plan) initiated a bid for Fording

Inc., Canada's second largest coal producer, in October of 2002. Subsequently, a multi-party agreement among Fording, Sherritt, Teachers, Teck Cominco Limited, Westshore Terminals Ltd., CONSOL Energy and Luscar was reached in early 2003, which has resulted in a restructuring of the Canadian coal industry. Through the partnership, Sherritt has acquired a 50% interest in Fording's thermal coal assets and other mineral interests that formed their prairie operations. These operations compliment Sherritt and Teachers' existing Luscar operations and will be managed by Luscar. Sherritt has also acquired 2.9 million units (6.1%) of the Fording Canadian Coal Trust. Sherritt's combined cost for the thermal coal assets and the trust units was approximately \$213 million. Luscar has transferred its metallurgical coal operations to the Fording Coal Partnership, a new entity, which will own and operate the Canadian metallurgical coal operations of Fording, Teck Cominco, Luscar and CONSOL and, which will be owned 65% by the Fording Trust. Sherritt has an effective ownership of 1.6 million units of the trust (approximately 3.4%) through the transfer of Luscar's metallurgical coal interests to Fording.

Sherritt International has made, in early 2003, an offer to effect the restructuring of Sherritt Power Corporation, of which it owns 49.7% of the common shares and \$60.2 million of 12.125% notes. Under the transactions proposed, owners of Sherritt Power 12.125% notes (other than Sherritt International), will receive approximately 12.7% of the principal value of the Sherritt Power notes in cash and 87.3% of the principal value of the notes in the form of a new 9.5% Sherritt International Corporation senior unsecured debenture due March 31, 2010. The transactions will also provide common shareholders of Sherritt Power (other than Sherritt International), with 1.45 restricted voting shares of Sherritt International for each common share of Sherritt Power owned. If accepted, the transactions will see Sherritt Power become a wholly-owned subsidiary of Sherritt International. As well, Sherritt International will issue 5.9 million restricted voting shares and assume the obligation for \$105 million principal amount of 9.5% notes. The offer, which has been recommended for approval by Sherritt Power directors, is subject to approval from the shareholders and Noteholders at a special meeting scheduled for March 25, 2003.

Strong earnings are expected during 2003, reflecting management's expectation of continued strong oil and nickel prices in the coming year and the inclusion of income from investments that have resulted from the Fording acquisition transactions. A number of initiatives are currently being considered to address lower overall cash balances anticipated as a result of these investments.

Sherritt's share of total coal production is expected to be approximately 17 million tonnes in 2003, reflecting the purchase of Fording's prairie assets and the sale of the Luscar and Line Creek mines. The net result of these transactions is expected to increase operating earnings of the Coal business in 2003. Sherritt's share of net earnings of the Coal business in 2003 will include any distributions on the Fording Trust units held, including those received by Luscar from the sale of the Luscar and Line Creek mine. Sherritt also expects to record approximately \$10 million of income anticipated as a reimbursement in connection with the redemption in May 2003 of a Luscar promissory note related to a coal supply agreement. Export thermal coal markets are expected to continue experiencing market oversupply and low prices during 2003. Alternatives for dealing with the weak thermal coal market are currently being evaluated. Capital expenditure expectations for the Coal business are expected to be approximately \$28 million in 2003 including the acquired Fording thermal coal assets.

Production capabilities of the Metals business are expected to remain essentially unchanged in the short-term, with efforts concentrated on incremental process improvements, sustaining capital and environmental initiatives. Sherritt will also review opportunities to minimize the impact of expected continued high energy and raw material costs, which would offset some of the potential gains from the anticipated higher nickel prices. Capital expenditures for the Metals business are expected to be approximately \$20 million in 2003.

Sherritt's 2003 net oil production in Cuba is expected to remain relatively constant compared with the level experienced in 2002. Capital expenditures are expected to be approximately \$110 million for 2003 and will

be mainly focused on continued development of known reserves along the north coast heavy oil trend in Cuba, construction of facilities, seismic commitments for the newly acquired offshore blocks and evaluating prospects on the Block 9 area near the Varadero-producing trend.

Operating Review

COAL

	Three months ended		Year ended		May 12 to
	December 31,		December 31,		December
	2002	2001	2002	2001(2)	31,

Financial (thousands of dollars) (1)					
Revenue	\$ 69,357	\$ 80,273	\$ 298,557	\$ 204,450	
Operating, selling, general and administrative	50,844	57,754	229,597	152,022	

Depletion and amortization	18,513	22,519	68,960	52,428	
Provision for site restoration and abandonment	11,154	10,877	43,190	27,425	

Operating earnings	\$ 5,270	\$ 9,336	\$ 18,494	\$ 20,153	

Capital Expenditures (1)	\$ 8,679	\$ 3,433	\$ 25,518	\$ 8,303	

Sales Volumes (thousands of tonnes) (1)					
Metallurgical operations	235	313	1,205	865	
Thermal operations	4,276	4,195	16,777	10,644	

	4,511	4,508	17,982	11,509	

Realized Prices (per tonne)					
Metallurgical operations	\$ 63.88	\$ 65.75	\$ 63.92	\$ 64.00	
Thermal operations	12.71	14.23	13.20	14.00	

(1) Represents the Corporation's 50% share of Luscar Energy Partnership.

(2) Luscar Energy Partnership was formed on February 20, 2001 and acquired Luscar Coal Income Fund and related companies on May 11, 2001.

The Coal business changed its methodology of analyzing revenue and operating results at the end of 2002. Previously, revenue and operating results were split between its export and domestic businesses. As a result of the sale of Luscar's metallurgical assets to Fording and the purchase by Sherriitt Coal Partnership of Fording's prairie operations, the volume of export coal in future years will not be as significant. Accordingly, this discussion reviews results from the perspective of the metallurgical coal assets and thermal coal assets. Going forward, the Coal business will only comprise the thermal coal assets and will include results of Fording's prairie operations from March 2003 onwards.

Operating earnings were \$5.3 million on revenues of \$69.4 million for the three months ended December 31, 2002 compared with earnings of \$9.3 million on revenues of \$80.3 million for the same period last year. For the year, operating earnings were \$18.5 million on revenues of \$298.6 million compared with earnings of \$20.2 million on revenues of \$204.5 million for the period May 12 to December 31, 2001.

Revenue from thermal coal operations for the fourth quarter was \$54.4 million compared with \$59.7 million for the same period last year. Approximately 50% of thermal coal revenue was derived from mine-mouth operations. For the quarter, and on an annualized basis adjusted for the part-year ownership in 2001, sales from the mine-mouth operations were comparable with the prior year. Other revenue from thermal coal operations is primarily derived from short-term contracts for the sale of coal to industrial customers and other domestic and overseas electric utilities. For the quarter and on an annualized basis adjusted for the part year ownership in 2001, other revenue from thermal coal operations was lower than the prior year primarily due to lower sales volumes and lower average realized prices. In the domestic market, mild weather in eastern Canada at the beginning of the year reduced demand from Ontario Power Generation. In the export thermal coal market, oversupply during 2002 resulted in intense competition among world suppliers, significantly lowering spot prices during the second half of the year.

Revenue from metallurgical coal operations for the fourth quarter was \$15.0 million compared with \$20.6 million for the same period last year. Delays in some metallurgical coal shipments close to year end reduced sales for the quarter. On an annualized basis adjusted for the part year ownership in 2001, sales from metallurgical coal operations decreased due to lower production at the Luscar mine, where reserves will be depleted by the end of 2003. The pending closure of the Luscar mine made pricing incentives necessary to sell the remaining coal, which lowered the average realized prices slightly during the year.

The operating margin for the thermal operations (calculated after site restoration and abandonment but before selling and administrative costs and depletion and amortization) was \$3.29 per tonne for the fourth quarter compared with \$3.87 per tonne for the same period in 2001. The lower average margin resulted from a higher proportion of shipments from the Highvale mine, where margins are lower than average, and reduced sales volumes to customers supplied by rail, where margins are generally higher than average. In the export thermal coal market, realized prices vary according to coal quality, regional supply and demand and transportation costs. Continued oversupply in world thermal coal markets resulted in lower margins for export shipments during the quarter.

Operating margin from metallurgical operations was \$3.44 per tonne for the fourth quarter compared with \$5.60 per tonne for the prior year period. The lower average operating margin was largely due to higher rail rates for metallurgical coal and higher production costs from the remaining pits at the Luscar mine. The average realized price in 2002 was comparable with the prior year period, as fundamentals in the export metallurgical coal market remained strong. Operating costs for the quarter also included \$10.1 million received from the settlement of a legal dispute, which was not included in the operating margin per tonne calculation.

Capital expenditures were \$8.7 million for the quarter and \$25.5 million for the year. In addition to spending to maintain and upgrade mine operations, the 2002 capital program included a dragline tub replacement at Poplar River mine, now complete, replacement of reclamation equipment at Boundary Dam mine, and the upgrade of business systems.

METALS

	Three months ended		Year ended	
	December 31		December 31	
	2002	2001	2002	2001
Financial (thousands of dollars)				
Revenue	\$ 60,235	\$ 55,364	\$ 252,925	\$ 230,253
Operating, selling, general and administrative	50,150	54,535	195,623	207,016
	10,085	829	57,302	23,237
Depletion and amortization	2,199	4,550	17,128	18,524

Provision for site restoration and abandonment	254	(335)	1,036	982
Operating earnings (loss)	\$ 7,632	\$ (3,386)	\$ 39,138	\$ 3,731
Capital Expenditures	\$ 8,099	\$ 9,815	\$ 13,718	\$ 19,772
Sales Volumes				
Nickel (thousands of pounds) (1)	7,387	9,275	33,836	33,125
Cobalt (thousands of pounds) (1)	929	920	3,418	3,295
Fertilizers (tonnes)	60,715	52,571	234,595	205,240
Production Volumes (tonnes)				
Mixed sulphides containing nickel and cobalt (1)	4,079	3,808	16,691	16,180
Nickel (1)	4,131	4,074	15,847	14,613
Cobalt (1)	433	404	1,533	1,471
Realized Prices (per pound)				
Nickel	\$ 5.04	\$ 3.59	\$ 4.82	\$ 4.00
Cobalt	10.20	12.19	11.02	15.17
Average Reference Prices (U.S. per pound)				
Nickel	3.22	2.29	3.07	2.70
Cobalt	6.39	7.18	6.93	9.56

(1) Represents the Corporation's 50% share of the Metals Enterprise and the Corporation's marketing and trading activities in commodity metals.

The Metals business generated operating earnings of \$39.1 million on revenue of \$252.9 million in 2002, compared with operating earnings of \$3.7 million on revenue of \$230.3 million in 2001. For the fourth quarter, operating earnings were \$7.6 million on revenue of \$60.2 million compared with an operating loss of \$3.4 million on revenue of \$55.4 million for the same period last year. The \$4.9 million increase in revenue for the quarter resulted from higher realized nickel prices and higher fertilizer sales volumes. Although lower nickel sales volumes were realized during the quarter, resulting from the timing of nickel shipments, the Metals business still achieved record nickel and cobalt sales volumes in 2002.

Operating, selling, general and administrative costs were \$50.2 million for the fourth quarter, \$4.3 million lower than the prior year period reflecting reduced sulphuric acid consumption at the Moa mining and processing facilities and lower nickel sales volumes during the quarter, partly offset by higher energy costs. Depletion and amortization expense in the fourth quarter included an adjustment to arrive at the calculated annualized expense.

Nickel prices on the London Metal Exchange ("LME") opened the year at U.S.\$2.65 per pound, climbed steadily to a high of U.S.\$3.50 per pound in July, before retreating to close the year at U.S.\$3.22 per pound. The average LME nickel settlement price for 2002 was U.S.\$3.07 per pound, 14% higher than the 2001 average of U.S.\$2.70 per pound due largely to improving nickel market fundamentals, such as increased stainless steel demand, low availability of stainless steel scrap, and the absence of significant new global nickel production capacity. The average LME nickel settlement price for the fourth quarter of 2002 was U.S.\$3.22 per pound compared with U.S.\$2.29 per pound during the same period in 2001.

During 2002, the Metal Bulletin 99.3% free market cobalt price traded in a range between U.S.\$6.10 per pound and U.S.\$8.45 per pound, averaging U.S.\$6.93 per pound for the year, 28% lower than the average price for 2001. The lower cobalt price reflected weak global demand, particularly in the

superalloy sector. In the fourth quarter of 2002, the Metal Bulletin 99.3% free market cobalt price averaged U.S.\$6.39 per pound compared to U.S.\$7.18 per pound for the same period in 2001.

The Moa mining and processing facility established another production record in 2002 of 33,382 tonnes of nickel plus cobalt contained in mixed sulphides, surpassing the previous record established in 2001 by 1,022 tonnes. This record reflected higher ore grades, continued debottlenecking initiatives and capital investments targeted at maintaining plant reliability. Fourth quarter production of 8,159 tonnes was 543 tonnes higher than the 7,616 tonnes produced during the fourth quarter in 2001.

The Fort Saskatchewan refinery also established production records for both nickel and cobalt. Total finished nickel production of 31,694 tonnes exceeded the previous record established in 2001 by 8%, while total finished cobalt production of 3,065 tonnes surpassed the 2001 record by 4%, resulting in the seventh consecutive year of record breaking cobalt production. These latest achievements were largely due to reduced process variability and higher metals concentration within the refining facility. In the fourth quarter of 2002, total finished nickel production of 8,263 tonnes and total finished cobalt production of 866 tonnes were higher compared to the same period in 2001 of 8,147 tonnes and 808 tonnes of nickel and cobalt respectively.

Fertilizer operations generated earnings of \$2.5 million in 2002 compared with an operating loss of \$6.4 million in 2001. For the fourth quarter of 2002, an operating loss of \$1.0 million was incurred compared with an operating loss of \$3.6 million during the same period last year.

Capital expenditures of \$8.1 million in the fourth quarter and \$13.7 million in 2002 were primarily directed towards sustaining the facilities at both Moa and Fort Saskatchewan, with the remainder comprising environmental and refurbishment initiatives.

OIL AND GAS

	Three months ended December 31		Year ended December 31	
	2002	2001	2002	2001
Financial (thousands of dollars)				
Revenue	\$ 59,604	\$ 45,037	\$ 218,766	\$ 176,689
Operating, selling, general and administrative	16,002	10,947	45,171	39,056
	43,602	34,090	173,595	137,633
Depletion and amortization	18,718	19,617	73,331	62,016
Provision for site restoration and abandonment	255	374	1,405	1,630
Operating earnings	\$ 24,629	\$ 14,099	\$ 98,859	\$ 73,987
Capital Expenditures	\$ 22,003	\$ 13,957	\$ 90,912	\$ 78,984
Gross Working Interest Production (thousands of barrels)				
Cuba (1)	4,137	3,196	13,963	10,979
Spain	49	62	215	266
	4,186	3,258	14,178	11,245
Net Sales Volume (thousands of barrels)				
Cuba (2)	2,105	2,298	7,914	7,568
Spain	49	62	215	266

	2,154	2,360	8,129	7,834
Realized Prices (per barrel)				
Cuba	\$ 27.62	\$ 18.73	\$ 26.57	\$ 21.49
Spain	36.69	31.94	36.92	37.58
Average Reference Prices (U.S. per barrel)				
U.S. Gulf Coast Fuel Oil No. 6	21.17	14.44	20.43	16.92

- (1) Gross working interest production refers to oil production after allocation to joint venture partners but before allocation to agencies of the Cuban Government.
- (2) Gross working interest production in Cuba is allocated to the Corporation and agencies of the Cuban Government in accordance with participation and production-sharing arrangements. Net working interest production or net sales volumes represents the Corporation's share of gross working interest production. Net working interest production for each production-sharing arrangement comprises profit oil (which is based upon a negotiated percentage) and cost recovery oil (which is based upon the Corporation's costs within each block). These costs, upon certification by agencies of the Cuban Government, are accumulated in cost recovery pools by each production-sharing arrangement and reduced by allocation of produced oil to the Corporation. Production allocated to agencies of the Cuban Government is considered to be a royalty interest.

The Oil and Gas business generated revenue for the fourth quarter of \$59.6 million, \$14.6 million higher than the same period last year. The increase in revenue primarily reflected higher realized oil prices. Operating earnings for the fourth quarter of 2002 were \$24.6 million, \$10.5 million higher than the prior year period. The higher revenue was partly offset by higher depletion and amortization expenses and higher operating costs, reflecting certain one-time charges during the quarter. For the twelve-month period, record operating earnings of \$98.9 million were generated on record revenue of \$218.8 million compared with operating earnings of \$74.0 million on revenue of \$176.7 million for the same period in 2001. Higher realized oil prices and higher sales volumes in Cuba were partly offset by higher depletion and amortization costs.

Depletion and amortization expense, based on the Corporation's share of oil produced for the fourth quarter of 2002, was \$8.69 per barrel compared with \$5.44 per barrel for the fourth quarter of 2001 (excluding a \$6.8 million ceiling test write-down that year). For the twelve-month period, depletion and amortization expense was \$9.02 per barrel in 2002 compared with \$7.04 per barrel in 2001 (excluding the impact of the ceiling test write-down). The increase reflected a combination of capital expenditures, reserve adjustments and higher gross working interest production during the year (Sherritt's depletion is based on gross working interest production).

Gross working interest oil production in Cuba for the fourth quarter was 44,974 barrels per day, a 29% increase over the same period last year. For the twelve-month period, gross working interest production in Cuba was a record 38,256 barrels per day compared with 30,079 barrels per day for the same period in 2001. The higher production primarily arose from new wells in the Canasi, Puerto Escondido and Yumuri fields in Cuba. The Corporation's net working interest oil production in Cuba during the quarter was 22,879 barrels per day compared with 24,981 barrels per day for the prior year period. The Corporation's net working interest in oil production for the fourth quarter decreased 5% from the third quarter of 2002. Following recovery of capital investments in most of the producing blocks, Sherritt received a lower share of total oil production, reflecting the profit oil component, as stipulated in the production-sharing arrangements. For the twelve-month period, the Corporation's share of production was a record 21,682 barrels per day compared with 20,735 barrels per day for the same period in 2001. Natural declines

contributed to a 21% decrease in production from Spain in comparison with the fourth quarter in 2001.

The average realized oil price in the fourth quarter of 2002 was \$27.62 per barrel compared with \$18.73 per barrel for the fourth quarter of 2001. The U.S. Gulf Coast Fuel Oil No. 6 average reference price was U.S.\$21.17 per barrel for the fourth quarter of 2002 compared with U.S.\$14.44 per barrel for the same period in 2001.

During 2002, Shertritt concentrated its drilling efforts towards the development of known reserves along the north coast of Cuba, in order to maximize production and take advantage of relatively high oil prices. A total of ten successful development wells and three exploration wells were drilled in Cuba during the year. The first exploration well encountered reserves but failed to produce at economic rates. The other two exploration wells were suspended after failing to encounter the expected reservoir.

OTHER BUSINESSES

	Three months ended December 31		Year ended December 31	
	2002	2001	2002	2001

Financial (thousands of dollars)				
Revenue	\$ 10,218	\$ 8,302	\$ 36,150	\$ 25,226
Operating, selling, general and administrative	7,928	7,231	28,269	17,942

Depletion and amortization	2,290	1,071	7,881	7,284
	1,782	1,707	7,341	6,864

Operating earnings (loss)	\$ 508	\$ (636)	\$ 540	\$ 420

Share of Loss of Equity				
Investments	\$ 359	\$ 635	\$ 2,016	\$ 679
Capital Expenditures	185	151	1,282	5,024

Operating earnings from Other Businesses for the fourth quarter of 2002 were \$0.5 million compared with a loss of \$0.6 million for the fourth quarter of 2001 and reflected higher earnings by the telecommunications business and lower losses by the soybean-based food processing business. For the year, operating earnings were \$0.5 million, slightly higher than the prior year.

The share of loss from equity investments for the year increased by \$1.3 million to \$2.0 million, primarily due to lower tourism earnings due to lower occupancy, and a higher loss by Shertritt Power. The loss at Shertritt Power reflected a slight reduction in the amount of power sold, as a result of scheduled inspection and maintenance work, and higher expenses. Commissioning of Shertritt Power's combined cycle phase of the Varadero project commenced in late 2002 and connection to the Cuban power grid occurred in the first quarter, with the facility currently ramping up to full production. Shertritt Power's facilities, with the completion of the 75 MW combined cycle facility, will have a net power capacity of 226 MW, representing more than 10% of Cuba's electricity requirements. For the fourth quarter, a reduction in Shertritt's share of equity losses compared with the prior year period reflected higher income from hotel operations and a reduction in the losses incurred by Shertritt Power.

This news release contains forward-looking statements. These forward-looking statements are not based on historical facts, but rather on Shertritt International Corporation's current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and other factors that are more fully discussed in our continuous disclosure documents such as our annual report, annual information form and management information circular.

These risks, uncertainties and other factors could cause our actual results to differ materially from the future results expressed or implied by the forward-looking statements.

Sheritt International Corporation is a widely held Canadian public company with 97.8 million shares and \$600 million of convertible debentures, which trade on The Toronto Stock Exchange under the symbols S and S.DB, respectively.

Consolidated Balance Sheets - Audited

(thousands of Canadian dollars)		December 31 2002	December 31 2001

ASSETS			
Current assets			
Cash and short-term investments (note 5)	\$	192,958	\$ 124,078
Restricted cash		17,627	23,829
Advances and loans receivable		38,495	42,181
Accounts receivable		251,402	257,614
Inventories		112,989	97,454
Overburden removal costs		14,702	14,113
Prepaid expenses		7,935	9,402
Future income taxes		4,704	1,954

		640,812	570,625
Capital assets		1,124,312	1,139,007
Investments (note 5)		99,525	143,407
Future income taxes		38,151	27,736
Other assets		122,688	117,639

		\$2,025,488	\$1,998,414

LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term debt	\$	32,101	\$ 36,027
Accounts payable and accrued liabilities		130,935	103,097
Current portion of long-term debt		12,536	1,607
Site restoration and abandonment		8,696	10,501
Future income taxes		1,667	1,400
Swaps and forward contracts		1,471	2,162

		187,406	154,794
Long-term debt		242,726	259,254
Site restoration and abandonment		45,151	44,325
Future income taxes		190,862	217,783
Swaps and forward contracts		-	1,411
Minority interest		5,059	3,989

		671,204	681,556

Shareholders' equity (note 2)			
Convertible debentures		587,314	587,314
Capital stock		450,957	450,716
Contributed surplus		199,787	199,787
Retained earnings		116,226	79,041

		1,354,284	1,316,858

		\$2,025,488	\$1,998,414

Consolidated Statements Of Operations

(thousands of Canadian dollars except per share amounts)	Unaudited Three Months Ended December 31		Audited Year Ended December 31	
	2002	2001	2002	2001
Revenue	\$ 199,414	\$ 188,976	\$ 806,398	\$ 636,618
Operating, selling, general and administrative	131,607	135,027	518,896	431,933
Earnings before undernoted items	67,807	53,949	287,502	204,685
Depletion and amortization	34,765	37,701	144,523	118,768
Write-down of investment (note 5)	-	23,441	37,000	23,441
Amortization of goodwill	-	343	-	1,357
Provision for site restoration and abandonment	2,619	2,345	9,717	7,462
Share of loss of equity investments	359	635	2,016	679
Financing expense (income)	989	3,819	8,525	(4,437)
Minority interest	323	276	1,070	1,124
Earnings (loss) before taxes	28,752	(14,611)	84,651	56,291
Income taxes				
Current	14,229	792	28,413	5,379
Future	(110)	(6,181)	(4,211)	(683)
	14,119	(5,389)	24,202	4,696
Net earnings (loss)	\$ 14,633	\$ (9,222)	\$ 60,449	\$ 51,595
Earnings (loss) per restricted voting share (note 3)				
Basic	\$ 0.09	\$ (0.15)	\$ 0.38	\$ 0.34
Diluted	0.09	(0.15)	0.36	0.33

Consolidated Statements Of Retained Earnings

(thousands of Canadian dollars)	Unaudited Three Months Ended December 31		Audited Year Ended December 31	
	2002	2001	2002	2001
Beginning of period	\$ 107,457	\$ 93,793	\$ 79,041	\$ 71,168
Net earnings (loss)	14,633	(9,222)	60,449	51,595
Interest on convertible debentures (note 2)	(5,864)	(5,530)	(23,264)	(21,938)
Dividends on restricted voting shares	-	-	-	(21,784)

End of period	\$ 116,226	\$ 79,041	\$ 116,226	\$ 79,041
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Consolidated Statements Of Cash Flow

(thousands of Canadian dollars)	Unaudited Three Months Ended December 31		Audited Year Ended December 31	
	2002	2001	2002	2001
Operating activities				
Net earnings (loss)	\$ 14,633	\$ (9,222)	\$ 60,449	\$ 51,595
Items not affecting cash				
Depletion and amortization	34,765	37,701	144,523	118,768
Write-down of investment	-	23,441	37,000	23,441
Amortization of goodwill	-	343	-	1,357
Provision for site restoration and abandonment	(492)	(342)	(979)	(234)
Future income taxes	(110)	(6,181)	(4,211)	(683)
Foreign exchange gains	230	(762)	(4,884)	(5,364)
Other items	12,699	9,844	3,197	6,188
Cash provided before working capital changes	61,725	54,822	235,095	195,068
Decrease (increase) in non-cash working capital				
Accounts receivable	(27,079)	(1,626)	6,212	(35,858)
Inventories	(12,193)	4,896	(15,535)	(3,468)
Overburden removal costs	906	397	(589)	433
Prepaid expenses	1,001	(2,603)	1,467	3,172
Accounts payable and accrued liabilities	21,350	(15,224)	27,838	(6,810)
Future income taxes	(20,971)	-	(20,971)	-
	(36,986)	(14,160)	(1,578)	(42,531)
Cash provided from operating activities	24,739	40,662	233,517	152,537
Investing activities				
Capital expenditures	(39,190)	(28,647)	(132,047)	(113,567)
Net proceeds from sale of capital assets	225	-	7,948	7,848
Acquisition of business	-	-	-	(136,039)
Investments	(726)	1,190	3,148	11,255
Restricted cash	(2,186)	(9,533)	6,202	(3,339)
Other assets	(8,465)	(23,542)	(6,447)	(38,299)
Cash used for investing activities	(50,342)	(60,532)	(121,196)	(272,141)
Financing activities				
Short-term debt	(112)	(171,481)	(3,926)	(156,821)
Long-term debt	(929)	217,178	(3,756)	216,558
Convertible debenture interest payments	(18,000)	(18,000)	(36,000)	(36,000)
Dividends on restricted voting shares	-	-	-	(21,784)

Issue of restricted voting shares	-	-	241	876
Cash provided by (used for) financing activities	(19,041)	27,697	(43,441)	2,829
Increase (decrease) in net cash	(44,644)	7,827	68,880	(116,775)
Net cash at beginning of period	237,602	116,251	124,078	240,853
Net cash at end of period	\$ 192,958	\$ 124,078	\$ 192,958	\$ 124,078
Net cash consists of cash and short-term investments.				

For the three-month period, the Corporation received interest of \$3.7 million (2001 - \$7.2 million), paid interest on debt of \$14.9 million (2001 - \$12.2 million) and paid taxes of \$35.8 million (2001 - \$0.7 million). For the year, the Corporation received interest of \$14.2 million (2001 - \$20.8 million), paid interest on debt of \$32.3 million (2001 - \$17.5 million) and paid taxes of \$37.6 million (2001 - \$7.0 million).

Notes To Interim Consolidated Financial Statements (Unaudited)
(All tabular dollar amounts expressed in thousands of Canadian dollars, except per share amounts)

1. Summary of accounting policies

These interim consolidated financial statements follow the same accounting policies as the consolidated financial statements for the year ended December 31, 2001. The disclosures contained in these interim consolidated financial statements do not include all requirements of Canadian generally accepted accounting principles for annual financial statements. Accordingly, the interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2001.

During the first quarter of 2002, the Corporation adopted new recommendations of the Canadian Institute of Chartered Accountants ("CICA") on accounting for stock-based compensation and goodwill and intangible assets.

The Corporation's stock-based compensation plans are described in note 13 of its 2001 consolidated financial statements. Under the new accounting policy, grants of participation units under the stock-linked compensation plan are accounted for in accordance with the fair-value based methodology, whereby the difference between the market price and the exercise price is included in compensation expense over the period in which the participation units vest. No compensation expense is recognized when stock options are issued under the Employee and Director Stock Option Plan or stock issued under the Employee Share Purchase Plan. Any consideration paid by employees on the exercise of stock options or the purchase of stock is credited to capital stock. No adjustments were required to opening retained earnings as a result of the adoption of this new accounting policy.

Under the new accounting policy for goodwill and intangible assets, the Corporation ceased amortization of goodwill on January 1, 2002

and now tests for impairment on an annual basis. This change in policy has been applied prospectively. The Corporation completed required annual impairment tests during the second quarter of 2002 and concluded that there was no impairment of goodwill.

2. Shareholders' equity

Convertible debentures comprise \$600 million (December 31, 2001 - \$600 million) principal amount of 6% convertible unsecured subordinated debentures issued in November 1996. The debentures have a maturity date of December 15, 2006.

Interest on the convertible debentures is stated net of tax relief of \$14.6 million (2001- \$16.0 million).

Issued capital stock comprises 97,761,889 (December 31, 2001 - 97,711,764) restricted voting shares and 100 (December 31, 2001 - 100) multiple voting shares. The multiple voting shares are convertible into restricted voting shares on a share-per-share basis upon the occurrence of certain events. If all of the convertible debentures were converted into shares at the option of the holders, up to 68,376,068 additional restricted voting shares may be issued on or before December 14, 2006.

On May 25, 2000, the shareholders approved the elimination of the Corporation's December 31, 1999 accumulated deficit of \$6.9 million and the creation of a contributed surplus in the amount of \$193 million by way of a \$200 million reduction in the stated value of the Corporation's restricted voting shares. This contributed surplus may be utilized to eliminate or reduce any deficit, which may arise as a result of the future payment or distribution of dividends or other distributions from time to time to holders of the restricted voting shares. Contributed surplus also includes \$6.7 million arising from the repurchase of convertible debentures in 2000, representing the difference between the cost and carrying amount of the debentures repurchased, net of related future taxes and deferred debenture interest.

The Corporation has an agreement with a third party, which provides the Corporation with the right, at any time prior to April 30, 2003, to sell special warrants to the third party for cash by way of private placement, subject to regulatory approval. Each special warrant would be exercisable by the holder to acquire one restricted voting share of the Corporation for no additional consideration. The maximum number of special warrants issuable under the option agreement is the lesser of \$30 million divided by the purchase price and 5% of the aggregate number of restricted voting shares that would be outstanding after giving effect to the exercise of the special warrants. Upon exercise of the option, the Corporation is obliged to, among other things, file a prospectus qualifying the issuance of restricted voting shares upon exercise of the special warrants. The special warrants would be automatically exercised upon receipt of regulatory approval of this prospectus.

3. Earnings per restricted voting share

The following table presents the calculation of basic and diluted earnings per restricted voting share. In the table, the number of shares is stated in thousands.

Three Months Ended December 31	Year Ended December 31
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	2002	2001	2002	2001
Net earnings (loss)	\$ 14,633	\$ (9,222)	\$ 60,449	\$ 51,595
Interest on convertible debentures	(5,864)	(5,530)	(23,264)	(21,938)
Net earnings (loss) applicable to shareholders	8,769	(14,752)	37,185	29,657
Interest on convertible debentures(1)	5,864	-	23,264	21,938
Net earnings (loss) applicable to shareholders plus assumed conversion	\$ 14,633	\$ (14,752)	\$ 60,449	\$ 51,595
Weighted average number of shares - basic	97,762	97,712	97,737	88,412
Weighted average effect of dilutive securities:				
Employee stock options(1)	193	-	236	229
Convertible debentures(1)	68,376	-	68,376	68,376
Weighted average number of shares for dilution calculation	166,331	97,712	166,349	157,017
Earnings (loss) per restricted voting share				
Basic	\$ 0.09	\$ (0.15)	\$ 0.38	\$ 0.34
Diluted	0.09	(0.15)	0.36	0.33

(1) For the fourth quarter of 2001, the assumed conversion of the convertible debentures and exercise of stock options would not be dilutive.

4. Segmented information

Business Segments

Reference should be made to the Corporation's consolidated financial statements for a full description of the Corporation's operating segments.

Three months ended December 31, 2002

	Coal	Metals	Oil and Gas	Other Corporate	Consolidated
Revenue from external customers	\$ 69,357	\$ 60,235	\$ 59,604	\$ 10,218	- \$199,414
Intersegment revenues	-	-	-	283	- 283
Depletion and amortization	11,154	2,199	18,718	1,782	912 34,765
Provision for site restoration and abandonment	2,110	254	255	-	- 2,619

Operating earnings (loss)	5,270	7,632	24,629	508	(7,616)	30,423
Share of loss of equity investments	-	-	-	(359)	-	(359)
Financing income (expense)	(4,428)	(1)	(1,202)	665	3,977	(989)
Minority interest	-	-	-	(323)	-	(323)
Earnings (loss) before taxes	842	7,631	23,427	491	(3,639)	28,752
Capital expenditures	8,679	8,099	22,003	185	224	39,190

	Coal	Metals	Oil and Gas	Other Corporate	Consol- idated	
Revenue from external customers	\$ 80,273	\$ 55,364	\$ 45,037	\$ 8,302	\$ -	\$188,976
Intersegment revenues	-	-	-	285	-	285
Depletion and amortization	10,877	4,649	19,617	1,707	851	37,701
Provision for site restoration and abandonment	2,306	(335)	374	-	-	2,345
Operating earnings (loss)	9,336	(3,386)	14,099	(636)	(5,510)	13,903
Write-down of investment	-	-	-	-	(23,441)	(23,441)
Goodwill amortization	-	-	-	(343)	-	(343)
Share of loss of equity investments	-	-	-	(635)	-	(635)
Financing income (expense)	(11,843)	(194)	4,455	(1,620)	5,383	(3,819)
Minority interest	-	-	-	(276)	-	(276)
Earnings (loss) before taxes	(2,507)	(3,580)	18,554	(3,510)	(23,568)	(14,611)
Capital expenditures	3,433	9,815	13,957	151	1,291	28,647

Year ended December 31, 2002

	Coal	Metals	Oil and Gas	Other Corporate		Consol- idated
Revenue from external customers	\$298,557	\$252,925	\$218,766	\$ 36,150	\$ -	\$806,398
Intersegment revenues	-	-	-	1,134	-	1,134
Depletion and amortization	43,190	17,128	73,331	7,341	3,533	144,523
Provision for site restoration and abandonment	7,276	1,036	1,405	-	-	9,717
Operating earnings (loss)	18,494	39,138	98,859	540	(23,769)	133,262
Write-down of investment	-	-	-	-	(37,000)	(37,000)
Share of loss of equity investments	-	-	-	(2,016)	-	(2,016)
Financing income (expense)	(24,346)	2,495	718	4,644	7,964	(8,525)
Minority interest	-	-	-	(1,070)	-	(1,070)
Earnings (loss) before taxes	(5,852)	41,633	99,577	2,098	(52,805)	84,651
Capital expenditures	25,518	13,718	90,912	1,282	617	132,047
Assets	748,188	349,334	556,741	208,753	162,472	2,025,488

Year ended December 31, 2001

	Coal (1)	Metals	Oil and Gas	Other Corporate		Consol- idated
Revenue from external customers	\$204,450	\$230,253	\$176,689	\$ 25,226	\$ -	\$636,618
Intersegment revenues	-	-	-	1,118	-	1,118
Depletion and amortization	27,425	18,524	62,016	6,864	3,939	118,768
Provision for site restoration and abandonment	4,850	982	1,630	-	-	7,462
Operating earnings (loss)	20,153	3,731	73,987	420	(19,836)	78,455

Write-down of investment	-	-	-	-	(23,441)	(23,441)
Goodwill amortization	-	-	-	(1,357)	-	(1,357)
Share of loss of equity investments	-	-	-	(679)	-	(679)
Financing income (expense)	(19,941)	1,052	10,264	(5,549)	18,611	4,437
Minority interest	-	-	-	(1,124)	-	(1,124)

Earnings (loss) before taxes	212	4,783	84,251	(8,289)	(24,666)	56,291

Capital expenditures	8,303	19,772	78,984	5,024	1,484	113,567

Assets	769,288	332,453	471,895	211,733	213,045	1,998,414

(1) Results for the Coal business comprise the period May 12, 2001 to September 30, 2001						

Geographic Segments

Three months ended December 31

	2002		2001	
	Revenue (1)	Capital Assets and Goodwill	Revenue (1)	Capital Assets and Goodwill
Canada	\$ 64,300	\$ 728,182	\$ 62,332	\$ 753,767
Cuba	68,329	397,560	51,543	384,539
Europe	37,190	6,925	34,947	9,270
Asia	24,978	6,743	29,542	6,526
Other foreign countries	4,617	-	10,612	3
	\$ 199,414	\$1,139,410	\$ 188,976	\$1,154,105

Year ended December 31

	2002		2001	
	Revenue (1)	Capital Assets and Goodwill	Revenue (1)	Capital Assets and Goodwill
Canada	\$ 247,449	\$ 728,182	\$ 187,212	\$ 753,767
Cuba	248,111	397,560	192,968	384,539
Europe	167,792	6,925	146,139	9,270
Asia	97,425	6,743	89,187	6,526
Other foreign countries	45,621	-	21,112	3
	\$ 806,398	\$1,139,410	\$ 636,618	\$1,154,105

(1) Revenues are attributed to geographical location based on the location of the customer.

5. Financial instruments

Unutilized lines of credit as at December 31, 2002 were \$60.9 million.

During 2001, the Corporation's investment in Anaconda was written down by \$23.4 million (\$18.8 million after tax) to the Corporation's estimate of its long-term net realizable value based on available information. In the third quarter of 2002, this investment was written down by a further \$37.0 million (\$29.8 million after tax) to reflect developments in Anaconda's financial restructuring.

6. Stock compensation plans

For the year ended December 31, 2002, no options were issued under the Employee and Director Stock Option Plan, no shares were issued under the Employee Share Purchase Plan and no participation units were issued under the stock-linked compensation plan.

7. Goodwill transitional disclosure

The earnings (loss) and earnings (loss) per share impact of adopting the new CICA recommendation on goodwill and intangible assets are as follows:

	Three Months Ended December 31		Year Ended December 31	
	2002	2001	2002	2001
Net earnings (loss), as reported	\$ 14,633	\$ (9,222)	\$ 60,449	\$ 51,595
Add back: goodwill amortization	-	343	-	1,357
	\$ 14,633	\$ (8,879)	\$ 60,449	\$ 52,952
Adjusted basic earnings (loss) per restricted voting share				
Reported net earnings (loss)	\$ 0.09	\$ (0.15)	\$ 0.38	\$ 0.34
Goodwill amortization	-	-	-	0.01
	\$ 0.09	\$ (0.15)	\$ 0.38	\$ 0.35
Adjusted diluted earnings (loss) per restricted voting share				
Reported net earnings (loss)	\$ 0.09	\$ (0.15)	\$ 0.36	\$ 0.33
Goodwill amortization	-	-	-	0.01
Adjusted net earnings (loss)	\$ 0.09	\$ (0.15)	\$ 0.36	\$ 0.34

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8. Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation adopted in the current period.

9. Subsequent event

In October, 2002, Sherritt Coal Partnership II ("SCPII"), a partnership owned equally by subsidiaries of Sherritt and OTHP initiated a cash takeover bid to purchase all of the outstanding shares of Fording Inc. ("Fording"). Fording responded to the initial offer by announcing that it would convert to an income trust and in early December 2002, announced it had reached agreement with Teck Cominco Limited and Westshore Terminals Income Fund to participate in the proposed trust. Subsequently, SCPII revised its offer to create a different trust structure comprising Fording's metallurgical coal and industrial mineral assets and certain metallurgical coal assets and port facilities jointly owned by Luscar Energy and CONSOL Energy Inc. ("CONSOL") and offer Fording shareholders a combination of cash and units in this newly created trust.

On January 13, 2003, a multi-party agreement was reached between SCPII, Fording, Teck Cominco Limited and Westshore Terminals Income Fund to combine certain metallurgical coal assets and port facilities jointly owned by Luscar Energy and CONSOL with the metallurgical coal assets of Fording and Teck under the auspices of the Fording Coal Partnership, which was to be 65% owned by the Fording Canadian Coal Trust ("Fording Trust") and 35% owned by Teck Cominco Limited. Fording shareholders were offered a combination of cash and units in this trust under a plan of arrangement, which was approved by Fording's shareholders on February 19, 2003. The asset transfers required to complete the multi-party agreement were completed February 28, 2003.

Sherritt has invested \$100 million into the Fording Trust in exchange for approximately 2.9 million units or a 6.1% ownership. In exchange for contributing Luscar assets to the Fording Coal Partnership, Luscar Energy, Sherritt and Teachers' received a total of 3.2 million units of Fording Trust, representing an approximate 6.8% ownership. As part of the multi-party agreement, SCPII withdrew its competing offer to Fording shareholders and has acquired Fording's thermal coal assets and other mineral interests that formed their prairie operations for cash consideration of \$225 million. These assets primarily consist of a 50% interest in the Genesee mine and the mining contracts for the Highvale and Whitewood mines each located at mine-mouth power plants in Alberta, royalty income derived from coal and potash leases to third parties and significant undeveloped coal reserves and resources.

In January 2003, Sherritt made a proposal to Sherritt Power that would result in owners of Sherritt Power's equity and Notes exchanging their interests for equity and unsecured debentures of Sherritt. The proposal, which has been recommended for approval by Sherritt Power's directors, is subject to approval from the shareholders and Noteholders on March 25, 2003.

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CO: Sherritt International Corporation

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