

# Sherritt International Corporation Reports Third-Quarter 2011 Results

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TORONTO, ONTARIO -- ([Marketwire](#) - Oct. 26, 2011) - [Sherritt International Corporation](#) ("Sherritt" or the "Corporation") (TSX: S) today announced third-quarter 2011 results.

- Net earnings for third-quarter 2011 were up 102% to \$45.5 million (\$0.16 per share, basic), compared to net earnings of \$22.5 million (\$0.07 per share, basic) for third-quarter 2010.
- Sales volumes for third-quarter 2011 (Sherritt's share) totaled 9.4 million pounds of nickel, 1.1 million pounds of cobalt, 9.1 million tonnes of thermal coal, 1.1 million barrels of oil and 159 GWh of electricity.
- Cash, cash equivalents and short-term investments were \$586.6 million at September 30, 2011, including \$18.2 million (50% basis) held by the Moa Joint Venture. Cash held by the Ambatovy Project is included in "Investment in an Associate" and was \$12.1 million (40% basis) as at September 30, 2011.
- Operating cash flow for third-quarter 2011 was \$95.8 million, compared to \$91.3 million in third-quarter 2010.
- Spending on capital and intangibles relating to existing operations totaled \$36.8 million for third-quarter 2011 (excluding accruals and capital leases), unchanged compared to third-quarter 2010. Spending on capital in the Ambatovy Project was \$322.7 million (100% basis) for third-quarter 2011, 60% higher than the prior-year period.
- Primary construction of the Ambatovy Project is complete with all 56 major process plant modules turned over to commissioning teams. All areas of the Project are either in pre-commissioning, commissioning, or start-up. Two of the three power plant units are operating reliably and provide sufficient power for commissioning activities and start-up. The start-up sequencing has begun on the first systems of the pressure acid leach circuits, including the first autoclave and the ammonia storage facility. Commissioning is complete on many ancillary operations and systems including the acid plants, air separation plant, and limestone plant. The Project is scheduled to produce first metal in first-quarter 2012.
- At September 30, 2011, total available liquidity was approximately \$1.0 billion. During third-quarter 2011, the borrowing under the US\$2.1 billion (100% basis) Ambatovy Joint Venture senior project financing was completed. Total long-term debt at September 30, 2011 was \$1.6 billion, including approximately \$0.8 billion related to non-recourse Ambatovy partner loans to Sherritt.

## Summary Data SUMMARY FINANCIAL DATA

	Nine months ended September 30,			
(\$ millions unless otherwise noted)		Q3 2011	Q3 2010	2011
Revenue	466.4	412.7	1,441.5	1,185.4
EBITDA(1)	148.5	135.8	470.8	387.7
Earnings from operations and associate		89.7	72.4	311.7
Net earnings	45.5	22.5	169.2	102.1
Basic earnings per share (\$ per share)		0.16	0.07	0.58
Diluted earnings per share (\$ per share)		0.15	0.07	0.57
Net working capital(2)	1,031.7	1,045.5	1,031.7	1,045.5
Spending on capital and intangibles(3)		36.8	36.8	86.3
Total assets	6,367.6	6,020.2	6,367.6	6,020.2
Shareholders' equity	3,764.4	3,561.5	3,764.4	3,561.5
Long-term debt to total assets (%)		26	25	26
Weighted average number of shares (millions)				25
Basic	295.2	294.0	295.0	293.9
Diluted	296.4	296.3	296.2	296.2

(1) For additional information see the 'Non-IFRS Measure – EBITDA' section of this release.

(2) Net working capital is calculated as total current assets less total current liabilities.

(3) Spending on capital does not include accruals and does not include spending on the Ambatovy Project.

## SUMMARY SALES DATA

	Nine months ended September 30,			
(units as noted)	Q3 2011	Q3 2010	2011	2010
Sales volumes				
Nickel (thousands of pounds, 50% basis)		9,421	9,800	27,922
Cobalt (thousands of pounds, 50% basis)		1,052	1,067	3,121
Thermal coal – Prairie Operations (millions of tonnes)			8.1	8.1
Thermal coal – Mountain Operations (millions of tonnes)(1)			1.0	1.0
Oil (boepd, net working-interest production)		11,982		10,911
Electricity (GWh, 33 1/3% basis)	159	176	461	519
Average realized prices				
Nickel (\$/lb)	9.81	9.87	10.70	9.88
Cobalt (\$/lb)	15.50	18.61	16.42	19.20
Thermal coal – Prairie Operations (\$/tonne)			16.20	14.32
Thermal coal – Mountain Operations (\$/tonne)			102.39	88.41
Oil (\$/boe)	69.62	50.51	66.81	51.58
Electricity (\$/MWh)	40.66	42.92	40.49	42.59

(1) Prior to July 1, 2010, the Corporation proportionately consolidated its 50% interest in the entity that owned the Coal Valley and Obed Mountain mines.

## Review of Operations

### METALS

		Nine months ended	
		September 30,	
(units as noted)	Q3 2011	Q3 2010	2011
<b>Production</b>			
Mixed sulphides (tonnes, 50% basis)		4,872	4,734
Nickel (tonnes, 50% basis)	4,395	4,522	12,689
Cobalt (tonnes, 50% basis)	489	489	1,408
Fertilizers (tonnes)	58,083	56,301	173,249
<b>Sales</b>			
Nickel (thousands of pounds, 50% basis)		9,421	9,800
Cobalt (thousands of pounds, 50% basis)		1,052	1,067
Fertilizers (tonnes)	15,055	26,001	103,400
<b>Reference prices</b>			
Nickel (US\$/lb)	10.00	9.62	11.04
Cobalt (US\$/lb)(1)	16.13	18.10	17.16
<b>Realized prices</b>			
Nickel (\$/lb)	9.81	9.87	10.70
Cobalt (\$/lb)	15.50	18.61	16.42
<b>Unit operating costs (US\$/lb)</b>			
Mining, processing and refining costs		6.28	4.86
Third-party feed costs	0.11	0.21	0.17
Cobalt by-product credits	(1.76)	(1.95)	(1.87)
Other	(0.17)	(0.11)	0.01
Net direct cash costs of nickel(2)		4.46	3.37
Sulphur (US\$/tonne)	260.82	160.30	234.67
Sulphuric acid (US\$/tonne)	191.87	133.28	187.92
<b>Revenue (\$ millions)</b>			
Nickel	92.4	96.7	271.3
Cobalt	16.3	19.9	57.4
Fertilizers, other	14.2	11.2	62.7
Total revenue	122.9	127.8	412.7
EBITDA (\$ millions)(3)	44.4	56.4	164.7
Earnings from operations and associate (\$ millions)			35.7
Spending on capital (\$ millions)		8.0	12.7

(1) Average Metal Bulletin – Low Grade Cobalt published price.

(2) Net direct cash costs of nickel after cobalt and other by-product credits.

(3) For additional information see the 'Non-IFRS Measure – EBITDA' section of this release.

Mixed sulphides production for third-quarter 2011 was 3% (276 tonnes, 100% basis) higher than third-quarter 2010, reflecting the impact of ongoing process improvements. Finished nickel production was 3% (254 tonnes, 100% basis) lower than the prior-year period due to a lower nickel to cobalt ratio in the feed as well the impact of maintenance activities at the refinery. Finished cobalt production was unchanged when compared to third-quarter 2010.

Third-quarter 2011 nickel and cobalt sales volumes were 4% (379 tonnes, 50% basis) and 1% (15 tonnes, 50% basis) lower, respectively, than the prior-year period due to the timing of shipments. Nickel sales were also impacted by lower production in the period.

The average nickel reference price in third-quarter 2011 was 4% (US\$0.38/lb) higher than the prior-year period due mainly to relatively stronger demand. The average cobalt reference price was 11% (US\$1.97/lb) lower than third-quarter 2010, due to lower demand.

The net direct cash cost of nickel for third-quarter 2011 was 32% (US\$1.09/lb) higher than the prior-year period due to the impact of higher commodity input prices, including a 63% increase in the cost of sulphur, a 44% increase in the cost of sulphuric acid and a lower cobalt by-product credit resulting from the lower cobalt reference price. These impacts were only partially offset by lower third-party feed costs and higher fertilizer by-product credits.

Spending on capital in third-quarter 2011 for the Moa Joint Venture was 37% (\$4.7 million, 50% basis) lower than the prior-year period due to the timing of expenditures.

## Ambatovy

Ambatovy project expenditures for third-quarter 2011 were US\$329.2 million (100% basis) and cumulative

capital spending on the Project at September 30, 2011 was US\$5.1 billion (100% basis). During third-quarter 2011, a total of \$211.2 million (100% basis) in funding was provided by the Ambatovy Joint Venture partners; Sherritt's 40% share (\$84.5 million) was funded directly from cash on hand. In addition, US\$138.9 million was drawn on the senior project finance facility during third-quarter 2011.

Primary construction of the Project is complete with all 56 major process plant modules turned over to commissioning teams. All areas of the Project are either in pre-commissioning, commissioning, or start-up. As of September 30, 2011, approximately 70% of the construction personnel have been demobilized from the Project, including approximately 4,300 people in third-quarter 2011. During the staged start-up of the Project, demobilization will continue as pre-commissioning, commissioning, testing, reworking and site cleanup are completed. Full production rates require the operation of two of the three power plant units. As of mid-October, two of the three power plant units were operating reliably and provide sufficient power for commissioning activities and start-up. Commissioning of the third and final coal-fired boiler is underway and it is expected to be operational during the fourth quarter. Supplemental diesel power generation (30 MW in total) is being installed to provide additional assurance of reliable power availability for plant operations. When complete, total generation capacity of the Plant Site will be approximately 163 MW and will exceed total power requirements at full production (60 – 75 MW). The start-up sequencing has begun on the first systems of the pressure acid leach circuits, including the first autoclave and the ammonia storage facility. Commissioning is also complete on many ancillary operations and systems including the acid plants, air separation plant, and limestone plant. During third-quarter 2011, the first sulphur shipment was received at the port, transported to the Plant Site and discharged to the stockpile. The first ammonia vessel is due to arrive at the port during the fourth quarter.

The Project is designed to produce 60,000 tonnes (100% basis) of nickel and 5,600 tonnes (100% basis) of cobalt annually at capacity. The estimated Project capital cost is US\$5.5 billion (100% basis), excluding financing charges, working capital, and foreign exchange with production of first metal scheduled for first-quarter 2012.

## COAL

	Nine months ended September 30,			
(units as noted)	Q3 2011	Q3 2010	2011	2010
Production (millions of tonnes)				
Prairie Operations	7.7	8.4	22.9	24.4
Mountain Operations(1)	1.0	1.1	3.1	2.1
Sales (millions of tonnes)				
Prairie Operations	8.1	8.1	23.5	25.0
Mountain Operations(1)	1.0	1.0	3.1	2.1
Realized prices (\$/tonne)				
Prairie Operations(2)	16.20	14.32	16.19	14.41
Mountain Operations	102.39	88.41	98.03	83.71
Unit operating costs (\$/tonne)				
Prairie Operations(3)	14.32	12.19	14.19	12.47
Mountain Operations	83.94	72.97	81.44	72.76
Revenue (\$ millions)				
Prairie Operations				
Mining revenue	136.9	120.7	398.9	371.6
Coal royalties	7.6	10.7	29.1	31.7
Potash royalties	4.8	1.5	14.8	8.0
Mountain Operations and other assets(1)		97.9	84.9	304.4
Total revenue	247.2	217.8	747.2	585.7
EBITDA (\$ millions)(4)				
Prairie Operations	27.8	29.4	88.0	85.4
Mountain Operations and other assets(1)		15.7	12.3	47.2
Total EBITDA	43.5	41.7	104.9	
Earnings from operations (\$ millions)		14.0	12.2	56.1
Spending on capital (\$ millions)				
Prairie Operations	21.0	14.3	57.4	43.1
Mountain Operations and other assets(1)		5.5	5.3	17.8
Total spending on capital	26.5	19.6	75.2	55.7

(1) Prior to July 1, 2010, the Corporation proportionately consolidated its 50% interest in the entity that owned the Coal Valley and Obed Mountain mines.

(2) Prairie Operations realized pricing excludes results of the char and activated carbon businesses and

*royalties.*

*(3) Prairie Operations unit operating costs exclude char and activated carbon results.*

*(4) For additional information see the 'Non-IFRS Measure – EBITDA' section of this release.*

Third-quarter 2011 production volumes at Prairie Operations were 8% (0.7 million tonnes) lower than the prior-year period mainly due to lower demand at a contract mine, whose main customer removed two generating units from service in first-quarter 2011. In September 2011, the customer began commercial operations of a new 495 MW (gross) generation unit that is considered one of the most advanced facilities of its kind in the world. The coal supply for this new unit is expected to offset the majority of the impact on coal demand from the closure of the two older generating units. Production volumes at Mountain Operations were 11% (0.1 million tonnes) lower than third-quarter 2010, reflecting the impact of dragline repair and increased overburden removal at the Obed Mountain mine. The focus on preparatory activities in the third quarter is expected to permit higher production levels in the last quarter of the year.

Sales volumes at both Prairie Operations and Mountain Operations for third-quarter 2011 were unchanged relative to third-quarter 2010.

Realized pricing in Prairie Operations (excluding royalties, activated carbon and char) for third-quarter 2011 was 13% (\$1.88/tonne) higher than in the prior-year period primarily due to higher contract revenue on lower sales volume at a contract mine and the sale of stockpile inventory from Bienfait to Boundary Dam's main customer. Realized pricing in Mountain Operations in third-quarter 2011 was 16% (\$13.98/tonne) higher than the prior-year period due to stronger export thermal coal pricing, partially offset by the impact of a stronger Canadian dollar relative to the U.S. dollar.

Unit operating costs at Prairie Operations were 17% (\$2.13/tonne) higher than third-quarter 2010, due to the impact of lower production at a contract mine. Unit operating costs at Mountain Operations were 15% (\$10.97/tonne) higher than in the prior-year period due to lower production volumes at the Obed Mountain mine and higher loading equipment costs at the Coal Valley mine.

Total royalties for third-quarter 2011 were 2% (\$0.2 million) higher than third-quarter 2010, primarily due to the impact of higher potash market prices and production volumes.

Spending on capital in Prairie Operations in third-quarter 2011 was 47% (\$6.7 million) higher than third-quarter 2010, due to a scheduled tub replacement at the Paintearth mine and the timing of mining equipment lease additions at the Boundary Dam mine. Capital spending in Mountain Operations for third-quarter 2011 was largely consistent with spending in the prior-year period.

## **OIL AND GAS**

(units as noted)	Nine months ended			
	September 30,			
	Q3 2011	Q3 2010	2011	2010
Production (boepd)(1)				
Gross working-interest - Cuba(2), (3)		20,756	20,622	20,843
Net working-interest(4)				
Cuba - cost recovery	3,501	4,655	3,809	3,991
Cuba - profit oil	7,764	5,559	7,665	7,078
Cuba - total	11,265	10,214	11,474	11,069
Spain	354	422	481	
Pakistan	363	354	363	
Total net working-interest		11,982	10,911	12,250
Reference prices (US\$/bbl)				
U.S. Gulf Coast Fuel Oil No.6		98.55	66.69	94.45
Brent crude	114.47	77.49	112.73	77.47
Realized prices				
Cuba (\$/bbl)	70.36	51.06	67.06	51.77
Spain (\$/bbl)	111.21	79.07	109.81	79.78
Pakistan (\$/boe)	8.15	8.31	8.01	8.34
Weighted average (\$/boe)		69.62	50.51	66.81
Unit operating costs				
Cuba (\$/bbl)	12.65	10.34	11.59	10.53
Spain (\$/bbl)	84.22	47.84	46.75	32.75
Pakistan (\$/boe)	2.49	1.90	2.98	2.05
Weighted average (\$/boe)		14.45	11.22	12.55
Revenue (\$ millions)	78.5	53.2	230.5	176.3
EBITDA (\$ millions)(5)	60.8	38.5	181.2	131.0
Earnings from operations (\$ millions)		43.4	14.4	132.2
Spending on capital (\$ millions)		16.6	11.6	50.3
				41.4

(1) Oil production is stated in barrels per day ("bpd"). Natural gas production is stated in barrels of oil equivalent per day ("boepd"), which is converted at 6,000 cubic feet per barrel.

(2) In Cuba, Oil and Gas delivers all of its gross working-interest oil production to Union Cubapetroleo (CUPET) at the time of production. Gross working-interest oil production excludes production from wells for which commerciality has not been established in accordance with production-sharing contracts.

(3) Gross working-interest oil production is allocated between Oil and Gas and CUPET in accordance with production-sharing contracts. The Corporation's share, referred to as 'net working-interest oil production', includes: (i) cost recovery oil (based upon the recoverable capital and operating costs incurred by Oil and Gas under each production-sharing contract), and (ii) a percentage of profit oil (gross working-interest production remaining after cost recovery oil is allocated to Oil and Gas). Cost recovery pools for each production-sharing contract include cumulative recoverable costs, subject to certification by CUPET, less cumulative proceeds from cost recovery oil allocated to Oil and Gas. Cost recovery revenue equals capital and operating costs eligible for recovery under the production-sharing contracts.

(4) Net working-interest production (equivalent to net sales volume) represents the Corporation's share of gross working-interest production.

(5) For additional information see the 'Non-IFRS Measure – EBITDA' section of this release.

Third-quarter 2011 gross working-interest production for the period was relatively unchanged from the prior-year period. Net working-interest production in Cuba was 10% (1,051 bpd) higher for the same comparable periods due mainly to a 25% (1,154 bpd) decrease in cost recovery volumes resulting from the impact of higher realized oil prices, partially offset by an increase in cost recovery expenditures. Third-quarter 2011 production in both Spain and Pakistan was largely unchanged from the prior-year period.

Average realized prices in third-quarter 2011 were significantly higher than third-quarter 2010 in Cuba (38% or \$19.30/bbl) and Spain (41% or \$32.14/bbl), as the impact of stronger reference pricing more than offset the impact of a stronger Canadian dollar relative to the U.S. dollar.

Third-quarter 2011 unit operating costs in Cuba were 22% (\$2.31/bbl) higher than the prior-year period as the impact of a stronger Canadian dollar relative to the U.S. dollar was more than offset by higher input prices. Unit operating costs in Spain were 76% (\$36.38/bbl) higher than the prior-year period primarily due to well workover costs incurred in third-quarter 2011.

Spending on capital in third-quarter 2011 was 43% (\$5.0 million) higher than in the prior-year period due to increased drilling activity in the Puerto Escondido and Yumuri fields. In third-quarter 2011, drilling on two development wells commenced and two development wells were completed. This compares to one

development well commenced and two development wells completed in third-quarter 2010.

## POWER

	Nine months ended September 30,				
(units as noted)	Q3 2011	Q3 2010	2011	2010	
Electricity sold (GWh, 33 1/3% basis)		159	176	461	519
Realized price (\$/MWh)	40.66	42.92	40.49	42.59	
Unit cash operating cost (\$/MWh)		20.13	15.34	21.26	13.8
Net capacity factor (%)	68	76	66	72	
Revenue (\$ millions)	14.0	11.0	41.4	34.7	
EBITDA (\$ millions)(1)	6.4	7.5	17.7	22.3	
Earnings from operations (\$ millions)		3.7	4.8	9.8	13.9
Spending on capital (\$ millions)		2.5	3.5	4.7	5.3
Spending on service concession arrangements (\$ millions)(2)				4.3	

0.6 13.4 3.5

(1) For additional information see the 'Non-IFRS Measure – EBITDA' section of this release.

(2) Costs incurred to maintain or enhance the Boca de Jaruco and Puerto Escondido operating assets are expensed on the consolidated statements of comprehensive income. As a result, maintenance and construction activities at Boca de Jaruco, including the 150 MW Boca de Jaruco Combined Cycle Project, are expensed as incurred. The Corporation records an intangible asset and a corresponding construction revenue amount to reflect the right to charge the Cuban government for the future supply of electricity. The net result is a nil impact to net earnings.

Electricity production for third-quarter 2011 was 10% (17 GWh, 33 1/3% basis) lower than third-quarter 2010, due to continued gas supply shortages and scheduled maintenance. The gas turbine at Varadero that failed in second-quarter 2011 is expected to be returned to service in fourth-quarter 2011. Efforts to address the gas supply shortage continue, but to date, none have provided viable solutions to the issue.

Third-quarter 2011 unit cash operating costs were 31% (\$4.79/MWh) higher than third-quarter 2010, due to higher repair and scheduled maintenance costs.

Spending on capital, including capitalized interest, and spending on service concession arrangements in third-quarter 2011 were 66% (\$2.7 million, 33 1/3% basis) higher than in the prior-year period primarily due to increased activity on the 150 MW Boca de Jaruco Combined Cycle Project.

## CASH, DEBT AND FINANCING

Cash, cash equivalents and short-term investments were \$586.6 million at September 30, 2011. Of the cash balance, \$18.2 million (50% basis) was held by the Moa Joint Venture and is for the exclusive use of the joint venture. Cash held by the Ambatovy Project is included in "Investment in an Associate" and was \$12.1 million (40% basis) as at September 30, 2011.

Total long-term debt at September 30, 2011 was \$1.6 billion, including approximately \$0.8 billion related to non-recourse Ambatovy partner loans to Sherritt.

At September 30, 2011, the amount of credit available under various facilities was \$0.5 billion. During third-quarter 2011, the borrowing under the US\$2.1 billion (100% basis) Ambatovy Joint Venture senior project financing was completed.

## Outlook

Projections for Sherritt's production volumes, royalties and spending on capital for the year 2011 are shown below.

(units as noted)	2011	
Production volumes		
Mixed sulphides (tonnes)	38,850	
Nickel (tonnes, 100% basis)	34,350	
Cobalt (tonnes, 100% basis)	3,750	
Coal – Prairie Operations (millions of tonnes)		32
Coal – Mountain Operations (millions of tonnes)		4.4
Oil – Cuba (gross working-interest, bpd)	20,700	
Oil – All operations (net working-interest, boepd)		12,250
Electricity (GWh, 33 1/3% basis)	620	
Royalties (\$ millions)		
Coal	39	
Potash	17	
Spending on capital (\$ millions)		
Metals – Moa Joint Venture (50% basis)		45
Coal – Prairie Operations	94	
Coal – Mountain Operations	44	
Oil and Gas – Cuba(1)	62	
Oil and Gas – Other(1)	8	
Power (33 1/3% basis)(2)	36	
Total spending on capital (excluding Ambatovy)		289
Metals – Ambatovy (US\$ millions, 100% basis)		1,000

(1) Exploration and evaluation spending incurred prior to the technical feasibility and commercial viability of extracting the resources is recorded as an intangible asset.

(2) Includes projected spending related to the 150 MW Boca de Jaruco Combined Cycle Project that is expensed as incurred and is included in cost of sales on the consolidated statement of comprehensive income.

- In Metals – Moa Joint Venture, guidance for full-year 2011 production of mixed sulphides increased 1% (550 tonnes, 100% basis), reflecting the strong operating performance in the first nine months. Finished nickel and cobalt production guidance for full-year 2011 are marginally higher than previous estimates due to the performance in the first nine months of the year. Guidance for spending on capital in the Moa Joint Venture is 10% (\$5 million, 50% basis) lower than previously provided, reflecting the deferral of spending to 2012. The Moa Joint Venture partners continue to review options for the completion of the Phase 2 Expansion and construction of a sulphuric acid plant at Moa. Guidance for spending on capital does not include any expansion-related expenditure, other than capitalized interest.

- In Metals – Ambatovy Joint Venture, full-year 2011 capital spending remains at US\$1.0 billion.

- In Metals – Sulawesi Project, projected spending for 2011 is expected to be \$9 million, due to permitting delays. Spending is being directed toward the next phase of the resource drilling program and advancing environmental and social baseline studies as well as project prefeasibility work.

- In Coal – Prairie Operations, guidance for full-year 2011 production is 3% (1 million tonnes) lower than previous guidance due to the impact of adverse weather conditions in first-half 2011 as well as the impact of lower demand at a contract mine, whose main customer removed two generating units from service in first-quarter 2011. Spending on capital in Prairie Operations is 6% (\$6 million) lower than previous full-year 2011 guidance, largely due to projects in the first nine months of 2011 costing less than originally projected, as well as the timing of expenditures.

- In Coal – Mountain Operations, production guidance remains unchanged. Spending on capital in Mountain Operations is projected to be 4% (\$2 million) lower than previous full-year 2011 guidance largely due to projects in the first nine months of 2011 costing less than originally projected.

- In Oil and Gas, guidance relating to full-year 2011 gross working-interest oil production in Cuba increased 1% (200 bpd), reflecting better than expected performance from producing wells. Total net working-interest production for 2011 remains largely unchanged. Guidance on spending on capital for 2011 in Cuba remains largely unchanged from previous estimates. In total, eight development wells are planned for 2011.

- In Power, guidance for 2011 full-year production is 5% (32 GWh, 33 1/3% basis) higher than previous estimates, reflecting higher than expected gas supply in third-quarter 2011, and higher gas supply in fourth-quarter 2011 than previously anticipated. However, gas supply is expected to continue to be insufficient for the facilities to operate at full capacity. Full-year 2011 guidance for spending on capital, which is primarily related to the 150 MW Boca de Jaruco Combined Cycle Project, remains largely unchanged from



previous estimates.

### **Non-IFRS Measure – EBITDA**

The Corporation's definition of EBITDA is earnings (loss) from operations and associate as reported in the IFRS financial statements, excluding amounts included in net earnings or net loss for income taxes, financing income, financing expense, depletion, depreciation, and amortization in cost of sales and administrative expenses, impairment charges for property, plant and equipment, intangible assets, goodwill and investments, gain or loss on disposal of property, plant and equipment, and share of income or loss of associate.

### **About Sherritt**

Sherritt is a world leader in the mining and refining of nickel from lateritic ores with projects and operations in Canada, Cuba, Indonesia and Madagascar. The Corporation is the largest coal producer in Canada and is the largest independent energy producer in Cuba, with extensive oil and power operations across the island. Sherritt licenses its proprietary technologies and provides metallurgical services to mining and refining operations worldwide. The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol "S".

### **Forward-Looking Statements**

*This press release contains certain forward-looking statements. Forward-looking statements generally can be identified by the use of statements that include words such as "believe", "expect", "anticipate", "intend", "plan", "forecast", "likely", "may", "will", "could", "should", "suspect", "outlook", "projected", "continue" or other similar words or phrases. Specifically, forward-looking statements in this document include statements respecting certain future expectations about the Corporation's capital and project development spending; Ambatovy Project production, startup, commissioning and completion dates; production volumes; royalty revenues; and other corporate objectives, plans or goals for 2011. These forward-looking statements are not based on historic facts, but rather on current expectations, assumptions and projections about future events. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that those assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. Sherritt cautions readers of this press release not to place undue reliance on any forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. By their nature, forward-looking statements require Sherritt to make assumptions and are subject to inherent risks and uncertainties.*

*Key factors that may result in material differences between actual results and developments and those contemplated by this press release include global economic conditions, business, economic and political conditions in Canada, Cuba, Indonesia, Madagascar, and the principal markets for Sherritt's products. Other such factors include, but are not limited to, uncertainties in the development and construction of large mining projects; risks related to the availability of capital to undertake capital initiatives; changes in capital cost estimates in respect of the Corporation's capital initiatives; risks associated with Sherritt's joint venture partners; future non-compliance with financial covenants; potential interruptions in transportation; political, economic and other risks of foreign operations; Sherritt's reliance on key personnel and skilled workers; the possibility of equipment and other unexpected failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainties in oil and gas exploration; 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 legislation; risks related to the Cuban government's ability to make certain payments to the Corporation; development programs; uncertainties in reserve estimates; uncertainties in asset-retirement and reclamation cost estimates; Sherritt's reliance on significant customers; foreign exchange and pricing risks; uncertainties in commodity pricing; credit risks; competition in product markets; Sherritt's ability to access markets; risks in obtaining insurance; uncertainties in labour relations; uncertainties in pension liabilities; the ability of Sherritt to enforce legal rights in foreign jurisdictions; the ability of Sherritt to obtain government permits; risks associated with government regulations and environmental health and safety matters; differences between Canadian GAAP and IFRS; and other factors listed from time to time in Sherritt's continuous disclosure documents.*

*Further, any forward-looking statement speaks only as of the date on which such statement is made, and except as required by law, Sherritt undertakes no obligation to update any forward-looking statements.*

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