

S H E R R I T T I N T E R N A T I O N A L



C O R P O R A T E P R O F I L E

Sherritt International Corporation operates in Canada, the Republic of Cuba, and internationally. Sherritt International owns a 50% indirect interest in a vertically-integrated commodity nickel/cobalt metals business. The Corporation owns assets which are operated to provide for some of the input requirements of the Metals refinery and which also produce fertilizer. The Corporation explores for, develops and produces oil and natural gas reserves worldwide. In addition, the Corporation has investments in power-generation, communications, soybean processing, tourism and agriculture in Cuba.

Sherritt International Corporation, a widely-held Canadian public company, trades on The Toronto Stock Exchange ("TSE") under the symbol S; the Corporation's convertible debentures trade on the TSE under the symbol S.DB.

F I N A N C I A L H I G H L I G H T S

Nine months ended September 30 (unaudited)

thousands of Canadian dollars except per share amounts	2000	1999
Revenue	\$ 362,639	\$ 259,696
Net earnings	96,061	43,074
Earnings (loss) per share		
Basic	1.09	0.35
Fully diluted	0.65	0.28
Shareholders' equity	1,226,006	1,185,251

REPORT to SHAREHOLDERS

Sherritt International Corporation achieved net earnings of \$29.4 million or \$0.33 per restricted voting share ("share") for the third quarter of 2000, compared with net earnings of \$26.0 million or \$0.28 per share in the prior year period. Consolidated revenue for the third quarter of 2000 rose by 14% to \$110.3 million from \$96.8 million in the same period one year ago, reflecting the benefit of higher nickel and oil prices and increased oil production. Net earnings for the first nine months of 2000 more than doubled to \$96.1 million or \$1.09 per share from \$43.1 million or \$0.35 per share for the first nine months of 1999.

In July, the Corporation repurchased, through a substantial issuer bid, \$25 million principal amount of its 6% convertible unsecured subordinated debentures at a price of \$740 per \$1,000 principal amount of debentures, for a total cost (including accrued interest) of \$18.6 million. A further \$25 million principal amount of convertible debentures was repurchased on October 20, 2000 at a price of \$830 per \$1,000 principal amount of debentures for a total cost (including accrued interest) of \$21.3 million. The Corporation's aggregate principal amount of debentures outstanding is now \$600 million.

The Corporation's total assets of \$1.4 billion at September 30, 2000 included cash and short-term investments of \$345.3 million. Cash from operating activities for the first nine months of 2000 was \$129.8 million. Uses of cash, year-to-date, include investing activities of \$96.3 million, convertible debenture interest payments of \$18.5 million, dividends of \$14.5 million, and the repurchase of convertible debentures of \$36.9 million. Capital expenditures for the nine months of \$83.7 million were \$16.3 million higher than the same period last year, principally reflecting higher spending by Metals and Oil and Gas.

OPERATING HIGHLIGHTS

METALS The Metals business generated operating earnings of \$12.8 million on revenue of \$51.7 million during the third quarter of 2000, compared with operating earnings of \$16.8 million on revenue of \$51.9 million reported in the prior year period. The positive impact of higher nickel prices during the quarter was offset by continued high energy costs and lower cobalt prices. During the first nine months of the year, operating earnings of \$60.4 million on revenue of \$179.3 million were more than double the \$27.6 million of operating earnings achieved on revenue of \$134.4 million during the same period in 1999, due largely to higher nickel prices.

	Three months ended September 30		Nine months ended September 30	
	2000	1999	2000	1999
Financial (thousands of dollars)				
Revenue	\$ 51,738	\$ 51,867	\$ 179,288	\$ 134,383
Operating earnings	12,764	16,819	60,414	27,598
Capital expenditures	7,772	1,845	15,541	4,966
Sales volumes (thousands of pounds) (1)				
Nickel	6,671	7,673	21,875	23,516
Cobalt	747	761	2,303	2,568
Production volumes (tonnes) (1)				
Mixed sulphides containing				
nickel and cobalt	3,758	3,217	10,954	9,988
Nickel	3,365	3,799	10,206	10,610
Cobalt	339	355	1,068	1,018

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

The London Metal Exchange cash price for nickel averaged U.S.\$3.75 per pound for the quarter, compared with U.S.\$2.90 per pound in the prior year period. Continued strong worldwide nickel demand and supply interruptions contributed to a tight physical market, supporting the nickel price. The Metal Bulletin average free market price for 99.3% cobalt was U.S.\$13.10 per pound, compared with U.S.\$17.68 per pound during the same period last year.

The mining and processing facilities established a new quarterly production record for the fourth consecutive quarter. Total production of nickel and cobalt in mixed sulphides from the mine was 7,516 tonnes, up 17% from 6,434 tonnes in the same period in 1999. Total mixed sulphides production for the first nine months of 2000 was a record 21,908 tonnes, 10% higher than the 19,975 tonnes produced in the first nine months of 1999. Early in October, mining began in Moa Oriental, a new orebody with a higher ore grade.

Total finished production from the refinery of 6,730 tonnes of nickel and 677 tonnes of cobalt for the third quarter of 2000 compared with 7,599 tonnes and 709 tonnes respectively in the same period in 1999. For the first nine months of 2000, total finished nickel and cobalt production was 20,412 tonnes and 2,135 tonnes respectively, compared with 21,221 tonnes and 2,035 tonnes respectively during the first nine months of 1999.

REPORT TO SHAREHOLDERS

OIL and GAS The Oil and Gas business generated operating earnings of \$28.1 million in the third quarter of 2000 compared with \$19.8 million for the same period last year. Operating earnings during the quarter included a \$3.0 million gain on the sale of the Corporation's remaining assets in Italy. Higher realized oil prices and a 15% increase in oil production volumes contributed to an \$11.8 million or 32% increase in third quarter revenue to \$48.6 million, compared with the same period last year. The continued trend of strong oil prices and higher oil production volumes resulted in record nine month operating earnings for the division of \$65.1 million compared with \$29.5 million for the same period in 1999.

	Three months ended September 30		Nine months ended September 30	
	2000	1999	2000	1999
Financial (thousands of dollars)				
Revenue	\$ 48,577	\$ 36,779	\$ 126,157	\$ 74,451
Operating earnings	28,109	19,769	65,096	29,492
Capital expenditures	26,794	11,350	56,310	44,533
Oil production (thousands of barrels)	1,900	1,654	5,133	4,200

For the third quarter, net oil production averaged 20,654 barrels per day, 15% higher than the same quarter in 1999. Gross production in Cuba averaged 30,275 barrels per day compared with 25,544 barrels per day for the third quarter of 1999. Production from new wells in the Yumuri, Seboruco and Varadero West fields contributed to the increased production from Cuba. Natural declines resulted in a 29% drop in production in Spain.

The U.S. Gulf Coast Fuel Oil No. 6 reference price averaged U.S.\$20.99 per barrel for the first nine months of 2000 compared with U.S.\$12.97 per barrel for the nine months ended September 30, 1999. The Corporation's year-to-date realized oil prices averaged U.S.\$16.33 per barrel compared with U.S.\$11.62 per barrel during the same period last year.

Oil and Gas capital expenditures were \$26.8 million for the third quarter of 2000 compared with \$11.4 million for the same period in 1999. The expenditures were primarily directed towards oil production and included two wells in Cuba, expenditures necessary to begin drilling an offshore exploration well in Block L during the fourth quarter, one dry hole in Spain and another well currently drilling in Spain.

In mid-November, the Corporation and the Cuban subsidiary of the Brazilian state oil company, expect to begin drilling an offshore exploration well in the 3,000 square kilometre Block L, located off the north-central coast of Cuba. Total costs for the exploration well, called Felipe IX, are expected to be approximately U.S.\$15 million to completion. The Corporation has a 40% interest in the Block.

FERTILIZERS During the third quarter of 2000, the Fertilizer business built inventories ahead of the fall application season. Due largely to higher natural gas prices in Western Canada, the Fertilizer business incurred a third quarter operating loss of \$3.1 million on revenue of \$6.2 million, compared with an operating loss of \$1.9 million on revenue of \$4.9 million during the same period in 1999.

Gross fertilizer production was 96,253 tonnes, down from 100,685 tonnes in the third quarter of 1999. The Western Canadian ammonia reference price averaged \$385 per tonne in the quarter, up 45% from \$265 per tonne last year. In the third quarter of 2000, the average reference price for Western Canadian ammonium super sulphate was \$195 per tonne, down 3% from the same period last year.

Continued high energy costs will necessitate the temporary suspension of production at Sherritt's urea facility at the end of October 2000. Sales of Sherritt's ammonia and ammonium sulphate will be unaffected by the temporary closure. The operating status will continue to be reviewed in relation to prevailing market conditions.

OTHER Operating earnings for the quarter were \$0.5 million compared with a loss of \$0.3 million for the corresponding period last year. During the third quarter, the Corporation increased its effective ownership interest in Teléfonos Celulares de Cuba S.A. from 37.5% to 40% for a cash consideration of \$4.4 million.



Frederic J. Wellhauser
President and Chief Executive Officer

October 23, 2000

CONSOLIDATED BALANCE SHEETS

thousands of Canadian dollars	September 30, 2000 (unaudited)	December 31, 1999 (audited)
<i>Assets</i>		
<i>Current assets</i>		
Cash and short-term investments	\$ 345,341	\$ 386,018
Advance and loans receivable	10,423	13,739
Accounts receivable	170,951	126,813
Inventories	80,561	76,131
Prepaid expenses	3,747	6,400
	611,023	609,101
<i>Capital assets</i>		
Investments	489,716	460,455
Future income taxes	181,299	174,033
Other assets	20,348	13,357
	87,931	86,009
	\$ 1,390,317	\$ 1,342,955
<i>Liabilities and shareholders' equity</i>		
<i>Current liabilities</i>		
Short-term indebtedness	\$ 5,500	\$ 9,283
Accounts payable and accrued liabilities (1)	118,935	88,752
Site restoration and abandonment	—	8,280
	124,435	106,315
Site restoration and abandonment	25,513	23,239
Future income taxes	11,765	8,197
Minority interest	2,598	2,377
	164,311	140,128
<i>Shareholders' equity</i>		
Convertible debentures (2)	611,785	660,729
Capital stock (3)	349,470	548,997
Contributed surplus (4)	200,438	—
Retained earnings (deficit)	64,313	(6,899)
	1,226,006	1,202,827
	\$ 1,390,317	\$ 1,342,955

(1) Accounts payable at September 30, 2000 included higher accrued debenture interest compared with December 31, 1999.

(2) Comprised \$625 million (December 31, 1999 – \$675 million) aggregate principal amount of 6% convertible unsecured subordinated debentures, net of issue costs. On October 20, 2000 \$25 million principal amount of convertible debentures was repurchased, following which the Corporation's aggregate principal amount of convertible debentures was \$600 million as at October 23, 2000.

(3) Issued capital stock comprises 72,403,282 (December 31, 1999 – 72,269,069) restricted voting shares and 100 (December 31, 1999 – 100) multiple voting shares. The multiple voting shares are convertible into restricted voting shares on a share-per-share basis upon the occurrence of certain events. If all of the convertible debentures were converted into shares at the option of the holders, up to 71,225,071 additional restricted voting shares may be issued on or before December 14, 2006.

(4) Contributed surplus at June 30, 2000 comprised \$193.1 million created pursuant to a special resolution of shareholders at the May 25, 2000 annual meeting and the difference between the cost and principal amount of debentures repurchased.

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited) thousands of Canadian dollars except per share amounts	Three months ended September 30		Nine months ended September 30	
	2000	1999 (1)	2000	1999 (1)
Revenue	\$ 110,333	\$ 96,757	\$ 362,639	\$ 259,696
Expenses and other income				
Operating, selling, general and administrative	61,194	51,650	201,329	177,326
Depletion and amortization	18,743	12,677	55,193	35,069
Gain on sale of assets	(3,002)	—	(3,002)	—
Amortization of goodwill	330	309	948	927
Provision for site restoration and abandonment	1,281	2,628	2,359	3,764
Share of loss (earnings) of equity investments	(193)	315	(661)	282
Financing income, net	(3,996)	(6,807)	(18,965)	(21,764)
Minority interest	182	262	863	780
Earnings before taxes	35,794	35,723	124,575	63,312
Taxes	6,350	9,737	28,514	20,238
Net earnings	29,444	25,986	96,061	43,074
Interest on convertible debentures	(5,617)	(5,952)	(17,271)	(17,662)
Net earnings applicable to restricted voting shares	\$ 23,827	\$ 20,034	\$ 78,790	\$ 25,412
Earnings per restricted voting share				
Basic	\$ 0.33	\$ 0.28	\$ 1.09	\$ 0.35
Fully diluted	0.21	0.17	0.65	0.28
Weighted average shares outstanding (thousands)	72,382	72,268	72,329	72,197

CONSOLIDATED STATEMENTS OF
RETAINED EARNINGS (DEFICIT)

(unaudited) thousands of Canadian dollars	Three months ended September 30		Nine months ended September 30	
	2000	1999	2000	1999
Beginning of period	\$ 47,726	\$ (44,508)	\$ (6,899)	\$ (49,886)
Elimination of deficit at December 31, 1999 through a reduction in stated capital	—	—	6,899	—
Net earnings	29,444	25,986	96,061	43,074
Interest on convertible debentures	(5,617)	(5,952)	(17,271)	(17,662)
Dividends on restricted voting shares	(7,240)	—	(14,477)	—
End of period	\$ 64,313	\$ (24,474)	\$ 64,313	\$ (24,474)

(1) Certain comparative amounts have been reclassified to conform to the current period presentation.

CONSOLIDATED STATEMENTS OF CASH FLOW

Nine months ended September 30 (unaudited)

thousands of Canadian dollars	2000	1999
Operating activities		
Net earnings	\$ 96,061	\$ 43,074
Items not affecting cash		
Depletion and amortization	55,193	35,069
Gain on sale of assets	(3,002)	—
Amortization of goodwill	948	927
Provision for site restoration and abandonment	2,359	3,764
Future income taxes	5,675	11,493
Other items	(2,599)	(882)
Cash provided before working capital changes	154,635	93,445
Decrease (increase) in non-cash working capital		
Accounts receivable	(44,138)	(40,852)
Inventories	(4,430)	2,152
Prepaid expenses	2,653	(2,189)
Accounts payable and accrued liabilities	21,099	(6,275)
	(24,816)	(47,164)
Cash provided from operating activities	129,819	46,281
Investing activities		
Capital expenditures	(83,662)	(67,354)
Net proceeds on sale of assets	4,150	—
Payment related to divestiture of the Vega platform	(8,280)	—
Investments	(6,455)	(44,380)
Other assets	(2,101)	(21,685)
Cash used for investing activities	(96,348)	(133,419)
Financing activities		
Short-term indebtedness	(3,783)	(1,543)
Convertible debenture interest payments	(19,500)	(20,250)
Dividends on restricted voting shares	(14,477)	—
Dividends paid to minority shareholder	—	(1,015)
Issue of restricted voting shares	473	389
Repurchase of convertible debentures	(36,861)	—
Cash used for financing activities	(74,148)	(22,419)
Decrease in net cash	(40,677)	(109,557)
Net cash at beginning of year	386,018	510,391
Net cash at end of period	\$ 345,341	\$ 400,834

Net cash consists of cash and short-term investments.

SEGMENTED INFORMATION

Three months ended September 30 (unaudited)

2000	Metals	Oil and Gas	Fertilizers	Other	Corporate	Consolidated
Revenue from external customers	\$ 51,738	\$ 48,577	\$ 6,226	\$ 3,792	\$ -	\$ 110,333
Intersegment revenues	540	-	-	267	-	807
Depletion and amortization	3,327	12,991	308	1,731	386	18,743
Gain on sale of assets	-	3,002	-	-	-	3,002
Provision for site restoration and abandonment	483	748	50	-	-	1,281
Operating earnings (loss)	12,764	28,109	(3,092)	548	(6,212)	32,117
Goodwill amortization	-	-	-	(330)	-	(330)
Share of earnings of equity investments	-	-	-	193	-	193
Financing income (expense)	(2,574)	919	-	(1,446)	7,097	3,996
Minority interest	-	-	-	(182)	-	(182)
Earnings (loss) before taxes	10,190	29,028	(3,092)	(1,217)	885	35,794
Capital expenditures	7,772	26,794	765	3,876	121	39,328

SEGMENTED INFORMATION

Three months ended September 30 (unaudited)

1999 (1)	Metals	Oil and Gas	Fertilizers	Other	Corporate	Consolidated
Revenue from external customers	\$ 51,867	\$ 36,779	\$ 4,936	\$ 3,175	\$ —	\$ 96,757
Intersegment revenues	479	—	—	1,074	—	1,553
Depletion and amortization	4,306	6,230	230	869	1,042	12,677
Provision for site restoration and abandonment	415	2,163	50	—	—	2,628
Operating earnings (loss)	16,819	19,769	(1,915)	(293)	(4,578)	29,802
Goodwill amortization	—	—	—	(309)	—	(309)
Share of loss of equity investments	—	—	—	(315)	—	(315)
Financing income (expense)	(438)	(469)	—	(345)	8,059	6,807
Minority interest	—	—	—	(262)	—	(262)
Earnings (loss) before taxes	16,381	19,300	(1,915)	(1,524)	3,481	35,723
Capital expenditures	1,845	11,350	2,046	4,392	114	19,747

(1) Certain comparative amounts have been reclassified to conform to the current period presentation.

SEGMENTED INFORMATION

Nine months ended September 30 (unaudited)

2000	Metals	Oil and Gas	Fertilizers	Other	Corporate	Consolidated
Revenue from external customers	\$ 179,288	\$ 126,157	\$ 45,479	\$ 11,715	\$ -	\$ 362,639
Intersegment revenues	5,290	-	-	797	-	6,087
Depletion and amortization	10,151	37,720	918	3,587	2,817	55,193
Gain on sale of assets	-	3,002	-	-	-	3,002
Provision for site restoration and abandonment	1,397	812	150	-	-	2,359
Operating earnings (loss)	60,414	65,096	(3,126)	2,511	(18,135)	106,760
Goodwill amortization	-	-	-	(948)	-	(948)
Share of earnings of equity investments	-	-	-	661	-	661
Financing income (expense)	(2,156)	1,761	-	(4,370)	23,730	18,965
Minority interest	-	-	-	(863)	-	(863)
Earnings (loss) before taxes	58,258	66,857	(3,126)	(3,009)	5,595	124,575
Capital expenditures	15,541	56,310	2,163	9,384	264	83,662
Assets	266,394	358,801	43,544	217,103	504,475	1,390,317

SEGMENTED INFORMATION

Nine months ended September 30 (unaudited)

1999 (1)	Metals	Oil and Gas	Fertilizers	Other	Corporate	Consolidated
Revenue from external customers	\$ 134,383	\$ 74,451	\$ 41,176	\$ 9,686	\$ —	\$ 259,696
Intersegment revenues	4,593	—	—	1,478	—	6,071
Depletion and amortization	9,638	18,421	705	2,625	3,680	35,069
Provision for site restoration and abandonment	1,292	2,322	150	—	—	3,764
Operating earnings (loss)	27,598	29,492	359	988	(14,900)	43,537
Goodwill amortization	—	—	—	(927)	—	(927)
Share of earnings of equity investments	—	—	—	(282)	—	(282)
Financing income (expense)	105	(303)	—	(551)	22,513	21,764
Minority interest	—	—	—	(780)	—	(780)
Earnings (loss) before taxes	27,703	29,189	359	(1,552)	7,613	63,312
Capital expenditures	4,966	44,533	4,438	13,022	395	67,354
Assets	249,817	320,083	50,574	138,543	557,786	1,316,803

(1) Certain comparative amounts have been reclassified to conform to the current period presentation.

OPERATING INFORMATION

Three months ended September 30 (unaudited)	Metals (1)		Oil and Gas		Fertilizers	
	2000	1999	2000	1999	2000	1999
Sales						
Nickel (thousands of pounds)	6,671	7,673				
Cobalt (thousands of pounds)	747	761				
Oil (thousands of barrels)			1,900	1,654		
Natural gas (mmcf)			83	98		
Fertilizers (tonnes)					29,214	27,118
Production						
Mixed sulphides (2) (tonnes)	3,758	3,217				
Nickel (tonnes)	3,365	3,799				
Cobalt (tonnes)	339	355				
Oil (thousands of barrels)			1,900	1,654		
Natural gas (mmcf)			83	98		
Fertilizers (gross tonnes) (3)					96,253	100,685

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

(2) Nickel and cobalt contained.

(3) Gross tonnes is before consumption in the production of metals, urea and 19-2-0.

mmcf – millions of cubic feet

OPERATING INFORMATION

<i>Nine months ended September 30</i> (unaudited)	Metals (1)		Oil and Gas		Fertilizers	
	2000	1999	2000	1999	2000	1999
Sales						
Nickel (thousands of pounds)	21,875	23,516				
Cobalt (thousands of pounds)	2,303	2,568				
Oil (thousands of barrels)			5,133	4,200		
Natural gas (mmcf)			264	296		
Fertilizers (tonnes)					236,216	219,288
Production						
Mixed sulphides (2) (tonnes)	10,954	9,988				
Nickel (tonnes)	10,206	10,610				
Cobalt (tonnes)	1,068	1,018				
Oil (thousands of barrels)			5,133	4,200		
Natural gas (mmcf)			264	296		
Fertilizers (gross tonnes) (3)					288,257	293,405
Realized Prices (Cdn. \$)						
Nickel (per pound)	\$ 6.03	\$ 3.53				
Cobalt (per pound)	19.72	19.19				
Oil (per barrel)			\$ 24.04	\$ 17.32		
Natural gas (per mcf)			5.96	3.80		
Fertilizers (per tonne)					\$ 193	\$ 188

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

(2) Nickel and cobalt contained.

(3) Gross tonnes is before consumption in the production of metals, urea and 19-2-0.

mcf — thousands of cubic feet

mmcf — millions of cubic feet

sherritt

Sherritt International Corporation
1133 Yonge Street
Toronto Ontario M4T 2Y7

Investor contact:
T 416-924-4551
F 416-924-5015