International Corporation

Second Quarter 2005

Report to Shareholders

June 30, 2005

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Corporate Profile

Sherritt International Corporation is a diversified resource company involved in the production of thermal coal, nickel, cobalt, oil and electricity. Its success is built upon utilizing innovative technologies and the breadth of its financial and operational expertise to increase productivity and profitability. Sherritt continues to explore opportunities to grow its $2.7 billion asset base through expansion of its existing businesses and strategic acquisitions.

A leader in employee health and safety, Sherritt is also dedicated to ensuring that its operations meet the highest standards in environmental stewardship.

Sherritt's 154 million common shares and $300 million 7% convertible debentures trade on the Toronto Stock Exchange under the symbols S and S.DB.A respectively. Sherritt's $105 million of 9.875% senior unsecured debentures trade on the over-the-counter bond market.

This interim report contains forward-looking statements which are not based on historic facts, but rather on Sherritt International Corporation's current expectations 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 interim report depending on, among others, such key factors as business and economic conditions in Canada, Cuba and the principal markets for Sherritt's products.

Key factors that may result in material differences between actual results and developments and those contemplated by this interim report 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.

Highlights

- **Revenue, EBITDA, Net Earnings increase over Q1 and prior year**
- **Coal, Metals, Power expansion projects on track**
- **Oil: Santa Cruz appraisal well completed, now in testing phase**
- **Dividend payment, stock buyback initiated**
- **Increase in cash position to $492 million**

Sherritt International Corporation had net earnings of $56.0 million for the second quarter of 2005, a $1.7 million increase over second quarter 2004, and an increase of $20.5 million or 58% over the first quarter 2005 net earnings of $35.5 million. Earnings per share at $0.36 for the quarter reflected an increase of 17% in the average number of shares outstanding. Earnings before interest, taxes, depreciation and amortization (EBITDA) for the period were $145.2 million compared with $141.5 million in 2004, and increased by 19% from $122.4 million in the previous quarter. The increase in EBITDA over the previous year can be attributed primarily to higher realized prices for oil.

Financial Highlights (unaudited)

(millions of dollars, except per share amounts)	Three months ended June 30		Six months ended June 30	
	2005	2004 (restated)	2005	2004 (restated)
Revenue from continuing operations	$320.1	$306.0	$575.4	$564.5
EBITDA[1]	145.2	141.5	267.6	267.1
Operating earnings from continuing operations[1]	98.5	94.7	176.2	176.3
Earnings from continuing operations[2]	56.0	53.3	91.5	99.4
Net earnings	56.0	54.3	91.5	100.4
Earnings per share – basic				
From continuing operations[2]	0.36	0.41	0.62	0.76
Net earnings	0.36	0.41	0.62	0.76
Earnings per share – diluted				
From continuing operations[2]	0.30	0.29	0.51	0.55
Net earnings	0.30	0.30	0.51	0.56
Weighted average number of shares (millions)				
Basic	154.2	131.3	146.8	131.3
Diluted	198.7	208.9	198.7	208.9
Total cash	491.8	456.2	491.8	456.2

(1) Reference should be made to the Summary Financial Results by Segment later in this interim report for a description of the above financial measures and for a reconciliation of these measures to GAAP measures.

(2) Earnings from discontinued operations in the second quarter of 2004 of $1.0 million (net of income taxes of $0.2 million) relate to the settlement of certain outstanding items from the disposal of the metallurgical coal operations in 2003.

All amounts in this interim report represent Sherritt's 100% interest, except for amounts relating to Coal and Metals, which reflect the Corporation's 50% interest in these businesses, unless otherwise indicated. Effective October 1, 2004 Sherritt adopted new accounting requirements, issued by the Canadian Institute of Chartered Accountants, in respect of accounting for convertible debentures and the consolidation of variable interest entities. Both changes have been applied retroactively with restatement of prior periods.

In line with the Corporation's commitment to increasing shareholder value and in view of its strong balance sheet and cash flow, Sherritt introduced both a quarterly dividend and a share repurchase program during the quarter. The first dividend of 2.5 cents per share was paid on May 24 to shareholders of record on May 10, 2005 and the second payment of 2.5 cents was made on July 15 to shareholders of record on June 30, 2005. On June 29, Sherritt announced a normal course issuer bid which would allow the purchase up to 5% of its outstanding shares. No shares were acquired during the quarter under this share repurchase program.

Coal generated EBITDA of $14.0 million on revenue of $65.3 million compared to EBITDA of $19.0 million on revenue of $61.6 million in the second quarter of 2004. Total production volume at 4.5 million tonnes was similar to last year. The decrease in EBITDA was due to weather conditions at the Coal Valley and Boundary Dam mines which reduced production and sales, and to expansion at the Coal Valley site where production was constrained by construction related to the brownfield expansion of the wash plant. Coal achieved a safety milestone during the quarter, reaching 2 million hours without a lost time incident.

Capital spending totalled $5.8 million, directed for the most part to the two million tonne (100% basis) expansion at the Coal Valley mine.

Metals generated EBITDA of $62.4 million on revenue of $141.8 million, closely tracking the EBITDA of $62.5 million on revenue of $142.8 million in the second quarter of 2004. Results for the quarter primarily reflected increased realized nickel prices and increased nickel and cobalt sales offset by a 46% decline in realized cobalt prices compared with the prior year period. Capital spending was $6.4 million.

Completion of the first engineering phase of the 16,000 tonnes per year expansion of the Metals business to 49,000 tonnes per year (100% basis) is on schedule for the end of September 2005. The selection process for construction contractors is scheduled for completion by the end of the third quarter. Orders for equipment with long delivery times are expected to commence during the third quarter with construction anticipated to start in early 2006.

Oil and Gas generated EBITDA of $56.5 million on revenue of $66.8 million, up from EBITDA of $44.6 million on revenue of $53.3 million in the second quarter of 2004. The increases in revenue and EBITDA reflected the increase in crude oil prices offset in part by lower gross production due to natural reservoir declines. Capital spending totalled $39.0 million.

The Corporation has reached total depth and is currently testing the first of two Santa Cruz appraisal wells that, if successful, will lead to commercialization of the Santa Cruz discovery around the end of the year. In addition, initial production rates from the Seboruco 11 and Varadero West 728 development wells were higher than initially expected.

Power generated EBITDA of $15.0 million on revenue of $26.6 million, compared with $22.8 million on revenue of $27.2 million in the second quarter of 2004. The decrease in EBITDA was the result of reducing the expected insurance recovery on a claim for the 2003 rotor failure which was initially recorded in the second quarter of 2004. This was offset by a decrease in the Corporation's self-insured retention. Just over 426,000 MWh were generated during the period, up slightly from the previous quarter and last year. Realized power prices were down slightly in the quarter due to a stronger Canadian dollar. Capital spending was $33.5 million, the majority of which was devoted to the 85 MW expansion which commenced construction in the third quarter of 2004 and is scheduled for completion this year.

In **Other Businesses**, Sherritt's soybean-based food processing business generated revenue of $19.6 million and EBITDA of $2.8 million during the quarter.

Outlook

Sherritt's financial results for 2005 will likely continue to be positively affected by relatively robust nickel, cobalt, coal and oil prices and by continuing high levels of global demand for its products. Indications are that prices will remain at the higher end of the cycle throughout 2005. Other drivers which can affect results include exchange rate fluctuations, changes in input costs and weather conditions, all of which are factored into the Corporation's programs for efficiency and cost effectiveness.

Production levels in 2005 are expected to be similar to 2004 levels for Metals and Power, while Coal production will increase at the Genesee and Coal Valley mines. Oil and Gas is expecting a modest increase in gross production for the balance of 2005 as a result of higher drilling activity. Total capital spending in 2005 is expected to be approximately $300 million.

The outlook for each of Sherritt's business units follows:

Coal (all references are to Sherritt's 50% share)

Coal production is expected to increase by 5% to 20 million tonnes in 2005 as a result of already expanded production at the Genesee mine, and at the Coal Valley mine where expanded production is expected to be on line later this year. Scheduled to be at full capacity by the second quarter of 2006, the expansion at Coal Valley is proceeding with a planned shutdown of the wash plant in the third quarter to install upgrades and expand capacity. Slightly higher than anticipated costs arising out of project scope changes for the Coal Valley expansion project will be mitigated by lower sustaining capital expenditures, resulting in total expected capital additions of approximately $37 million for 2005.

Work is continuing on an applied research project to develop the process technology required to beneficiate and gasify coal. Alberta Energy Research Institute is providing a portion of the funding for the project.

Metals (all references are to Sherritt's 50% share)

In 2005, finished nickel and finished cobalt production is expected to be near record levels. Nickel prices are anticipated to remain strong in 2005, relative to historical prices, as market fundamentals continue to be positive, and demand for high-grade cobalt is expected to improve cobalt prices by the end of 2005. The benefits of strong nickel and cobalt prices are expected to be partly offset by continued high energy and raw materials prices. Sustaining capital expenditures for Metals are expected to be approximately $33 million in 2005 and are focused on improving operational efficiency, maintaining process reliability and implementing environmental initiatives. In addition, an estimated $75 million for basic engineering and commitments for additional expenditures related to the Metals expansion is anticipated for 2005.

Oil and Gas

Sherritt expects that 2005 fuel oil reference prices will, on average, be higher than average prices in 2004. Oil and Gas is on track with an ambitious exploration and development program at an estimated cost of $128 million, with four drilling rigs in operation and three additional drilling rigs which are being deployed this year. In addition to its development drilling activity in Cuba, Sherritt intends to drill appraisal wells on the recent discovery at Santa Cruz and to drill several other exploration prospects in Block 7 (Guanabo and Tarara), Block 9 (San Anton) and Block 10 (Playa Larga). Mobilization of the San Anton exploration well is currently underway. These prospects were identified from major seismic programs acquired and interpreted over the past two years. Sherritt expects that its development drilling program will result in modest increases in gross production volumes, offsetting natural production declines, with the potential for further increases in production volumes if additional fields are discovered through the exploration drilling program. Sherritt anticipates that net oil production in 2005 will be lower than 2004, due to higher fuel oil prices and lower gross production from new wells, partly offset by the increase in recoverable capital spending.

Power

Construction of the 85 MW expansion which will bring total capacity to over 310 MW, is expected to be completed on schedule. It is anticipated that the gas plant and turbines will be commissioned in the fourth quarter of 2005. Production from the expansion will be offset by lower production from existing operations due to two scheduled six year mechanical inspections and, as a result, total expected production of 1.6 million megawatt hours will be basically unchanged from 2004. Capital expenditures remaining in 2005 are estimated to be $31.8 million of which $22.5 million is related to the expansion. The Corporation is negotiating a further expansion of up to 190 MW, subject to confirmation and dedication of sufficient natural gas reserves from oil fields in Cuba. This would optimize the use of the natural gas reserves in Cuba. The timing and estimated cost of the additional expansion has not been finalized although, as was the case with all previous projects, Sherritt would finance, construct and operate the expanded facilities, with all surplus net cash flow from the expansion being initially directed towards repayment of the financing and interest costs.

Other Businesses

The soybean-based food processing business will pursue opportunities to maximize consumption of its products in Cuba. Production levels are expected to increase by 20% in 2005. Capital expenditures for 2005 are estimated to be $1 million.

Summary Financial Results by Segment (unaudited)[1]

Three months ended June 30, 2005

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other[2]	Corporate	Consolidated
Revenue	$65.3	$141.8	$66.8	$26.6	$19.6	$ –	$320.1
Operating, selling, general and administrative	51.3	79.4	10.3	11.6	16.8	5.5	174.9
EBITDA[1]	14.0	62.4	56.5	15.0	2.8	(5.5)	145.2
Depletion, amortization and accretion	14.3	5.2	20.1	5.4	0.7	1.0	46.7
Operating earnings (loss) from continuing operations[1]	(0.3)	57.2	36.4	9.6	2.1	(6.5)	98.5
Share of earnings of equity investments							–
Net financing expense							(13.3)
Earnings from continuing operations before income taxes and non-controlling interest							85.2
Capital expenditures	$ 5.8	$ 6.4	$39.0	$33.5	$ 0.1	$ 0.1	$ 84.9

Three months ended June 30, 2004 (restated)

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other[2]	Corporate	Consolidated
Revenue	$61.6	$142.8	$53.3	$27.2	$21.1	$ –	$306.0
Operating, selling, general and administrative	42.6	80.3	8.7	4.4	19.3	9.2	164.5
EBITDA[1]	19.0	62.5	44.6	22.8	1.8	(9.2)	141.5
Depletion, amortization and accretion	16.4	5.0	19.8	4.3	0.6	0.7	46.8
Operating earnings (loss) from continuing operations[1]	2.6	57.5	24.8	18.5	1.2	(9.9)	94.7
Share of earnings of equity investments							–
Net financing expense							(11.1)
Earnings from continuing operations before income taxes and non-controlling interest							83.6
Capital expenditures	$ 1.5	$ 2.6	$21.8	$ 0.1	$ –	$ 0.2	$ 26.2

(1) This table presents EBITDA and operating earnings 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.

(2) Other includes the results of the soybean-based food processing business.

Six months ended June 30, 2005

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other[2]	Corporate	Consolidated
Revenue	$128.2	$241.6	$116.5	$52.3	$36.8	$ –	$575.4
Operating, selling, general and administrative	93.2	129.9	20.0	17.7	31.2	15.8	307.8
EBITDA[1]	35.0	111.7	96.5	34.6	5.6	(15.8)	267.6
Depletion, amortization and accretion	28.1	10.2	39.0	10.6	1.4	2.1	91.4
Operating earnings (loss) from continuing operations[1]	6.9	101.5	57.5	24.0	4.2	(17.9)	176.2
Share of earnings of equity investments							0.5
Net financing expense							(28.1)
Earnings from continuing operations before income taxes and non-controlling interest							148.6
Capital expenditures	$ 7.1	$ 10.4	$ 67.8	$57.3	$ 0.2	$ 1.5	$144.3

Six months ended June 30, 2004 (restated)

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other[2]	Corporate	Consolidated
Revenue	$124.8	$247.8	$100.9	$53.9	$37.1	$ –	$564.5
Operating, selling, general and administrative	87.8	128.1	18.4	11.1	34.4	17.6	297.4
EBITDA[1]	37.0	119.7	82.5	42.8	2.7	(17.6)	267.1
Depletion, amortization and accretion	29.2	10.0	40.3	8.6	1.0	1.7	90.8
Operating earnings (loss) from continuing operations	7.8	109.7	42.2	34.2	1.7	(19.3)	176.3
Share of earnings of equity investments							0.5
Net financing expense							(25.1)
Earnings from continuing operations before income taxes and non-controlling interest							151.7
Capital expenditures	$ 2.3	$ 4.0	$ 39.6	$ 0.1	$ –	$ 0.2	$ 46.2

(1) This table presents EBITDA and operating earnings 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.

(2) Other includes the results of the soybean-based food processing business.

Key Operating Statistics

	Three months ended		Six months ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Sales Volumes (Sherritt's share)				
Coal (000's of tonnes)[(1)]	4,547	4,637	9,508	9,693
Nickel (000's of pounds)[(1)]	9,715	9,133	18,670	17,407
Cobalt (000's of pounds)[(1)]	984	928	1,813	1,754
Fertilizers (000's of tonnes)	109	141	122	158
Oil – Cuba (net bbls per day)[(2)]	19,483	19,657	18,508	19,811
Oil – Spain (net bbls per day)	461	687	461	813
Electricity generation (000's of MWh)[(1)]	426	412	845	833
Realized Prices				
Coal (per tonne)	$14.38	$13.26	$13.49	$12.87
Nickel (per pound)	9.14	7.75	8.87	8.18
Cobalt (per pound)	19.48	35.85	20.48	34.66
Oil – Cuba (per bbl)	36.52	28.15	32.70	26.16
Oil – Spain (per bbl)	63.81	47.44	61.37	43.94
Power (per MWh)	55.20	60.36	55.00	59.46
Average Reference Prices				
Nickel (U.S.$ per pound)	7.44	5.70	7.20	6.19
Cobalt (U.S.$ per pound)[(3)]	15.03	24.91	16.15	24.76
U.S. Gulf Coast Fuel Oil No. 6 (U.S.$ per bbl)	35.84	25.49	31.70	23.93

(1) Represents the Corporation's respective 50% share of Luscar Energy Partnership (Coal), 50% share of the Metals Enterprise (Metals) and 100% of Energas S.A. (Power), which includes the two-thirds non-controlling interest share in Energas S.A.

(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.

(3) Average Metal Bulletin 99.3% cobalt published price.

Management's Discussion and Analysis

The following discussion and analysis of the consolidated financial results of Sherritt International Corporation for the three and six months ended June 30, 2005 should be read in conjunction with the unaudited consolidated financial statements and related notes contained in this interim report as well as the management's discussion and analysis, audited consolidated financial statements and related notes contained in the Corporation's 2004 annual report. Additional information relating to the Company, including the Corporation's 2004 Annual Information Form, is on SEDAR at www.sedar.com or on the Corporation's web site at www.sherritt.com. This management's discussion and analysis is as of August 2, 2005.

During the quarter, the Corporation undertook a review of the estimated useful life of its Coal reserves. As a result of this review, amortization was reduced by $0.5 million for the quarter ended June 30, 2005. The change in estimated useful life of capital assets was treated as a change in accounting estimate, and was, therefore, implemented on a prospective basis.

In the fourth quarter of 2004, Sherritt early adopted two accounting policies, based on new accounting pronouncements, which were implemented on a retroactive basis with restatement of prior periods. The implementation of these accounting policies resulted in the following:

- Consolidation of a variable interest entity in Power, which was previously proportionately consolidated based on Sherritt's one-third equity interest, and consolidation of the 49% owned soybean-based food processing business, which was previously accounted for on the equity basis.
- Classification of the liability and equity components of the 6% and 7% convertible debentures in accordance with the contractual agreement. The liability components of both debentures are accreted to their par values over their term to maturity.

Further description of these changes and their impact on the financial statements can be found in Note 2 to the interim consolidated financial statements.

The Corporation had earnings from discontinued operations in the second quarter of 2004 of $1.0 million (net of income taxes of $0.2 million) that relate to the settlement of certain outstanding items from the disposal of the metallurgical coal operations in 2003. The following analysis focuses on continuing operations.

(all tabular dollar amounts expressed in millions of Canadian dollars, except per share amounts)

Consolidated Earnings

Second Quarter Results

For the second quarter of 2005, higher realized oil prices were the prime contributor for the increase in net earnings from continuing operations to $56.0 million compared with $53.3 million in the second quarter of 2004. Earnings per share for the quarter of $0.36 compared with earnings per share in the second quarter of 2004 of $0.41, reflecting an increase of 17% in the weighted average number of shares outstanding.

	Q2 2005	Q2 2004 (restated)
Revenue	$320.1	$306.0

The increase is mainly attributable to higher Oil and Gas revenue due to higher realized oil prices offset in part by the impact of the stronger Canadian dollar relative to the second quarter of 2004.

	Q2 2005	Q2 2004 (restated)
Operating costs	$160.8	$146.7
Selling costs	2.2	3.1
General and administrative costs	11.9	14.7
Operating, selling, general and administrative costs	$174.9	$164.5

Consolidated operating, selling and general and administrative costs increased by $10.4 million from the same quarter last year due mainly to an increase in costs in the Coal business resulting from heavy rainfall and the expansion activities which hampered production at the Coal Valley mine.

	Q2 2005	Q2 2004 (restated)
Depletion, amortization and accretion	$46.7	$46.8

There were no material changes in consolidated depletion, amortization and accretion expense quarter over quarter.

	Q2 2005	Q2 2004 (restated)
Net financing expense	$13.3	$11.1

The increase was primarily due to an increase in the foreign exchange loss as a result of the strengthening of the Canadian dollar relative to other currencies compared to the same quarter last year along with lower interest income reflecting a decrease in interest-bearing receivables. This was offset in part by lower interest expense due to the repurchase and early redemption of the 6% convertible debentures.

	Q2 2005	Q2 2004 (restated)
Effective tax rate	27%	22%

Sherritt's effective tax rate varies depending upon the relative profitability of its businesses, which are situated in different tax rate jurisdictions. The higher effective tax rate for the second quarter of 2005 as compared to the same period last year reflects the smaller proportion of profits in the Metals business recorded in a low tax rate jurisdiction relative to the second quarter last year. Assuming relatively constant

commodity prices for the remainder of the year, the Corporation expects an annual effective tax rate in the range of 30% compared with 26% in 2004.

	Q2 2005	Q2 2004 (restated)
Non-controlling interests	$6.0	$12.0

Non-controlling interests reflect the two-thirds outside interest in the results of a variable interest entity in Power. Non-controlling interest decreased due to lower operating earnings in the Power business.

Six Months Ended June 30 Results

For the first six months of 2005, earnings from continuing operations of $91.5 million or $0.62 per share were $7.9 million lower than earnings from continuing operations of $99.4 million or $0.76 per share in the same period last year due mainly to a higher effective income tax rate. Earnings per share for the quarter also reflected a higher weighted average number of shares outstanding.

	Six Months 2005	Six Months 2004 (restated)
Revenue	$575.4	$564.5

The increase is mainly attributable to higher Oil and Gas revenue due to higher realized oil prices offset in part by the impact of the stronger Canadian dollar relative to the same period last year.

	Six Months 2005	Six Months 2004 (restated)
Operating costs	$276.2	$263.3
Selling costs	3.6	4.3
General and administrative costs	28.0	29.8
Operating, selling, general and administrative costs	$307.8	$297.4

Consolidated operating, selling and general and administrative costs increased over the same period last year mainly due to an increase in costs in the Coal business resulting from heavy rainfall and the expansion activities which hampered production at the Coal Valley mine.

	Six Months 2005	Six Months 2004 (restated)
Depletion, amortization and accretion	$91.4	$90.8

There were no material changes in consolidated depletion, amortization and accretion expense period over period.

	Six Months 2005	Six Months 2004 (restated)
Net financing expense	$28.1	$25.1

The increase was primarily due to an increase in the foreign exchange loss as a result of the strengthening of the Canadian dollar relative to other currencies compared to the same period last year and

lower interest income reflecting a decrease in interest-bearing receivables. This was offset in part by lower interest expense as a result of the repurchase and early redemption of the 6% convertible debentures.

	Six Months 2005	Six Months 2004
		(restated)
Effective tax rate	28%	20%

Sherritt's effective tax rate varies depending upon the relative profitability of its businesses, which are situated in different tax rate jurisdictions. The higher effective tax rate for the first six months of 2005 as compared to the same period last year arises from a one-time adjustment recorded by the Coal business in the first six months of 2004 reflecting a reduction in provincial tax rates, and a smaller proportion of profits in the Metals business recorded in a low tax rate jurisdiction relative to the same period last year. Assuming relatively constant commodity prices for the remainder of the year, the Corporation expects an annual effective tax rate in the range of 30% compared with 26% in 2004.

	Six Months 2005	Six Months 2004
		(restated)
Non-controlling interests	$14.8	$21.6

Non-controlling interests reflect the two-thirds outside interest in the results of a variable interest entity in Power. Non-controlling interest decreased due to lower operating earnings in the Power business.

Consolidated Cash Flow

Second Quarter Results

	Q2 2005	Q2 2004
		(restated)
Cash from operating activities before working capital changes	$109.1	$103.0
Non-cash working capital changes	(18.8)	(0.1)
Cash provided by operating activities	$ 90.3	$102.9

Cash provided by operating activities of $90.3 million includes net earnings of $56.0 million and $53.1 million of items not affecting cash, offset by an increase in non-cash working capital in the second quarter of 2005. The increase in non-cash working capital of $18.8 million in the quarter is due to an increase in receivables, mainly in the Metals and Oil businesses (due mainly to higher commodity prices) and a decrease in accounts payable, mainly in the Metals, Other and Corporate businesses, offset in part by a decrease in inventories as a result of spring fertilizer sales in the Metal business.

	Q2 2005	Q2 2004
		(restated)
Capital expenditures	$(84.9)	$(26.2)
Cash used for other investing activities	(5.4)	(1.1)
Cash provided by (used for) financing activities	17.6	(0.6)

The major capital expenditures in the second quarter related to Oil and Gas appraisal and development drilling in Cuba and expenditures for the Power expansion. Cash used for other investing activities in the second quarter related to an increase in working capital advances to a joint venture operation. Cash provided by financing activities in the quarter can be ascribed mainly to a drawdown of a working capital facility.

Six Months Ended June 30 Results

	Six Months 2005	Six Months 2004
		(restated)
Cash from operating activities before working capital changes	$195.1	$188.9
Non-cash working capital changes	(31.4)	(33.4)
Cash provided by operating activities	$163.7	$155.5

Cash provided by operating activities includes net earnings of $91.5 million adjusted for $103.6 million of items not affecting cash, offset by an increase in non-cash working capital in the second quarter of 2005. The increase in non-cash working capital is due mainly to an increase in receivables, mainly in the Metals and Oil businesses, and a decrease in accounts payable, mainly in the Metals and Other businesses.

	Six Months 2005	Six Months 2004
		(restated)
Capital expenditures	$(144.3)	$(46.2)
Cash used for other investing activities	(0.5)	(1.3)
Cash provided by (used for) financing activities	31.9	(0.7)

The major capital expenditures in the first six months of the year were directed to Oil and Gas development drilling in Cuba and expenditures for the Power expansion. Cash used for other investing activities in this period related to an increase in working capital advances to a joint venture operation. Cash provided by financing activities in this period can be ascribed mainly to a drawdown of a working capital facility.

Consolidated Financial Position, Liquidity and Capital Resources

Total assets at June 30, 2005 were $2.7 billion. Cash, cash equivalents, short-term investments and restricted cash totalled $491.8 million at June 30, 2005, an increase of $39.8 million since year end. This increase in cash included $19.4 million of cash from operations after capital expenditures.

Current advances and loans receivable increased by $18.3 million to $46.0 million during the first six month of the year, primarily reflecting increases in working capital advances to joint ventures.

Accounts receivable were $295.7 million at June 30, 2005 compared with $282.6 million at year end. The increase was primarily due to the higher nickel prices and higher nickel and cobalt sales volumes in Metals and higher oil prices in Oil and Gas, offset in part by decreases of receivables in Power due to collections of receivables.

Coal accounts receivable result principally from sales to Canadian power utilities. Metals accounts receivable include receivables of finished metals sales to customers primarily located in Europe and Asia and receivables from fertilizer sales to customers in Canada. Oil and Gas, Power and soybean-based food processing receivables include amounts due from Cuban government agencies. Corporate receivables include amounts due from joint ventures and third parties.

Oil and Gas, Power and soybean-based food processing accounts receivable due from Cuban government agencies have included overdue amounts. Overdue amounts bear interest and historically have not generally exceeded four months of average monthly revenues. With the current oil prices, oil sales to the Cuban government provide for payment normally within 180 days of invoicing, with interest accruing on balances outstanding beyond 90 days. The Corporation manages its overall accounts receivable with the Cuban government agencies on a consolidated basis to provide for cash positive operation in its businesses, prudent growth and an orderly reduction of overdue balances. The Corporation has been a large foreign investor in Cuba for over a decade and continues to have a co-operative and mutually beneficial relationship

with the state. Management of accounts receivable risk with Cuban government agencies requires taking into account payments made to Cuban agencies for labour, taxes, royalties and other local services in Metals, Oil and Gas, Power and soybean-based food processing; obtaining pledges of third party payments to Cuban agencies as security for the receivables; and managing sustaining and growth capital appropriately.

Inventories were $97.2 million at June 30, 2005, a decrease of $5.9 million over year end. The decrease relates mainly to the spring sales of fertilizer in Metals.

Capital assets were $1,575.3 million at June 30, 2005 compared with $1,500.5 million at December 31, 2004. The increase includes capital expenditures, asset retirement obligation additions and capital leases, net of depreciation and amortization of capital assets and capital asset disposals.

The future tax asset (including current portion) of $94.9 million at June 30, 2005 represented primarily the tax benefit of approximately of $126.4 million of non-capital losses and $77.4 million of capital losses. The non-capital losses have been generated primarily through interest on Sherritt's convertible debentures. The balance of the future tax asset relates mainly to accrued reclamation costs, which are deducted for tax when incurred. The tax 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 were $98.7 million at June 30, 2005, compared with $114.3 million at the end of 2004. The decrease reflected partial repayments of a note receivable, reductions in long-term spare parts, application of progress payments to equipment purchases and the reduction of deferred interest and issue costs relating to the conversion and redemption of the 6% convertible debentures.

Short-term debt of $82.9 million at June 30, 2005 increased by $38 million during the period relating to a drawdown of a working capital facility. Accounts payable and accrued liabilities were $165.8 million at the end of the first six months of the year compared with $178.8 million at the end of 2004. The decrease relates mainly to Metals due to the completion of the advance fertilizer sales and Other due to a lower cost of raw materials.

The future income tax liability of $204.6 million at June 30, 2005 increased slightly compared with the year end amount of $203.7 million. The majority of this amount relates to the future income tax liability of the Coal business. The future income tax liability does not represent a current cash tax liability, but is a result of the temporary differences between the values of capital assets for tax purposes versus accounting purposes.

Long-term debt and other liabilities (including current portion) were $592.9 million at the end of the second quarter compared with $781.9 million at the end of 2004. The decrease is attributable to the redemption of the $200 million 6% convertible debentures during the first quarter.

The increase in non-controlling interests to $198.5 million reflects third party interests in the net earnings of a variable interest entity in Power.

In April 2005, the Corporation announced its intention to pay a quarterly dividend. A dividend of $0.025 per share was paid on May 24, 2005 and a subsequent dividend for the same amount was declared to shareholders of record on June 30, 2005 payable on July 15, 2005. Cash generated from operations and cash on hand are expected to be sufficient to finance ongoing operations and the quarterly dividend payment. Expansions or growth opportunities will be financed through a combination of cash from operations and, to the extent necessary, cash on hand and external financing.

During the six month period, the Corporation completed the redemption of all of its $200 million par value 6% convertible debentures. The redemption was effected by the issue of common shares. As a result of the redemption, and of conversions of 6% debentures into common shares prior to the redemption, Sherritt issued a total of 22,735,061 common shares in satisfaction and discharge of the $200 million of 6% convertible debentures that were outstanding at year end. In addition, during the six month period, 1,142 shares were issued on the conversion of $8,000 principal amount of 7% convertible debentures and 910,000 shares were issued on stock option exercises.

The Corporation also acquired 545,432 of its common shares at $10.00 per share as a result of an issuer bid that closed on March 17, 2005.

During the six month period, the Corporation entered into capital leases for equipment totalling $7.1 million as part of long-term mine support equipment agreements. The Corporation also finalized the renewal of a credit facility during the quarter.

In 2004, Sherritt entered into an agreement that allows for a part of the Moa Nickel S.A. income tax, royalty and labour tax payments, which are assigned to an international financial institution, to be redirected to Sherritt as payment for oil and power sales. The amount redirected to Sherritt is the excess of the international financial institution's minimum quarterly requirements. Sherritt received $28.5 million under this agreement during the six months ended June 30, 2005. In the event that the amounts received by the financial institution do not meet their minimum payment requirements, the amounts received by Sherritt must be refunded to make up the shortfall. The refund is limited to the total amount received by Sherritt in the particular calendar year. Should a refund occur, the Oil and Gas and Power businesses would increase the amounts receivable from the Cuban agencies by a similar amount. As at June 30, 2005, the estimated maximum potential refund, which would result in a similar amount of receivables being reinstated, is $22.0 million. Based on management's expectations for production, commodity prices and costs at Moa Nickel S.A. for the remainder of the year, the Corporation does not expect that it will be required to refund any amounts that relate to the 2005 calendar year and therefore no liability has been recorded in respect of potential refunds.

Review of Operations

Coal

The Coal business continues to focus on innovative opportunities to increase production. Improvements are being realized in safety performance, productivity and operating costs. Coal achieved EBITDA of $14.0 million on sales of 4.5 million tonnes during the second quarter of 2005.

Second Quarter Results

	Q2 2005	Q2 2004
Revenue	$ 65.3	$ 61.6
Operating costs	(50.1)	(40.4)
Selling costs	(0.1)	(0.1)
General and administrative costs	(1.1)	(2.1)
EBITDA	14.0	19.0
Depletion, amortization and accretion	(14.3)	(16.4)
Operating (loss) earnings	$ (0.3)	$ 2.6

EBITDA of $14.0 million decreased by $5.0 million compared to the same quarter last year mainly due to heavier than normal rainfall which reduced coal sales at the Boundary Dam mine and hampered production at the Coal Valley mine. EBITDA has also been impacted by higher costs at the Coal Valley mine where production was constrained due to construction related to the brownfield expansion of the wash plant and the loss of revenue from the Poplar River mine related to the promissory note that matured in December 2004. Total production volume for 2005 remains at the outlook level of 20 million tonnes.

General and administrative costs were $1.0 million lower than the same quarter last year as benefits from corporate efficiencies were realized. Depreciation, amortization and accretion of $14.3 million during the quarter was lower than the same period last year, partially due to a review of the estimated useful lives of coal reserves, which resulted in lowering depreciation expense by $0.5 million for the quarter.

	Q2 2005	Q2 2004
Realized prices ($/tonne)	$14.38	$13.26
Sales volumes (millions of tonnes)	4.5	4.6
Production volumes (millions of tonnes)	4.5	4.5

Average realized prices during the quarter were higher than average realized prices during the same quarter last year due to higher export prices and higher export sales volume. Sales and production volumes were similar to those in same period last year. The second quarter of 2005 saw a return to regular rail shipments from the Coal Valley mine. As well, rail freight rates for the contract year commencing April 1, 2005 were finalized during the quarter.

	Q2 2005	Q2 2004
Capital expenditures	$5.8	$1.5

Capital spending is largely in support of the Coal Valley expansion which is expected to double the capacity of Coal Valley mine from 1.0 million to 2.0 million tonnes per year and is scheduled to be at full capacity by the second quarter of 2006. Additionally, capital leases for equipment, totaling $2.7 million were entered into during the quarter and were recorded as additions to capital assets and long-term debt.

Six Months Ended June 30 Results

	Six Months 2005	Six Months 2004
Revenue	$128.2	$124.8
Operating costs	(90.6)	(83.5)
Selling costs	(0.3)	(0.2)
General and administrative costs	(2.3)	(4.1)
EBITDA	35.0	37.0
Depletion, amortization and accretion	(28.1)	(29.2)
Operating earnings[1]	$ 6.9	$ 7.8

EBITDA and operating earnings for the six months ended June 30, 2005 were lower than the same period last year due mainly to heavier than normal rainfall which reduced coal sales at the Boundary Dam mine and hampered production at the Coal Valley mine. EBITDA has also been impacted by higher unit production costs at the Coal Valley mine where production was constrained due to construction related to the brownfield expansion of the wash plant and the loss of revenue from the Poplar River mine related to the promissory note that matured in December 2004. General and administrative costs were $1.8 million lower than the same period last year as benefits from corporate efficiencies were realized.

	Six Months 2005	Six Months 2004
Realized prices ($/tonne)	$13.49	$12.87
Sales volumes (millions of tonnes)	9.5	9.7
Production volumes (millions of tonnes)	9.6	9.3

Average realized prices during the six months ended June 30, 2005 were higher than average realized prices during the same period last year due to higher export prices partially offset by lower royalties. Slightly lower sales volumes resulted from delayed shipments at the Coal Valley mine caused by reduced rail service. Regular rail shipments resumed midway through the second quarter. Production volumes have increased by 0.3 million tonnes due mostly to higher production volume at the Boundary Dam mine where production was reduced by a dragline outage during the first quarter of 2004.

	Six Months 2005	Six Months 2004
Capital expenditures	$7.1	$2.3

The increase in capital expenditures reflected spending on the Coal Valley expansion. The mine is scheduled to be at full capacity by the second quarter of 2006. Additionally, capital leases for equipment, totalling $5.5 million were entered into during the period and recorded as additions to capital assets and long-term debt.

Metals

The Metals business continues to focus on maintaining low cost production of finished nickel and cobalt from the development of Cuba's extensive nickel resources. The Metals business mines, processes, and refines nickel and cobalt for sale worldwide (except the United States of America) with mining operations and associated processing facilities in Moa, Cuba; refining facilities in Fort Saskatchewan, Alberta; and international marketing and sales operations.

Second Quarter Results

	Q2 2005	Q2 2004
Revenue	$141.8	$142.8
Operating costs	(76.4)	(76.5)
Selling costs	(2.1)	(3.0)
General and administrative costs	(0.9)	(0.8)
EBITDA	62.4	62.5
Depletion, amortization and accretion	(5.2)	(5.0)
Operating earnings	$ 57.2	$ 57.5

Revenues and operating earnings were on par with the same quarter last year, reflecting a balance between lower realized cobalt prices reflecting lower reference prices, lower fertilizer sales volumes and a stronger Canadian dollar partly offset by higher nickel and cobalt sales volumes and higher realized nickel prices. The shareholders of the Metals Enterprise, of which Sherritt has a 50% interest, signed an agreement to expand annual production, which included a provision to attribute 100% of future earnings or losses from the sale of crystalline ammonium sulphate to the Metals Enterprise effective March 31, 2005. Prior to this agreement, 85% of earnings or losses were attributed to Sherritt, while the remaining 15% were attributed to the Metals Enterprise. As a result, in the second quarter reported fertilizer sales volumes and revenue only reflect 50% of the sales and revenue related to crystalline ammonium sulphate compared with 100% prior to this agreement being in place. Reduced selling costs in the quarter also reflect this change.

Prices	Q2 2005	Q2 2004
Nickel – realized ($/lb)	$ 9.14	$ 7.75
Cobalt – realized ($/lb)	19.48	35.85
Nickel – reference (U.S.$/lb)	7.44	5.70
Cobalt – reference (U.S.$/lb)	15.03	24.91

Continuing strong demand and lower London Metal Exchange (''LME'') inventories relative to the same period last year contributed to the higher reference prices for nickel. The lower cobalt reference price was mainly a result of decreased demand relative to the same period last year.

Production (tonnes)	Q2 2005	Q2 2004
Mixed sulphides	4,130	4,283
Finished nickel	4,349	4,059
Finished cobalt	453	414

Decreased mixed sulphides production in the quarter relative to the same period last year reflected lower ore grades. Record finished nickel and cobalt production volumes in the second quarter reflected stable operations.

Sales (thousands of pounds)	Q2 2005	Q2 2004
Finished nickel	9,715	9,133
Finished cobalt	984	928

Record nickel sales volumes, and higher cobalt sales volumes, reflect the record production volumes and strong global demand for the nickel.

	Q2 2005	Q2 2004
Capital expenditures	$6.4	$2.6

Capital expenditures of $4.1 million in the second quarter of 2005 were primarily directed towards sustaining and upgrading the facilities at both Moa and Fort Saskatchewan, combined with various environmental initiatives. In addition, $2.3 million was spent on basic engineering related to the expansion of the Metals Enterprise.

	Q2 2005	Q2 2004
Fertilizer sales (tonnes)	108,630	140,858
Revenue	$ 32.8	$ 38.1
Operating earnings	4.5	6.3

The decrease in earnings in the second quarter of 2005 from the fertilizer operations was primarily due to lower margins on granular ammonium sulphate and lower profitability on crystalline ammonium sulphate sales resulting from the realignment of this business with the Metals Enterprise as part of the expansion, partly offset by higher realized prices and sales volumes for ammonia. Fertilizer sales are seasonal with the majority of sales occurring in the spring and fall. Depreciation expense for the quarter for the fertilizer operations was $0.7 million, comparable to the second quarter of 2004.

Six Months Ended June 30 Results

	Six Months 2005	Six Months 2004
Revenue	$ 241.6	$ 247.8
Operating costs	(124.8)	(122.4)
Selling costs	(3.3)	(4.1)
General and administrative costs	(1.8)	(1.6)
EBITDA	111.7	119.7
Depletion, amortization and accretion	(10.2)	(10.0)
Operating earnings	$ 101.5	$ 109.7

Lower revenues, EBITDA and operating earnings, relative to the prior period were mainly due to lower realized cobalt prices reflecting lower reference prices, lower fertilizer sales volumes and a stronger Canadian dollar partly offset by higher nickel and cobalt sales volumes and higher realized nickel prices.

Prices	Six Months 2005	Six Months 2004
Nickel – realized ($/lb)	$ 8.87	$ 8.18
Cobalt – realized ($/lb)	20.48	34.66
Nickel – reference (U.S.$/lb)	7.20	6.19
Cobalt – reference (U.S.$/lb)	16.15	24.76

For nickel, continuing strong demand and lower London Metal Exchange (''LME'') inventories relative to the same period last year contributed to the higher reference prices. The lower cobalt reference price was primarily a result of increased global availability of cobalt and decreased demand relative to the same period last year.

Production (tonnes)	Six Months 2005	Six Months 2004
Mixed sulphides	8,340	8,311
Finished nickel	8,260	7,885
Finished cobalt	870	816

Slightly increased mixed sulphides production in the first six months of 2005 relative to the same period last year reflected stable operations. Higher finished nickel and cobalt production volumes in the period were mainly a result of increased availability of feed relative to 2004 and stable operations. Weather related shipment delays and low on-site feed inventory impacted production in the first quarter of 2004.

Sales (thousands of pounds)	Six Months 2005	Six Months 2004
Finished nickel	18,670	17,407
Finished cobalt	1,813	1,754

Sales volumes were higher in the first six months of 2005 than in the same period last year, mostly due to increased production volumes. For 2005, sales volumes of finished nickel and cobalt are expected to closely match production volumes, which are expected to be near the record levels established last year.

	Six Months 2005	Six Months 2004
Capital expenditures	$10.4	$4.0

Capital expenditures of $8.1 million in the first six months of 2005 were primarily directed towards sustaining and upgrading the facilities at both Moa and Fort Saskatchewan, combined with various environmental initiatives. In addition, $2.3 million was spent on basic engineering related to the expansion of the Metals Enterprise.

	Six Months 2005	Six Months 2004
Fertilizer sales (tonnes)	122,183	157,825
Revenue	$ 38.8	$ 43.5
Operating earnings	4.7	7.2

As a result of a realignment of the crystalline ammonium sulphate business with the Metals Enterprise, the second quarter reported fertilizer sales volumes and revenue only reflect 50% of the crystalline ammonium sulphate sales and revenue. Since fertilizer sales are seasonal with the majority of sales occurring in the spring and fall, the results for the first six months of 2005 largely reflect the results of the second quarter. Depreciation expense for the first six months of 2005 for the fertilizer operations was $1.5 million, comparable to the first six months of 2004.

Oil and Gas

Oil and Gas continues to focus its operations on exploration, development and production from sub-sea oil deposits in Cuba which are drilled from nearby onshore locations using specialized skills in fold and thrust belt geology and directional drilling.

Second Quarter Results

	Q2 2005	Q2 2004
Revenue	$ 66.8	$ 53.3
Operating costs	(7.0)	(6.8)
General and administrative costs	(3.3)	(1.9)
EBITDA	56.5	44.6
Depletion, amortization and accretion	(20.1)	(19.8)
Operating earnings	$ 36.4	$ 24.8

Revenue, EBITDA and operating earnings increased compared to the second quarter of 2004 due mainly to higher realized prices, offset in part by lower net production volumes.

Prices	Q2 2005	Q2 2004
Realized prices $/barrel (Cuba)	$36.52	$28.15
Reference price – Fuel Oil No. 6 (U.S.$/barrel)	35.84	25.49

Oil and Gas sells all oil produced in Cuba to agencies of the Cuban government, generally at selling prices based on 79% to 83% of the Gulf Coast Fuel Oil No. 6 reference price. The reference price increased steadily during the first half before spiking to a record U.S. $39.00 per barrel in July. The impact of higher fuel oil prices was partially reduced by the strength of the Canadian dollar.

Production	Q2 2005	Q2 2004
Gross oil production in Cuba (bopd)		
Operated[(1)]	39,832	43,049
Working interest[(2)]	32,095	37,068
Net oil production (bopd)		
Cuba[(3)]	19,483	19,657
Spain	461	687
Total	19,944	20,344

(1) Gross operated oil production excludes production from the Santa Cruz discovery and other wells for which commerciality has not been declared.

(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.

(3) 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.

During the second quarter, gross operated oil production volumes decreased due to natural reservoir declines and to a higher gas/oil ratio in the Canasi field. Cuban net oil production for the quarter was comparable to 2004 results as the increased capital spending program offset the impact of lower gross

operated production and higher fuel oil prices. Under the production sharing contracts, the number of net barrels allocated to the Corporation for recovery of costs will increase as a result of higher capital spending and decrease as a result of higher fuel oil prices.

	Q2 2005	Q2 2004
Capital expenditures	$39.0	$21.8

Oil and Gas expects to incur approximately $128 million of capital expenditures for 2005, which includes development drilling of Seboruco and other existing fields, appraisal of the Santa Cruz discovery, and exploration drilling on several prospects in Blocks 9 (San Anton), 10 (Playa Larga) and 7 (Guanabo and Tarara). To provide additional drilling capacity, a fourth rig was activated in December 2004 and three additional rigs will be deployed later in 2005, two of which are expected to be used to drill the Block 7 exploration prospects. The capital program also includes expansion of the Yumuri battery, which was finished during the second quarter, and construction of the Canasi land-based treatment and ocean disposal system, which started during the second quarter.

Four drilling rigs were active during the quarter, completing two development wells and two re-entries. Initial production rates from the Seboruco 11 and Varadero West 728 development wells were higher than expected. The Varadero 703 re-entry successfully increased production from that well and the Corporation is evaluating the unsuccessful re-entry of Yumuri 216 for further remedial work. At the end of the quarter, significant progress was being made on the first Santa Cruz appraisal well and drilling at Seboruco 12 was underway. Mobilization of the San Anton exploration well has commenced.

Six Months Ended June 30 Results

	Six Months 2005	Six Months 2004
Revenue	$116.5	$100.9
Operating costs	(13.7)	(13.3)
General and administrative costs	(6.3)	(5.1)
EBITDA	96.5	82.5
Depletion, amortization and accretion	(39.0)	(40.3)
Operating earnings	$ 57.5	$ 42.2

Revenue, EBITDA and operating earnings increased compared to the first half of 2004 due mainly to higher realized prices, partly offset by lower net production volumes. Lower depletion, amortization and accretion costs reflect the lower net production volumes.

Prices	Six Months 2005	Six Months 2004
Realized prices $/barrel (Cuba)	$32.70	$26.16
Reference price – Fuel Oil No. 6 (U.S.$/barrel)	31.70	23.93

Oil and Gas sells all oil produced in Cuba to agencies of the Cuban government, generally at selling prices based on 79% to 83% of the Gulf Coast Fuel Oil No. 6 reference price. The reference price increased

steadily during the period before spiking to a record U.S. $39.00 per barrel in July. The impact of higher fuel oil prices was partially reduced by the strength of the Canadian dollar.

Production	**Six Months 2005**	**Six Months 2004**
Gross oil production in Cuba (bopd)		
Operated[(1)]	39,527	43,103
Working interest[(2)]	32,099	37,444
Net oil production (bopd)		
Cuba[(3)]	18,508	19,811
Spain	461	813
Total	18,969	20,624

(1) Gross operated oil production excludes production from the Santa Cruz discovery and other wells for which commerciality has not been declared.

(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.

(3) 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.

During the first half of the year, gross operated oil production volumes decreased due to natural reservoir declines and a higher gas/oil ratio in the Canasi field. In addition to the lower gross operated oil production, Cuban net oil production reflects higher Fuel Oil No. 6 reference prices, which reduced the barrels allocated to the Corporation for recovery of costs under the production sharing contracts.

	Six Months 2005	**Six Months 2004**
Capital expenditures	$67.8	$39.6

Four drilling rigs were active during the first half of the year, drilling a total of five development wells, four re-entries, one exploration and one appraisal well.

Power

Power continues to focus on the effective utilization of energy resources in the production of electricity. Sherritt has been an advocate of the construction of power facilities that derive both an economic and environmental benefit from processing natural gas being produced in Cuba which may otherwise be flared. The business currently has 226 megawatts (MW) of power capacity in Cuba, and construction is underway to expand capacity by 85 MW.

Operating results for Power reflect the consolidation of Energas S.A. as a result of the adoption of Accounting Guideline AcG-15 – Consolidation of Variable Interest Entities, in the fourth quarter of 2004. The two-thirds non-controlling interests are disclosed separately on the consolidated balance sheets and the statements of operations. Results for 2004 have been restated to reflect the adoption of the accounting guideline.

Second Quarter Results

	Q2 2005	Q2 2004 (restated)
Revenue	$ 26.6	$27.2
Operating costs	(11.1)	(4.2)
General and administrative costs	(0.5)	(0.2)
EBITDA	15.0	22.8
Depletion, amortization and accretion	(5.4)	(4.3)
Operating earnings	$ 9.6	$18.5

Revenue was slightly lower in the second quarter compared with the prior year as a stronger Canadian dollar resulted in lower realized prices, partly offset by higher production. Revenue included $3.0 million (2004 – $2.3 million) from the sale of by-products and other miscellaneous sources. Operating costs were $6.9 million higher than in 2004. Operating costs for the quarter included a one-time adjustment of $3.8 million to reduce the expected insurance recovery on the claim for the 2003 rotor failure. In the second quarter of 2004, a $2.8 million expected insurance recovery was accrued in addition to the amount accrued in 2003. As the Corporation was one of the insurers, a corresponding decrease of $3.8 million in its insurance claim payable has been recorded in the Corporate segment. Depletion, amortization and accretion were higher than the previous year mainly due to the amortization of costs for overhauls completed in late 2004 and during the second quarter of the current year.

	Q2 2005	Q2 2004
Realized prices ($/MWh)	$55.20	$60.36

The sale price of electricity is fixed by a long-term U.S. dollar contract. Variations between the second quarter of 2005 and 2004 mainly reflect the impact of foreign exchange fluctuations.

	Q2 2005	Q2 2004
Electricity sold[1] (MWh)	426,247	412,137

(1) Including non-controlling interest's share.

Production from each of the main turbines continued to be strong. One turbine was down for 22 days for a scheduled overhaul.

	Q2 2005	Q2 2004
Capital expenditures	$33.5	$0.1

Capital expenditures for the second quarter of 2005 reflect expenditures of $31.8 million on the expansion.

Construction of the 85 MW expansion continues to progress on schedule. It is anticipated that the gas plant and turbines will be commissioned by the end of 2005. A further $29.0 million is expected to be spent to complete this project, of which $22.5 million is expected to be spent during the remainder of 2005. Under the terms of the expansion, the Corporation will finance, construct and operate the expanded facilities, with all surplus net cash flow from the expansion being initially directed towards repayment of the financing provided by the Corporation.

The expansion will be treated as a separate economic unit from the base operations for the purpose of determining cash flows for the repayment of financing and the calculation of taxes. During the period in which financing for each economic unit is repaid, Sherritt is entitled to 100% of the net cash flow of the economic unit. The price of electricity during the payback periods has been set at U.S. $0.045 per kilowatt hour. Following the full repayment of financing for each economic unit and the payment of obligations to the Cuban government in respect of land rights, the tariff for electricity for that economic unit will drop to U.S. $0.038 per kilowatt hour and Sherritt will be entitled to its proportionate share of the cash flow to be distributed from the economic unit. At that time the economic unit will be subject to income taxes in Cuba. Gas will continue to be provided to the joint venture at no cost.

Final repayment of the financing and payment of obligations in respect of land rights for the base operations is expected to take place during the fourth quarter of 2005. The resulting decrease in revenue due to the lower tariff on the base operations is expected to be partially offset by revenue generated from the expansion.

The Corporation is negotiating a further expansion of up to 190 MW, comprising two additional Frame 6 turbines and a combined cycle facility, subject to the confirmation and dedication of sufficient gas reserves and the negotiation of joint venture terms. Discussions are continuing with the Government of Cuba, and the incremental capacity and estimated cost of the additional expansion have not yet been finalized.

Six Months Ended June 30 Results

	Six Months 2005	Six Months 2004 (restated)
Revenue	$ 52.3	$ 53.9
Operating costs	(17.0)	(10.7)
General and administrative costs	(0.7)	(0.4)
EBITDA	34.6	42.8
Depletion, amortization and accretion	(10.6)	(8.6)
Operating earnings	$ 24.0	$ 34.2

Revenue was down slightly in the first six months of the year compared with the prior year as higher production was more than offset by a stronger Canadian dollar. Revenue included $5.7 million (2004 – $4.4 million) from the sale of by-products and other miscellaneous sources. Year to date operating costs were higher than prior year costs due to the reduction in the expected insurance recovery, partly offset by lower ongoing operating costs. Depletion, amortization and accretion were higher than the prior year mainly due to the amortization of costs for overhauls completed in late 2004 and during the first half of 2005.

	Six Months 2005	Six Months 2004
Realized prices ($/MWh)	$55.00	$59.46

The sale price of electricity is fixed by a long-term U.S. dollar contract. Variations between the first quarter of 2005 and 2004 mainly reflect the stronger Canadian dollar.

	Six Months 2005	Six Months 2004
Electricity sold[1] (MWh)	845,717	832,850

(1) Including non-controlling interest's share.

Overall production for 2005 is slightly above last year's production as the plants continue to operate efficiently.

	Six Months 2005	Six Months 2004
Capital expenditures	$57.3	$0.1

Capital expenditures for the first six months of 2005 reflect expenditures of $55.2 million on the expansion.

Other

Other comprises the consolidated results of the Corporation's soybean-based food processing business. Operating results for Other reflect the consolidation of this business as a result of the adoption of Accounting Guideline AcG-15 – Consolidation of Variable Interest Entities, in the fourth quarter of 2004. Results for 2004 have been restated to reflect the adoption of the accounting guidelines.

Second Quarter Results

(millions of dollars)	Q2 2005	Q2 2004 (restated)
Revenue	$ 19.6	$ 21.1
Operating costs	(16.2)	(18.8)
General and administrative costs	(0.6)	(0.5)
EBITDA	2.8	1.8
Depletion, amortization and accretion	(0.7)	(0.6)
Operating earnings	$ 2.1	$ 1.2

Revenue, EBITDA and operating earnings increased in the second quarter compared with the prior period as throughput for the soybean-based food processing business increased due to the stable operation of the processing facility.

Six Months Ended June 30 Results

(millions of dollars)	Six Months 2005	Six Months 2004 (restated)
Revenue	$ 36.8	$ 37.1
Operating costs	(30.1)	(33.4)
General and administrative costs	(1.1)	(1.0)
EBITDA	5.6	2.7
Depletion, amortization and accretion	(1.4)	(1.0)
Operating earnings	$ 4.2	$ 1.7

EBITDA and operating earnings increased in the first six months of the year compared with the prior period as throughput for the soybean-based food processing business increased due to the stable operation of the processing facility.

Outlook

Sherritt's financial results for 2005 will likely continue to be positively affected by relatively robust nickel, cobalt, coal and oil prices and by continuing high levels of global demand for its products. Indications are that prices will remain at the higher end of the cycle throughout 2005. Other drivers which can affect results include exchange rate fluctuations, changes in input costs and weather conditions, all of which are factored into the Corporation's programs for efficiency and cost effectiveness.

Production levels in 2005 are expected to be similar to 2004 levels for Metals and Power, while Coal production will increase at the Genesee and Coal Valley mines. Oil and Gas is expecting a modest increase in gross production for the balance of 2005 as a result of higher drilling activity. Total capital spending in 2005 is expected to be approximately $300 million.

The outlook for each of Sherritt's business units follows:

Coal (all references are to Sherritt's 50% share)

Coal production is expected to increase by 5% to 20 million tonnes in 2005 as a result of already expanded production at the Genesee mine, and at the Coal Valley mine where expanded production is expected to be on line later this year. Scheduled to be at full capacity by the second quarter of 2006, the expansion at Coal Valley is proceeding with a planned shutdown of the wash plant in the third quarter to install upgrades and expand capacity. Slightly higher than anticipated costs arising out of project scope changes for the Coal Valley expansion project will be mitigated by lower sustaining capital expenditures, resulting in total expected capital additions of approximately $37 million for 2005.

Work is continuing on an applied research project to develop the process technology required to beneficiate and gasify coal. Alberta Energy Research Institute is providing a portion of the funding for the project.

Metals (all references are to Sherritt's 50% share)

In 2005, finished nickel and finished cobalt production is expected to be near record levels. Nickel prices are anticipated to remain strong in 2005, relative to historical prices, as market fundamentals continue to be positive, and demand for high-grade cobalt is expected to improve cobalt prices by the end of 2005. The benefits of strong nickel and cobalt prices are expected to be partly offset by continued high energy and raw materials prices. Sustaining capital expenditures for Metals are expected to be approximately $33 million in 2005 and are focused on improving operational efficiency, maintaining process reliability and implementing environmental initiatives. In addition, an estimated $75 million for basic engineering and commitments for additional expenditures related to the Metals expansion is anticipated for 2005.

Oil and Gas

Sherritt expects that 2005 fuel oil reference prices will, on average, be higher than average prices in 2004. Oil and Gas is on track with an ambitious exploration and development program at an estimated cost of $128 million, with four drilling rigs in operation and three additional drilling rigs which are being deployed this year. In addition to its development drilling activity in Cuba, Sherritt intends to drill appraisal wells on the recent discovery at Santa Cruz and to drill several other exploration prospects in Block 7 (Guanabo and Tarara), Block 9 (San Anton) and Block 10 (Playa Larga). Mobilization of the San Anton exploration well is currently underway. These prospects were identified from major seismic programs acquired and interpreted over the past two years. Sherritt expects that its development drilling program will result in modest increases in gross production volumes, offsetting natural production declines, with the potential for further increases in production volumes if additional fields are discovered through the exploration drilling program. Sherritt anticipates that net oil production in 2005 will be lower than 2004, due to higher fuel oil prices and lower gross production from new wells, partly offset by the increase in recoverable capital spending.

Power

Construction of the 85 MW expansion which will bring total capacity to over 310 MW, is expected to be completed on schedule. It is anticipated that the gas plant and turbines will be commissioned in the fourth quarter of 2005. Production from the expansion will be offset by lower production from existing operations due to two scheduled six year mechanical inspections and, as a result, total expected production of 1.6 million megawatt hours will be basically unchanged from 2004. Capital expenditures remaining in 2005 are estimated to be $31.8 million of which $22.5 million is related to the expansion. The Corporation is negotiating a further expansion of up to 190 MW, subject to confirmation and dedication of sufficient natural gas reserves from oil fields in Cuba. This would optimize the use of the natural gas reserves in Cuba. The timing and estimated cost of the additional expansion has not been finalized although, as was the case with all previous projects, Sherritt would finance, construct and operate the expanded facilities, with all surplus net cash flow from the expansion being initially directed towards repayment of the financing and interest costs.

Other Businesses

The soybean-based food processing business will pursue opportunities to maximize consumption of its products in Cuba. Production levels are expected to increase by 20% in 2005. Capital expenditures for 2005 are estimated to be $1 million.

Summary Quarterly Results (unaudited)

The following table presents a summary of our segments and consolidated operating results for each of the eight quarters from September 2003 to June 2005.

(millions of dollars, except per share amounts)	Quarter ended							
	June 2005	**March 2005**	**Dec. 2004**	**Sept. 2004[2]**	**June 2004[2]**	**March 2004[2]**	**Dec. 2003[2]**	**Sept. 2003[2]**
Revenue								
Coal[1]	**$ 65.3**	$ 62.9	$ 65.4	$ 60.2	$ 61.6	$ 63.2	$ 60.3	$ 61.5
Metals	**141.8**	99.8	107.6	100.9	142.8	105.0	99.6	61.8
Oil and Gas	**66.8**	49.7	45.1	51.1	53.3	47.6	51.2	54.0
Power	**26.6**	25.7	23.5	26.6	27.2	26.7	27.1	26.9
Other	**19.6**	17.2	20.3	20.8	21.1	16.0	12.2	9.1
	$320.1	$255.3	$261.9	$259.6	$306.0	$258.5	$250.4	$213.3
Earnings from continuing operations	**$ 56.0**	$ 35.5	$ 22.7	$ 35.2	$ 53.3	$ 46.1	$ 20.5	$ 12.4
Net earnings	**56.0**	35.5	24.4	35.2	54.3	46.1	20.5	12.4
Earnings from continuing operations per share								
Basic	**0.36**	0.25	0.15	0.27	0.41	0.35	0.20	0.09
Diluted	**0.30**	0.21	0.13	0.20	0.29	0.26	0.15	0.09
Earnings per share								
Basic	**0.36**	0.25	0.17	0.27	0.41	0.35	0.20	0.09
Diluted	**0.30**	0.21	0.14	0.20	0.30	0.26	0.15	0.09

(1) Coal revenue excludes revenue from the metallurgical coal operations disposed of in February 2003.

(2) Restated – see note 2 of the Consolidated Financial Statements.

The analysis of financial results for the last eight quarters is generally consistent with the consolidated financial results and selected interim information presented previously in this document. Further details in respect of historical quarterly results can be found in the Corporation's quarterly reports filed on SEDAR at www.sedar.com or on the Corporation's web site at www.sherritt.com.

Changes in Accounting Estimate

During the second quarter, the Corporation undertook a review of the estimated useful life of its Coal reserves. As a result of this review, amortization was reduced by $0.5 million for the quarter. The change in estimated useful life of the Coal reserves was treated as a change in accounting estimate and was, therefore, implemented on a prospective basis.

Changes in Accounting Policies

During 2004, the Corporation adopted several new accounting pronouncements from the Canadian Institute of Chartered Accountants (CICA) that have an impact on the Corporation's financial statements. The highlights of the impact of the new pronouncements are as follows:

Consolidation of Variable Interest Entities

On October 1, 2004, the Corporation early adopted AcG-15, Consolidation of Variable Interest Entities. The guideline requires the primary beneficiary of a variable interest entity (VIE) to consolidate the VIE when the equity owners have not provided the VIE with sufficient funding through equity to allow it to finance its activities without relying on subordinated financial support from other parties or when the primary beneficiary holds a controlling financial interest through means other than the majority ownership of voting equity. The primary

beneficiary is the enterprise that will absorb or receive the majority of the VIE's expected losses, expected residual returns, or both. The Corporation is the primary beneficiary of two VIE's.

The Corporation elected to implement the guideline on a retroactive basis with restatement of prior periods. The effect of the change in policy on current and prior year amounts is disclosed in note 2 of the consolidated financial statements.

Convertible Debentures – Disclosure and Presentation

On October 1, 2004, the Corporation early adopted changes to CICA section 3860, Financial Instruments – Disclosure and Presentation. Under Section 3860 the convertible debentures must be divided into liability and equity components in accordance with the substance of the contractual arrangement.

The liability component was determined by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability without an associated equity component. The carrying amount of the equity component, represented by the holders' option to convert the convertible debentures into common shares, was determined by deducting the carrying amount of the liability component from the principal value of the convertible debentures that were originally issued at par. The liability is increased to the par value of the convertible debentures over the term to maturity through an accretion charge recorded in interest expense.

The Corporation elected to implement the guideline on a retroactive basis with restatement of prior periods. The effect of the change in policy on current and prior year amounts is disclosed in note 2 of the consolidated financial statements.

Off Balance Sheet Arrangements

The Corporation had no material outstanding foreign exchange or commodity options, futures or forward contracts as at June 30, 2005.

Transactions with Related Parties

Subsidiaries of the Corporation provide goods, labour, advisory and other administrative services to joint ventures at cost, commercial rates, and other various contractual terms. The Corporation and its subsidiaries also market, pursuant to sales agreements, all of the cobalt, a portion of the nickel, and certain by-products produced by certain jointly owned entities in the Metals business.

The total value of all goods and services, including labour services, that the Corporation and its subsidiaries provided to joint ventures in the second quarter of 2005 amounted to $9.4 million (2004 – $2.8 million) and for the first six months ended June 30, 2005 was $20.0 million (2004 – $34.3 million). The total value of goods and services purchased from affiliates in the second quarter of 2005 was $ nil (2004 – $0.2 million) and for the first six months ended June 30, 2005 was $1.5 million (2004 – $1.6 million).

Accounts receivable from joint ventures at June 30, 2005, totalled $8.6 million (2004 – $5.4 million). Accounts payable to joint ventures at June 30, 2005 totalled $0.9 million (2004 – $5.4 million).

Contractual Obligations and Commitments

The Corporation is committed to purchases of equipment and services in the amount of $25.6 million. As the Power and Metals expansion progresses, the Corporation expects to enter into additional commitments.

Additional Information

Share Capital

As at June 30, 2005, the Corporation had 154,482,547 common shares outstanding.

If all of the convertible debentures were converted into shares at the option of the holders, up to 42,855,143 additional shares would be issued on or before December 14, 2013 with respect to the 7% convertible debentures.

Consolidated Balance Sheets

(in millions of Canadian dollars)	June 30 2005 (unaudited)	December 31 2004 (audited)
ASSETS		
Current assets		
Cash, cash equivalents and short-term investments	**$ 477.8**	$ 427.0
Restricted cash	**14.0**	25.0
Advances and loans receivable	**46.0**	27.7
Accounts receivable	**295.7**	282.6
Inventories	**97.2**	103.1
Overburden removal costs	**2.8**	1.4
Prepaid expenses	**10.0**	8.6
Future income taxes	**18.3**	18.9
	961.8	894.3
Capital assets	**1,575.3**	1,500.5
Investments	**21.3**	21.7
Future income taxes	**76.6**	66.8
Other assets	**98.7**	114.3
	$2,733.7	$2,597.6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	**$ 82.9**	$ 44.9
Accounts payable and accrued liabilities	**165.8**	178.8
Asset retirement obligations (note 5)	**9.5**	11.8
Current portion of long-term debt (note 4)	**6.0**	4.2
	264.2	239.7
Long-term debt and other liabilities (note 4)	**586.9**	777.7
Asset retirement obligations (note 5)	**69.9**	65.4
Future income taxes	**204.6**	203.7
Non-controlling interests (note 9)	**198.5**	183.7
	1,324.1	1,470.2
Shareholders' equity		
Convertible debentures (note 6)	**12.6**	25.0
Capital stock (note 7)	**796.5**	582.4
Contributed surplus (note 10)	**196.0**	199.2
Retained earnings	**404.5**	320.8
	1,409.6	1,127.4
	$2,733.7	$2,597.6

Consolidated Statements of Operations

(unaudited – in millions of Canadian dollars except per share amounts)	Three months ended June 30		Six months ended June 30	
	2005	**2004** (restated – note 2)	**2005**	**2004** (restated – note 2)
Revenue	**$320.1**	$306.0	**$575.4**	$564.5
Operating, selling, general and administrative	**174.9**	164.5	**307.8**	297.4
Earnings before undernoted items	**145.2**	141.5	**267.6**	267.1
Depletion, amortization and accretion	**46.7**	46.8	**91.4**	90.8
Net financing expense (note 11)	**13.3**	11.1	**28.1**	25.1
Share of earnings of equity investment	**–**	–	**(0.5)**	(0.5)
Earnings from continuing operations before income taxes and non-controlling interest	**85.2**	83.6	**148.6**	151.7
Income taxes (note 12)	**23.2**	18.3	**42.3**	30.7
Non-controlling interest	**6.0**	12.0	**14.8**	21.6
Earnings from continuing operations	**56.0**	53.3	**91.5**	99.4
Discontinued operations	**–**	1.0	**–**	1.0
Net earnings	**$ 56.0**	$ 54.3	**$ 91.5**	$100.4
Earnings from continuing operations per share				
Basic	**$ 0.36**	$ 0.41	**$ 0.62**	$ 0.76
Diluted	**0.30**	0.29	**0.51**	0.55
Earnings per share				
Basic	**$ 0.36**	$ 0.41	**$ 0.62**	$ 0.76
Diluted	**0.30**	0.30	**0.51**	0.56

Consolidated Statements of Retained Earnings

(unaudited – in millions of Canadian dollars)	Three months ended June 30		Six months ended June 30	
	2005	**2004** (restated – note 2)	**2005**	**2004** (restated – note 2)
Beginning of period, as previously reported	**$356.3**	$241.2	**$320.8**	$194.9
Change in accounting policies (note 2)	**–**	(34.3)	**–**	(34.1)
Beginning of period, as restated	**356.3**	206.9	**320.8**	160.8
Net earnings	**56.0**	54.3	**91.5**	100.4
Dividends on common shares	**(7.8)**	–	**(7.8)**	–
End of period	**$404.5**	$261.2	**$404.5**	$261.2

Consolidated Statements of Cash Flow

(unaudited – millions of Canadian dollars)	Three months ended June 30		Six months ended June 30	
	2005	2004 (restated – note 2)	2005	2004 (restated – note 2)
Operating activities				
Net earnings	**$ 56.0**	$ 54.3	**$ 91.5**	$100.4
Items not affecting cash				
Non-controlling interests	**6.0**	12.0	**14.8**	21.6
Accretion on convertible debentures	**0.1**	0.7	**0.5**	1.4
Depletion, amortization and accretion	**46.7**	46.8	**91.4**	90.8
Amortization of financing cost	**0.1**	0.7	**0.4**	1.3
Share of (earnings) loss of equity investments	**–**	–	**(0.5)**	(0.5)
Future income taxes	**(0.5)**	(3.7)	**(7.0)**	(16.6)
Foreign exchange loss (gains)	**3.0**	(2.8)	**6.8**	(2.1)
Asset retirement obligations expenditures	**(1.3)**	(3.5)	**(2.3)**	(5.2)
Other items	**(1.0)**	(1.5)	**(0.5)**	(2.2)
Cash provided before working capital changes	**109.1**	103.0	**195.1**	188.9
Decrease (increase) in non-cash working capital				
Accounts receivable	**(12.1)**	20.4	**(18.3)**	2.6
Inventories	**23.1**	11.1	**4.4**	2.8
Overburden removal costs	**(1.0)**	(0.3)	**(1.5)**	0.2
Prepaid expenses	**1.7**	0.1	**(1.4)**	(2.2)
Accounts payable and accrued liabilities	**(30.5)**	(31.4)	**(14.6)**	(36.8)
	(18.8)	(0.1)	**(31.4)**	(33.4)
Cash provided by operating activities	**90.3**	102.9	**163.7**	155.5
Investing activities				
Capital expenditures	**(84.9)**	(26.2)	**(144.3)**	(46.2)
Net proceeds from sale of capital assets	**0.7**	0.9	**1.6**	1.7
Restricted cash	**0.3**	(4.3)	**11.0**	(6.7)
Other assets	**(6.4)**	2.3	**(14.0)**	3.4
Investments	**–**	–	**0.9**	0.3
Cash provided by (used for) investing activities	**(90.3)**	(27.3)	**(144.8)**	(47.5)
Financing activities				
Short-term debt	**19.7**	0.5	**38.0**	0.7
Long-term debt	**(1.5)**	(1.1)	**(2.6)**	(1.7)
Issue of common shares	**3.3**	–	**5.8**	0.3
Repurchase of common shares	**–**	–	**(5.4)**	–
Dividend paid	**(3.9)**	–	**(3.9)**	–
Cash provided by (used for) financing activities	**17.6**	(0.6)	**31.9**	(0.7)
Increase in net cash	**17.6**	75.0	**50.8**	107.3
Net cash at beginning of period	**460.2**	366.4	**427.0**	334.1
Net cash at end of period	**$477.8**	$441.4	**$ 477.8**	$441.4
Supplementary Cash Flow Information				
Cash received for interest	**$ 6.4**	$ 2.8	**$ 11.8**	$ 5.2
Cash paid for interest on debt	**20.3**	30.9	**26.9**	36.8
Cash paid for income taxes	**19.3**	15.9	**34.0**	40.6

Net cash consists of cash, cash equivalents and short-term investments. As at June 30, 2005, short-term investments with maturities greater than three months were $nil million (2004 — $65.1 million).

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(All tabular dollar amounts expressed in millions 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, 2004. 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, 2004.

2. CHANGES IN ACCOUNTING POLICIES AND ESTIMATE

(a) During the quarter, the Corporation undertook a review of the estimated useful life of its Coal reserves. As a result of this review, amortization was reduced by $0.5 million for the quarter ended June 30, 2005. The change in estimated useful life of capital assets was treated as a change in accounting estimate, and was, therefore, implemented on a prospective basis.

(b) Consolidation of variable interest entities

On October 1, 2004, the Corporation early adopted AcG-15, Consolidation of Variable Interest Entities. The guideline requires the primary beneficiary of a variable interest entity (VIE) to consolidate the VIE. A VIE is an entity which either does not have sufficient equity at risk to finance its activities without additional subordinated financial support or where the holders of the equity at risk lack the characteristics of a controlling financial interest. The primary beneficiary is the enterprise that will absorb or receive the majority of the VIEs expected losses, expected residual returns, or both. The Corporation is the primary beneficiary of two VIEs as described in note 9.

The Corporation has implemented the guideline on a retroactive basis with restatement of prior periods. The cumulative effect of the change in policy on the opening retained earnings for 2004 was a reduction of $5.4 million. The change in policy for the second quarter of 2004 resulted in a decrease in earnings of $0.2 million (change in EPS – basic $nil, diluted $nil). For the six months ended June 30, 2004, the change in policy resulted in an increase in earnings of $0.2 million (change in EPS – basic $nil, diluted $nil).

(c) Convertible debentures – disclosure and presentation

On October 1, 2004, the Corporation early adopted changes to CICA section 3860, Financial Instruments – Disclosure and Presentation. The convertible debentures are now divided into liability and equity components in accordance with the substance of the contractual arrangement.

The liability component was determined by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability without an associated equity component. The carrying amount of the equity component represented the holders' option to convert the convertible debentures into common shares and was determined by deducting the carrying amount of the liability component from the principal value of the convertible debentures that were originally issued at par. The liability is increased to the par value of the convertible debentures over the term to maturity through an accretion charge recorded in interest expense (see note 4).

The changes have been implemented on a retroactive basis with restatement of prior periods. The cumulative effect of the change in policy on the opening retained earnings for 2004 was $28.7 million. The change in policy for the second quarter of 2004 resulted in a decrease in net earnings of $7.4 million (decrease in EPS – basic $0.01, diluted $nil). For the six months ended June 30, 2004, the change in policy resulted in a decrease in net earnings of $14.6 million (decrease in EPS – basic $0.01, increase in EPS – diluted $0.01)

3. POST-RETIREMENT BENEFITS

The Corporation's pension expense for the second quarter of 2005 was $2.2 million (2004 – $1.9 million). For the six months ended June 30, 2005, pension expense was $4.4 million (2004 – $4.2 million).

4. LONG-TERM DEBT AND OTHER LIABILITIES

	June 30, 2005	December 31, 2004
		(restated)
6% convertible debentures due 2006[a]	**$ –**	$196.8
7% convertible debentures due 2013	**293.6**	293.3
Senior notes	**168.5**	165.5
Senior unsecured debentures	**105.0**	105.0
	567.1	760.6
Capital lease obligations	**20.6**	16.2
Other long-term liabilities	**5.2**	5.1
	592.9	781.9
Current portion of long-term debt	**(6.0)**	(4.2)
	$ 586.9	$777.7

(a) $192.4 million principal amount of the 6% convertible debentures were converted into 21,923,924 shares and the remaining balance of $7.6 million was redeemed for 811,137 shares during the six months ended June 30, 2005.

Interest and accretion on long-term debt for the second quarter of 2005 was $12.3 million (2004 – $18.0 million). For the six months ended June 30, 2005, interest and accretion on long-term debt was $26.6 million (2004 – $35.6 million).

5. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations have been recognized in respect of the mining operations of Coal and Metals, including associated infrastructure and buildings. Obligations have also been recorded for nickel and cobalt refining facilities, fertilizers and utilities facilities and oil and gas production facilities. Reclamation of coal mining operations is typically carried out on a continuous basis over the life of each mine and is dependent on the rate that mining progresses over the area to be mined. Retirement of refinery, fertilizer and utility facilities, oil and gas production facilities, infrastructure and buildings normally takes place at the end of the assets' useful life.

The following is a reconciliation of the opening and closing asset retirement obligation balances.

	Six months ended June 30, 2005	Year ended December 31, 2004
Balance, beginning of period	**$ 77.2**	$ 79.4
Additions to liabilities	**3.4**	7.3
Liabilities settled	**(3.1)**	(14.3)
Accretion expense	**3.0**	5.5
Change in foreign exchange rates	**(1.1)**	(0.7)
Balance, end of period	**79.4**	77.2
Current portion	**(9.5)**	(11.8)
	$ 69.9	$ 65.4

The Corporation has estimated the undiscounted cash flow required to settle the asset retirement obligation at approximately $215.4 million. Expenditures will be made on an ongoing basis over several decades and are expected to be funded by cash generated from operations. Credit adjusted discount rates from 3% to 9% were applied to expected future cash flows to determine the carrying value of the asset retirement obligation.

In view of uncertainties concerning asset retirement obligations, the ultimate costs could be materially different from the amounts estimated. The estimate of the future asset retirement liabilities is subject to change based on amendments to applicable laws and legislation. Future changes in asset retirement liabilities, if any, could have a significant impact and would be reflected prospectively, as a change in accounting estimate.

6. CONVERTIBLE DEBENTURES

	June 30, 2005	December 31, 2004
		(restated)
7% convertible debentures due 2013	**$12.6**	$12.6
6% convertible debentures due 2006	**–**	12.4
	$12.6	$25.0

The equity component in respect of the 7% convertible debentures represents the value of the debentureholders' option to convert the convertible debentures into common shares at the time the debentures were issued. The equity component in respect of the 6% convertible debentures was reclassified to capital stock as result of the conversion and redemption transactions described in note 4. The above amounts are shown net of related issue costs on an after tax basis.

7. CAPITAL STOCK

The Corporation's authorized share capital consists of an unlimited number of common shares.

The changes in the Corporation's outstanding common shares were as follows:

	Number		Stated Capital	
	Six months ended June 30, 2005	Year ended December 31, 2004	Six months ended June 30, 2005	Year ended December 31, 2004
Balance, beginning of period	**131,381,776**	131,189,779	**$ 582.4**	$581.7
Increase(decrease):				
Share purchase plan	**–**	91,140	**–**	0.4
Repurchase of shares	**(545,432)**	–	**(2.8)**	–
Stock options exercised	**910,000**	100,000	**5.8**	0.3
6% convertible debenture conversion	**21,923,924**	–	**202.4**	–
6% convertible debenture redemption	**811,137**	–	**8.7**	–
7% convertible debenture conversion	**1,142**	857	**–**	–
Balance, end of period	**154,482,547**	131,381,776	**$ 796.5**	$582.4

If all of the 7% convertible debentures are converted into shares at the option of the holders, up to 42,855,143 additional common shares may be issued on or before December 14, 2013.

7. CAPITAL STOCK (Continued)

The following table presents the calculation of basic and diluted earnings per common share:

	Three months ended June 30		Six months ended June 30	
	2005	**2004** (restated)	**2005**	**2004** (restated)
Earnings from continuing operations	**$ 56.0**	$ 53.3	**$ 91.5**	$ 99.4
Loss on redemption of convertible debentures	**–**	–	**(0.5)**	–
Earnings from continuing operations – basic	**56.0**	53.3	**91.0**	99.4
Earnings from discontinued operations	**–**	1.0	**–**	1.0
Net earnings – basic	**56.0**	54.3	**91.0**	100.4
Loss on redemption of convertible debentures	**–**	–	**0.9**	–
Interest and accretion on convertible debentures	**3.7**	7.5	**8.9**	15.0
Net earnings – diluted	**59.7**	61.8	**100.8**	115.4
Earnings from discontinued operations	**–**	(1.0)	**–**	(1.0)
Earnings from continuing operations – diluted	**$ 59.7**	$ 60.8	**$100.8**	$114.4
Weighted average number of shares – basic	**154.2**	131.3	**146.8**	131.3
Weighted average effect of dilutive securities:				
Employee stock options	**1.6**	0.6	**1.7**	0.6
Convertible debentures	**42.9**	77.0	**50.2**	77.0
Weighted average number of shares – diluted	**198.7**	208.9	**198.7**	208.9
Earnings from continuing operations per common share				
Basic	**$ 0.36**	$ 0.41	**$ 0.62**	$ 0.76
Diluted	**0.30**	0.29	**0.51**	0.55
Earnings from discontinued operations per common share				
Basic	**–**	–	**–**	–
Diluted	**–**	0.01	**–**	0.01
Earnings per common share				
Basic	**0.36**	0.41	**0.62**	0.76
Diluted	**0.30**	0.30	**0.51**	0.56

8. STOCK COMPENSATION PLANS

The following is a summary of stock option activity during the three months and six months ended June 30, 2005.

	Three months ended June 30, 2005		Three months ended June 30, 2004	
	Options	**Weighted average exercise price**	**Options**	**Weighted average exercise price**
Outstanding at beginning of period	**5,630,000**	**$6.66**	6,055,000	$6.65
Exercised	**(500,000)**	**6.57**	–	–
Forfeited	**–**	**–**	–	–
Outstanding at end of period	**5,130,000**	**$6.66**	6,055,000	$6.65

8. STOCK COMPENSATION PLANS (Continued)

	Six months ended June 30, 2005		Six months ended June 30, 2004	
	Options	**Weighted average exercise price**	**Options**	**Weighted average exercise price**
Outstanding at beginning of period	**6,040,000**	**$6.62**	6,410,000	$6.64
Exercised	**(910,000)**	**6.38**	(85,000)	3.05
Forfeited	**–**	**–**	(270,000)	7.74
Outstanding at end of period	**5,130,000**	**$6.66**	6,055,000	$6.65

9. VARIABLE INTEREST ENTITIES AND NON-CONTROLLING INTERESTS

The Corporation is the primary beneficiary of two VIE's as defined under AcG-15.

The Corporation holds an indirect one-third interest in the equity of a VIE, which owns and operates natural gas-fired power plants in Cuba. In addition, the Corporation indirectly provided financing for the construction of the power plants. As the primary beneficiary of the VIE since March 28, 2003, the Corporation consolidates this entity under AcG-15. The two-thirds non-controlling interest in the entity is presented separately.

The Corporation holds a 49% indirect equity interest in a VIE which processes soybeans in Cuba. In addition, the Corporation indirectly provided financing for the construction of the soybean-based food processing facilities and working capital requirements. As the primary beneficiary of the VIE since its inception in 1998, the Corporation consolidates this entity under AcG-15. The 51% non-controlling interest in the soybean-based food processing entity is presented separately. Prior to the adoption of AcG-15, Sherritt's investment in the soybean-based food processing entity was proportionately consolidated until June 30, 2003 after which it was accounted for on an equity basis.

Until such time as the financing provided by the Corporation and interest thereon, is fully repaid, the Corporation will retain title to the related assets. Following full repayment of the respective financing, title will transfer to the VIE. Each of the VIEs has the exclusive right to use and enjoy the benefits of ownership of the relevant assets unless they default on their respective obligations under the terms of the financing.

10. CONTRIBUTED SURPLUS

	Six months ended June 30, 2005	**Year ended December 31, 2004**
Balance, beginning of period	**$199.2**	$201.8
Repurchase of convertible debentures	**–**	(2.6)
Redemption of convertible debentures	**(0.5)**	–
Repurchase of common shares	**(2.7)**	–
Balance, end of period	**$196.0**	$199.2

Contributed surplus was reduced in 2005 by $3.2 million reflecting the loss on redemption of the 6% convertible debentures and the loss on repurchase of shares. Contributed surplus was reduced in 2004 as a result of a loss on the repurchase of $100 million par value of the 6% convertible debenture. The amounts relating to both of these transactions are stated net of tax.

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 common shares.

11. NET FINANCING EXPENSE

	Three months ended June 30		Six months ended June 30	
	2005	**2004** (restated)	**2005**	**2004** (restated)
Interest income on cash, cash equivalents, short-term investments and loans receivable	**$ (3.7)**	$ (7.3)	**$ (8.3)**	$(13.3)
Interest expense on debt	**14.1**	19.7	**29.2**	39.0
Foreign exchange losses/(gains)	**3.0**	(2.8)	**6.8**	(2.1)
Other	**(0.1)**	1.5	**0.4**	1.5
	$13.3	$11.1	**$28.1**	$ 25.1

12. INCOME TAXES

	Three months ended June 30		Six months ended June 30	
	2005	**2004** (restated)	**2005**	**2004)** (restated)
Current	**$23.7**	$22.0	**$49.3**	$ 47.3
Future	**(0.5)**	(3.7)	**(7.0)**	(16.6)
	$23.2	$18.3	**$42.3**	$ 30.7

13. COMMITMENTS AND CONTINGENCIES

Oil and Gas and Power Receivables

The Corporation has entered into an agreement with an international financial institution, that has been assigned the right, by certain Cuban government agencies, to receive income tax, royalty and labour tax payments (Tax Amounts) made by Moa Nickel S.A. To the extent that the Tax Amounts received by the financial institution exceed the financial institution's minimum quarterly repayment requirements on its loans to Cuban government agencies, the excess is made available to release directly to the Corporation, net of a 4.5% release fee for payment of amounts owing by Cuban government agencies relating to oil, power and soybean-based food product purchases. The agreement expires in January 2006.

The agreement provides for the release of these funds, denominated in Euros, to the Corporation on a monthly basis provided that certain conditions are met. In the event that the Tax Amounts do not meet the minimum quarterly repayment requirements to the financial institution in the calendar year, the Corporation has agreed to immediately refund amounts received during a particular calendar year to offset the shortfall to the financial institution. If amounts received by the Corporation are refunded to the financial institution, the release fee is refunded to the Corporation and amounts owing to the Corporation from Cuban government agencies will be reinstated in amounts similar to the refund.

During the second quarter, the Corporation received $28.5 million under this agreement (2004 – $33.7 million), which was applied against Oil and Gas and Power receivables. Based on management's expectations for production, commodity prices and costs at Moa Nickel S.A. for the remainder of the year, the Corporation does not expect that it will be required to refund any amounts that relate to the 2005 calendar year and therefore no liability has been recorded in respect of potential refunds. As at June 30, 2005, the estimated maximum potential refund, which would result in a similar amount of receivables being reinstated, is $22.0 million.

Since the base currency of all payments to the Corporation under this agreement is Euros, the Corporation assumes foreign exchange risk related to potential refunds.

Commitments

As at June 30, 2005 the Corporation was committed to purchases of equipment and services in the amount of $25.6 million.

14. SEGMENT INFORMATION

Reference should be made to Sherritt's annual audited consolidated financial statements for a full description of operating segments.

Three months ended June 30, 2005

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other(1)	Corporate	Consolidated
Revenue	$ 65.3	$141.8	$ 66.8	$ 26.6	$19.6	$ –	$ 320.1
Operating, selling, general and administrative	51.3	79.4	10.3	11.6	16.8	5.5	174.9
Earnings (loss) before undernoted items	14.0	62.4	56.5	15.0	2.8	(5.5)	145.2
Depletion, amortization and accretion	14.3	5.2	20.1	5.4	0.7	1.0	46.7
Operating earnings (loss) from continuing operations	(0.3)	57.2	36.4	9.6	2.1	(6.5)	98.5
Share of earnings of equity investments							–
Net financing expense							(13.3)
Earnings from continuing operations before income taxes and non-controlling interest							85.2
Capital expenditures	5.8	6.4	39.0	33.5	0.1	0.1	84.9
Assets	$752.8	$416.5	$591.8	$522.3	$89.5	$360.8	$2,733.7

Three months ended June 30, 2004 (restated)

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other(1)	Corporate	Consolidated
Revenue	$ 61.6	$142.8	$ 53.3	$ 27.2	$ 21.1	$ –	$ 306.0
Operating, selling, general and administrative	42.6	80.3	8.7	4.4	19.3	9.2	164.5
Earnings (loss) from continuing operations before undernoted items	19.0	62.5	44.6	22.8	1.8	(9.2)	141.5
Depletion, amortization and accretion	16.4	5.0	19.8	4.3	0.6	0.7	46.8
Operating earnings (loss) from continuing operations	2.6	57.5	24.8	18.5	1.2	(9.9)	94.7
Share of earnings of equity investments							–
Net financing expense							(11.1)
Earnings from continuing operations before income taxes and non-controlling interest							83.6
Capital expenditures	1.5	2.6	21.8	0.1	–	0.2	26.2
Assets	$774.9	$389.7	$511.0	$456.0	$105.8	$383.0	$2,620.4

(1) Other includes the results of the soybean-based food processing business.

14. SEGMENT INFORMATION (Continued)

Six months ended June 30, 2005

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other[1]	Corporate	Consolidated
Revenue	$128.2	$241.6	$116.5	$ 52.3	$36.8	$ –	$ 575.4
Operating, selling, general and administrative	93.2	129.9	20.0	17.7	31.2	15.8	307.8
Earnings (loss) before undernoted items	35.0	111.7	96.5	34.6	5.6	(15.8)	267.6
Depletion, amortization and accretion	28.1	10.2	39.0	10.6	1.4	2.1	91.4
Operating earnings (loss) from continuing operations	6.9	101.5	57.5	24.0	4.2	(17.9)	176.2
Share of earnings of equity investments							0.5
Net financing expense							(28.1)
Earnings from continuing operations before income taxes and non-controlling interest							148.6
Capital expenditures	7.1	10.4	67.8	57.3	0.2	1.5	144.3
Assets	$752.8	$416.5	$591.8	$522.3	$89.5	$360.8	$2,733.7

Six months ended June 30, 2004 (restated)

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other[1]	Corporate	Consolidated
Revenue	$124.8	$247.8	$100.9	$ 53.9	$ 37.1	$ –	$ 564.5
Operating, selling, general and administrative	87.8	128.1	18.4	11.1	34.4	17.6	297.4
Earnings (loss) before undernoted items	37.0	119.7	82.5	42.8	2.7	(17.6)	267.1
Depletion, amortization and accretion	29.2	10.0	40.3	8.6	1.0	1.7	90.8
Operating earnings (loss) from continuing operations	7.8	109.7	42.2	34.2	1.7	(19.3)	176.3
Share of earnings of equity investments							0.5
Net financing expense							(25.1)
Earnings from continuing operations before income taxes and non-controlling interest							151.7
Capital expenditures	2.3	4.0	39.6	0.1	–	0.2	46.2
Assets	$774.9	$389.7	$511.0	$456.0	$105.8	$383.0	$2,620.4

(1) Other includes the results of the soybean-based food processing business.

14. SEGMENT INFORMATION (Continued)

	Three months ended June 30			
	2005		2004	
	Revenue[a]	Capital Assets	Revenue	Capital Assets
				(restated)
Canada	$ 92.5	$ 779.0	$100.1	$ 803.2
Cuba	110.0	786.5	98.8	662.7
Europe	72.9	2.7	63.8	4.5
Asia	40.6	7.1	34.7	6.9
Other foreign countries	4.1	–	8.6	–
	$320.1	$1,575.3	$306.0	$1,477.3

	Six months ended June 30			
	2005		2004	
	Revenue[a]	Capital Assets	Revenue	Capital Assets
				(restated)
Canada	$160.5	$ 779.0	$172.6	$ 803.2
Cuba	200.0	786.5	185.5	662.7
Europe	134.1	2.7	125.6	4.5
Asia	70.4	7.1	67.8	6.9
Other foreign countries	10.4	–	13.0	–
	$575.4	$1,575.3	$564.5	$1,477.3

(a) Revenues have been attributed to geographic segments based on location of customer.

15. FINANCIAL INSTRUMENTS

Unutilized lines of credit as at June 30, 2005 were $54.9 million.

16. COMPARATIVE AMOUNTS

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

Schedule of Selected Current Assets and Accounts Payable by Operating Segment

June 30, 2005

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other	Corporate	Consolidated
Accounts receivable	$30.9	$ 65.9	$148.8	$25.8	$ 9.8	$14.5	$295.7
Inventories	24.0	55.9	–	13.8	3.5	–	97.2
Overburden removal costs	2.8	–	–	–	–	–	2.8
Prepaid expenses	1.2	3.7	1.7	–	1.5	1.9	10.0
Future income taxes	1.6	10.3	6.4	–	–	–	18.3
	$60.5	$135.8	$156.9	$39.6	$14.8	$16.4	$424.0
Accounts payable and accrued liabilities	$34.3	$ 48.1	$ 36.6	$15.0	$ 8.2	$23.6	$165.8

March 31, 2005

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other	Corporate	Consolidated
Accounts receivable	$29.1	$ 54.2	$141.4	$36.5	$13.3	$10.8	$285.3
Inventories	24.3	76.1	–	12.2	9.2	–	121.8
Overburden removal costs	1.8	–	–	–	–	–	1.8
Prepaid expenses	0.8	4.0	3.9	–	1.2	1.8	11.7
Future income taxes	1.8	14.0	5.1	–	–	–	20.9
	$57.8	$148.3	$150.4	$48.7	$23.7	$12.6	$441.5
Accounts payable and accrued liabilities	$36.4	$ 67.0	$ 37.4	$ 9.4	$20.0	$22.1	$192.3

December 31, 2004

(millions of Canadian dollars)	Coal	Metals	Oil and Gas	Power	Other	Corporate	Consolidated
Accounts receivable	$26.8	$ 50.1	$135.8	$47.3	$11.4	$11.2	$282.6
Inventories	20.0	65.8	–	11.0	6.3	–	103.1
Overburden removal costs	1.4	–	–	–	–	–	1.4
Prepaid expenses	1.2	3.8	1.3	0.2	1.4	0.7	8.6
Future income taxes	2.4	11.7	4.8	–	–	–	18.9
	$51.8	$131.4	$141.9	$58.5	$19.1	$11.9	$414.6
Accounts payable and accrued liabilities	$38.2	$ 57.0	$ 30.5	$11.2	$19.0	$22.9	$178.8

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