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Sherritt Reports 2008 Fourth-Quarter and Year-End Results

TORONTO, February 25, 2009 — Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S) announced today a 2008 net loss of $289.7 million or $1.05 per share compared to 2007 net earnings of $370.4 million, or $1.79 per share. The fourth-quarter 2008 net loss was $592.1 million, or $2.03 per share, compared to fourth-quarter 2007 net earnings of $83.5 million, $0.36 per share. The loss for the fourth quarter and the year was primarily due to an impairment of the full amount of the goodwill of $463.3 million related to the Ambatovy Project.

Recent Developments Affecting the Year-End Results

- At December 31, 2008, cash and cash equivalents totaled $500.8 million, including $65.7 million of cash held by the Ambatovy Joint Venture and $54.1 million held by the Moa Joint Venture.

- At December 31, 2008, the Corporation had approximately $1.6 billion (100% basis) available under its various credit facilities inclusive of approximately $1.2 billion (U.S.$1.0 billion, 100% basis), available under the Ambatovy Joint Venture limited recourse project financing.

- In February 2009, an updated capital cost estimate of U.S.$4.52 billion (100% basis) was announced for the development of the Ambatovy Project in Madagascar, subject to ongoing efforts to reduce capital costs (see page 5).

- In February 2009, a payment agreement was finalized with respect to the Oil and Gas and Power receivables in Cuba that were overdue as of December 31, 2008. The U.S.$126.0 million in Oil and Gas receivables and U.S.$36.0 million in Power receivables will be paid through the maturation of interest-bearing Cuban Certificates of Deposit over 5 years (see page 10). The National Bank of Cuba has provided a guarantee for the payment of Oil and Gas and Power receivables due in 2009 (see page 15).

- In January 2009, Sherritt's partner in Block 7 entered into an arrangement in respect of the termination of the Block 7 oil production-sharing contract. On February 11, 2009 Sherritt received U.S.$60.2 million as its share of proceeds related to the termination of this particular contract.

- Net earnings include after-tax charges of $571.3 million for the fourth quarter as outlined below.

	Fourth Quarter 2008	
	($ millions)	($ per share)
Ambatovy goodwill impairment [1]	$ 463.3	$ 1.59
Asset impairment [2]	30.1	0.10
Receivables impairment [3]	72.9	0.25
Fair value adjustment[4]	41.7	0.14
Inventory impairment [5]	11.7	0.04
Other adjustments[6]	(48.4)	(0.16)
Total	$ 571.3	$ 1.96

(1) Future discounted cash flows for Metals were adjusted upon finalization of a new cost estimate for Ambatovy due to an increase in the capital cost estimate and general economic conditions.

(2) Primarily includes uninstalled assets relating to the Moa Joint Venture Phase 2 expansion.

(3) Primarily includes the impairment in the carrying value of receivables related to Block 7 as a result of the termination of the oil production-sharing contract related to the Block.

(4) Recognition of impairment in the value of the Corporation's investment in asset-backed commercial paper ($20.1 million) and discounting of Oil and Gas and Power receivables ($21.6 million). These adjustments totaled $52.6 million for full-year 2008.

(5) Recognition of the impairment of commodity-related inventories.

(6) Foreign exchange gains ($50.7 million), a recovery in stock-based compensation ($1.1 million) and a future tax expense ($3.4 million). These adjustments totaled $77.4 million for full-year 2008.

Adjusted for these items, the fourth-quarter 2008 net loss was $20.8 million, or $0.07 per share, and 2008 net earnings were $263.5 million, or $0.93 per share.

Summary Financial and Sales Data (unaudited)

			Year ended December 31	
	Q4 2008	Q4 2007	2008	2007
Financial Data ($ millions, except per share amounts)				
Revenue	$ 379.0	$ 323.6	$ 1,611.6	$ 1,340.4
EBITDA[1]	(1.5)	175.5	580.9	752.9
Net (loss) earnings	(592.1)	83.5	(289.7)	370.4
Basic earnings (loss) per share	(2.03)	0.36	(1.05)	1.80
Diluted earnings (loss) per share[2]	(2.03)	0.36	(1.05)	1.79
Net working capital[3]	554.3	592.0	554.3	592.0
Total assets	9,547.2	5,464.5	9,547.2	5,464.5
Shareholders' equity	3,727.1	2,650.1	3,727.1	2,650.1
Long-term debt to capitalization	32%	13%	32%	13%
Weighted average number of shares (millions)				
Basic	292.1	233.1	274.6	205.8
Diluted[2]	292.1	233.9	274.6	206.7
Sales Data				
Nickel (thousands of pounds)	9,458	9,368	35,782	34,398
Average realized price ($ per pound)	$ 6.18	$ 12.63	$ 9.93	$ 17.85
Cobalt (thousands of pounds)	1,053	1,187	3,811	3,974
Average realized price ($ per pound)	$ 23.38	$ 30.41	$ 36.67	$ 29.40
Prairie Operations thermal coal (millions of tonnes)	8.8	9.4	34.9	35.8
Average realized price ($ per tonne)	$ 14.46	$ 12.83	$ 14.55	$ 13.00
Mountain Operations thermal coal (millions of tonnes)	0.5	0.5	1.8	1.9
Average realized price ($ per tonne)	$ 104.86	$ 49.22	$ 87.51	$ 50.50
Oil (barrels per day)	14,116	18,234	16,826	19,154
Average realized price ($ per barrel)	$ 34.07	$ 50.31	$ 55.99	$ 42.70
Electricity (GWh)	576	607	2,318	2,288
Average realized price ($ per MWh)	$ 48.76	$ 40.15	$ 43.12	$ 43.11

(1) EBITDA is a non-GAAP measure. Reference should be made to the Summary Financial Results by Segment later in this news release for a description of EBITDA and for reconciliation to GAAP measures. EBITDA does not have a standardized meaning and, therefore, may or may not be comparable with similar measures presented by other issuers.

(2) For Q4 2008 and the year ended December 31, 2008, there was a loss for the quarter and the year. Therefore, the Corporation has excluded from the calculation of diluted loss per share all common shares potentially issuable upon the exercise of stock options and the cross guarantee because they would be anti-dilutive. If the Corporation were to include these items, the fully-diluted weighted average number of shares for the fourth quarter of 2008 would be 295.8 million and 278.8 million for the year ended 2008.

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

REVIEW OF OPERATIONS

Metals

	Q4 2008	Q4 2007	Year Ended December 31 2008	Year Ended December 31 2007
Production (tonnes)				
Nickel	4,337	4,344	16,204	15,696
Cobalt	464	483	1,714	1,787
Sales (thousands of pounds)				
Nickel	9,458	9,368	35,782	34,398
Cobalt	1,053	1,187	3,811	3,974
Reference Prices (U.S.$/lb)				
Nickel	$ 4.91	$ 13.36	$ 9.54	$ 16.87
Cobalt (1)	19.32	32.68	36.58	27.99
Realized Prices ($/lb)				
Nickel	$ 6.18	$ 12.63	$ 9.93	$ 17.85
Cobalt	23.38	30.41	36.67	29.40
Unit Operating Costs (U.S.$/lb)				
Net direct cash costs of nickel (2)	$ 5.00	$ 2.15	$ 3.72	$ 2.95
Third-party feed costs	0.41	0.88	0.80	1.27
Revenue ($ millions)	$ 96.0	$ 176.9	$ 573.5	$ 805.7
EBITDA ($ millions)	$ (29.0)	$ 93.1	$ 170.6	$ 481.8
Capital Expenditures ($ millions)				
Moa Joint Venture (50% basis)	$ 57.3	$ 51.2	$ 238.5	$ 179.7
Ambatovy Joint Venture (100% basis)(3)	$ 545.6	$ 647.6	$ 1,796.7	$ 647.6

(1) Average Metal Bulletin low grade cobalt published price,
(2) Net direct cash cost of nickel after cobalt and by-product credits.
(3) Ambatovy Joint Venture was accounted for using the equity method up to the fourth quarter of 2007.

At the Moa Joint Venture, mixed sulphide production in the fourth quarter was 9,126 tonnes (100% basis), or 262 tonnes above last year's fourth-quarter production, primarily reflecting the increased capacity from completion of Phase 1 of the expansion. Annual production of 35,119 tonnes (100% basis) exceeded last year's production by 1,458 tonnes, despite the impact of Hurricane Ike, which reduced production by approximately 600 tonnes.

Finished nickel production during the fourth quarter was 8,679 tonnes (100% basis), comparable to last year's fourth-quarter production. Finished cobalt production during the fourth quarter of 928 tonnes (100% basis) was slightly below fourth-quarter 2007 levels, largely reflecting lower cobalt concentrations in third-party feed to the refinery. The refinery operated below capacity in the fourth quarter due to feed availability and limitations arising from weather-related shipping delays between Cuba and Canada. Finished nickel production for the year was 32,408 tonnes (100% basis), 1,016 tonnes higher than the prior year, primarily as a result of the achievement of Phase 1 production rates, partly offset by shipping delays and rail disruption that restricted feed availability during the year. Full-year finished cobalt production of 3,428 tonnes (100% basis) was slightly below prior-year levels as the impact of processing less cobalt-rich third-party feed and feed availability were partly offset by the benefits of higher Phase 1 production rates.

Nickel sales for the fourth quarter of 9.5 million pounds (Sherritt's share) were slightly above fourth-quarter 2007 levels. Full-year nickel sales of 35.8 million pounds (Sherritt's share) were 4% higher than the prior year, as a result of higher finished nickel production during the year. Fourth-quarter cobalt sales of 1.1 million pounds (Sherritt's share) were 11% less than in the fourth quarter of 2007, while full-year cobalt sales were 3.8 million pounds (Sherritt's share), 4% less than the prior year as sales volumes tracked production levels.

Nickel reference prices continued to decline with prices averaging U.S.$4.91/lb in the fourth quarter, 63% lower than in the prior year reflecting weaker stainless steel demand stemming from deteriorating global economic conditions. During the year, the nickel reference price averaged U.S.$9.54/lb, 43% lower than in 2007. Cobalt reference prices averaged U.S.$19.32/lb in the quarter, approximately 41% lower than in the third quarter and the prior year period. Driven by record prices earlier in the year, cobalt reference prices averaged $36.58/lb for the year, 31% higher than in 2007.

Higher mining, processing and refining costs and lower cobalt prices resulted in net direct cash costs of U.S.$4.59/lb (excluding third-party feeds) for the quarter, up from U.S.$1.27/lb (excluding third-party feeds) in the same period of 2007. While there were significant declines in commodity prices during the quarter, costs remained high relative to nickel reference prices since short-term contract prices for critical inputs were above prevailing spot prices and costs in inventory reflected elevated prices from prior periods. These circumstances also precipitated a $14.2 million write-down of commodity inventories, which is reflected in fourth-quarter EBITDA. Net direct cash costs were U.S.$2.92/lb (excluding third-party feeds) for the year, up from U.S.$1.68/lb (excluding third-party feeds) in 2007, reflecting higher commodity input costs, partly offset by higher cobalt prices and increased nickel sales.

Sustaining capital expenditures were $6.2 million in the quarter and $44.6 million for the year, marginally below prior year levels and well below earlier guidance following a curtailment of the capital program during the fourth quarter. Moa Joint Venture expansion spending was $51.1 million in the quarter reflecting construction activity to late October, when the expansion was suspended. Included in EBITDA is $3.2 million in demobilization costs associated with the suspension of expansion activities. Moa Joint Venture expansion spending was $193.9 million for 2008, $61.7 million above 2007 spending, primarily reflecting increased construction activity on Phase 2 and the acid plant in Moa prior to suspension of expansion activities.

The 60,000 tonne nickel (100% basis) Ambatovy Joint Venture Project in Madagascar has progressed with almost all key equipment, fabrication and construction contracts in place. The Project achieved 2.4 million exposure hours without a lost-time injury in the fourth quarter of 2008. At December 31, 2008 engineering was 88% complete, construction was 44% complete and procurement commitments were 68% complete. In 2008, Project expenditures totaled $545.6 million (100% basis) in the fourth quarter and $1.8 billion (100% basis) for the full year. Draw downs on the project financing in the fourth quarter of 2008 totaled U.S.$131.3 million (100% basis), bringing total draw downs to U.S.$1,070.1 million (100% basis) as at December 31, 2008.

The Corporation and its Ambatovy partners, Sumitomo Corporation, Korea Resources Corporation and SNC-Lavalin Inc., today announced an updated capital cost estimate for the development of the Ambatovy Project in Madagascar of U.S.$4.52 billion. This updated estimate is subject to previously announced efforts to pursue cost reductions through renegotiation of material contracts in an effort to realize the benefit of recent decreases in the price of construction materials, freight and labour. It does not include accrued financing charges, foreign exchange and working capital requirements. Mechanical completion of the Ambatovy Project is now anticipated to occur by the fourth quarter of 2010.

Sherritt is engaged in advanced discussions with its partners on a mechanism to fund the remaining equity component of the capital cost without jeopardizing Sherritt's balance sheet strength and liquidity.

Coal

	Q4 2008	Q4 2007	Year ended December 31 2008	2007
Prairie Operations [(1)]				
Production volumes (millions of tonnes)	8.5	9.5	34.9	36.1
Sales volumes (millions of tonnes)	8.8	9.4	34.9	35.8
Realized prices ($/tonne)	$ 14.46	$ 12.83	$ 14.55	$ 13.00
Unit operating costs ($/tonne)	$ 11.83	$ 9.61	$ 11.54	$ 9.88
Mountain Operations [(2)]				
Production volumes (millions of tonnes)	0.5	0.4	1.8	1.7
Sales volumes (millions of tonnes)	0.5	0.5	1.8	1.9
Realized prices ($/tonne)	$ 104.86	$ 49.22	$ 87.51	$ 50.50
Unit operating costs ($/tonne)	$ 68.72	$ 59.24	$ 65.16	$ 52.61
Revenue ($ millions)				
Prairie Operations[(1)]	$ 149.4	$ 131.2	$ 574.9	$ 505.0
Mountain Operations and other coal development assets[(2) (3)]	$ 51.3	$ 23.2	$ 155.7	$ 95.7
	$ 200.7	$ 154.4	$ 730.6	$ 600.7
EBITDA ($ millions)				
Prairie Operations[(1)(4)]	$ 41.7	$ 38.5	$ 159.5	$ 141.7
Mountain Operations and other coal development assets[(2) (3)]	$ 16.7	$ (5.1)	$ 37.0	$ (8.5)
	$ 58.4	$ 33.4	$ 196.5	$ 133.2
Capital Expenditures ($ millions)				
Prairie Operations[(1)]	$ 4.3	$ 2.8	$ 17.5	$ 9.2
Mountain Operations and other coal development assets[(2) (3)]	$ 6.8	$ 1.2	$ 9.2	$ 3.2
	$ 11.1	$ 4.0	$ 26.7	$ 12.4

(1) Prairie Operations have been presented on a 100% basis. Sherritt equity accounted for the Prairie Operations up to the date of acquisition of Royal Utilities. Sales and production volumes are presented on a 100% basis.

(2) Mountain Operations include the results, including sales and production volumes, of the Coal Valley mine, which is primarily involved in the export of thermal coal, and are presented on a 50% basis.

(3) Coal development assets include certain undeveloped reserves that produce coal-bed methane and technologies under development, including the Dodds-Roundhill coal gasification project and are presented on a 50% basis.

(4) Prairie Operations EBITDA for year the ended December 31, 2008 includes $6.9 million in takeover and restructuring costs (2007-$1.2 million).

Mining and royalty revenue for the Prairie Operations increased by $69.9 million for the full year of 2008, including $18.2 million in the fourth quarter, due to higher royalties, increased demand at the Boundary Dam mine and higher pass-through costs at the contract mines. Royalty revenue was 66% higher compared to the prior year, increasing from $40.2 million in 2007 to $66.7 million in 2008. This reflected a 47% increase in coal royalties and a 135% increase in potash royalties as a result of increases in royalty-assessable coal mined and continued strong potash pricing and demand. Average realized prices in 2008 increased by $1.55 to $14.55 per tonne for the year compared to 2007. This increase reflected index and adjusted prices at the owned mines and higher cost and capital recoveries at the contract and Genesee mines. Average realized prices for the fourth quarter of 2008 also increased by 13% compared to the same period in 2007. EBITDA for 2008 increased compared to the prior year largely due to increased royalties. 2008 operating costs increased from 2007 due to higher fuel, tire and equipment costs at all the mines, including those passed through at the contract mines. In addition, general and administrative costs for 2008 included transition and restructuring costs resulting from the acquisition of Royal Utilities by the Corporation. The price of diesel fuel, a key component of operating costs, decreased significantly in 2008. This occurred in the latter part of the year and the impact on operating costs was minimal. Capital expenditures at Prairie Operations of $17.5 million in 2008 were made in respect of productive capacity maintenance, mainly for infrastructure development and capital repairs on mobile equipment at the Sheerness, Poplar River, Boundary Dam and Genesee mines.

Revenue for the Mountain Operations and coal development assets in 2008 increased by $60.0 million due to a significant increase in the average realized coal price as well as the stronger U.S. dollar in the fourth quarter. Record average realized prices in 2008 were 73% higher than the prior year as a result of improved pricing on export thermal coal contracts. As a result, EBITDA for 2008 increased by $45.5 million to $37.0 million. However, EBITDA did fall short of guidance provided at the third quarter of 2008 by $13.0 million due to weather-related transportation delays and lower than projected production. Capital expenditures at Mountain Operations were higher than the prior year and included $6.6 million of sustaining expenditures at the Coal Valley mine and $2.6 million of expansion capital on the re-opening of the Obed mine, which is scheduled for the third quarter of 2009.

Oil and Gas

	Q4 2008	Q4 2007	Year Ended December 31 2008	Year Ended December 31 2007
Daily Production Volumes (boepd) (1) (2)				
Gross working-interest production in Cuba (3) (5)	31,189	31,453	31,233	30,637
Net production (4)				
Cuba (heavy oil)				
Cost recovery (5)	5,711	7,666	6,487	9,900
Profit oil (5)	7,690	9,640	9,513	8,348
Total Cuba	13,401	17,306	16,000	18,248
Spain (light/medium oil) (4)	336	528	438	504
Pakistan (natural gas) (4)	379	400	388	402
Total net production	14,116	18,234	16,826	19,154
Reference Prices (U.S.$ per barrel)				
U.S. Gulf Coast Fuel Oil #6	$ 40.03	$ 67.98	$ 72.63	$ 52.85
Brent	55.06	89.06	97.21	72.81
Realized Prices				
Cuba ($ per barrel)	$ 34.14	$ 50.20	$ 55.88	$ 42.53
Spain ($ per barrel)	59.38	87.47	102.55	77.56
Pakistan ($ per boe)	9.17	6.09	7.80	6.58
Unit Operating Costs ($ per boe)				
Cuba(6)	$ 12.58	$ 6.78	$ 7.28	$ 6.26
Spain	20.31	27.35	29.60	26.85
Pakistan	0.46	0.65	0.81	0.74
Revenue ($ millions)	$ 44.9	$ 85.9	$ 349.8	$ 303.5
EBITDA ($ millions)	$ (44.6)	$ 65.6	$ 206.1	$ 227.9
Capital Expenditures ($ millions)	$ 19.9	$ 29.2	$ 107.6	$ 147.8

(1) Production figures exclude production from wells for which commerciality has not been established.

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

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

(4) Net production (equivalent to net sales volume) represents the Corporation's share of gross working-interest production. In Spain and Pakistan, net oil production volumes equal 100% of gross working-interest production volumes.

(5) Gross working-interest oil production is allocated between Oil and Gas and CUPET in accordance with production-sharing contracts. The Corporation's share, referred to as 'net oil production', includes (i) cost recovery oil (based upon the recoverable capital and operating costs incurred by Oil and Gas under each production-sharing contract) and (ii) a percentage of profit oil (gross working-interest production remaining after cost recovery oil is allocated to Oil and Gas). Cost recovery pools for each production-sharing contract include cumulative recoverable costs, subject to certification by CUPET, less cumulative proceeds from cost recovery oil allocated to Oil and Gas. Cost recovery revenue equals capital and operating costs eligible for recovery under the production-sharing contracts. Therefore, cost recovery oil volumes increase as a result of higher capital expenditures and decrease when selling prices increase. When oil prices increase, the resulting reduction in cost recovery oil volumes is partially offset by an increase in profit oil barrels.

(6) Unit operating costs for Cuba exclude impairment related to receivables.

In January 2009, Sherritt's partner in Block 7, Peberco Limited (Peberco), entered into an arrangement with a Cuban state organization in respect of the termination of the Oil and Gas production-sharing contract for Block 7 and the settlement of outstanding accounts receivable for the Block. Sherritt received U.S.$60.2 million as its share of proceeds on February 11, 2009.

In February 2009, a payment agreement was finalized with respect to the Oil and Gas and Power receivables in Cuba that were overdue as of December 31, 2008. The U.S.$126.0 million in Oil and Gas receivables and U.S.$36.0 million in Power receivables will be paid through the maturation of interest-bearing Cuban Certificates of Deposit ('CDs') over 5 years. These CDs will be issued by Banco Internacional de Comercio S.A., a Cuban bank, and will bear interest at a rate of 30-day LIBOR plus 5%.

Revenue and EBITDA for the Oil and Gas business were negatively impacted by the significant decline in world oil prices that occurred over the last few months of 2008 and the termination of the Block 7 production-sharing contract in Cuba. Compared to the prior year, fourth-quarter revenue decreased by $41.0 million (48%) due to lower realized prices and the Corporation not recognizing revenue from Block 7 operations due to the termination of the contract. Fourth-quarter EBITDA was $110.2 million lower than the prior year quarter, substantially due to lower revenue and the inclusion of the loss on the impairment of the Block 7 receivables. Year-over-year revenue increased by $46.3 million or 15% due to the strong oil prices experienced earlier in the year. EBITDA decreased by $21.8 million, or 10%, largely due to the inclusion of the receivables impairment.

Realized prices for Cuba and Spain both decreased by 32% compared to the fourth quarter in 2007. Oil prices peaked at record levels in mid-2008 followed by a sudden drop in prices beginning in September. Average U.S. Gulf Coast Fuel Oil #6 (GFO6) prices for the fourth quarter of 2008 were U.S.$40.03/bbl compared to U.S.$67.98/bbl in the prior year. Due to strong pricing earlier in the year, the average price for GFO6 in 2008 was U.S.$72.63/bbl compared to U.S.$52.85/bbl in 2007.

Operating costs per unit were higher in 2008 than for the comparative periods in 2007 primarily for two reasons. First, 2008 results included the costs relating to Block 7 in the fourth quarter, but no Block 7 net production was recorded in the period as no revenue was booked. Additionally, an inventory write-down of $4.5 million was recorded in fourth-quarter 2008. Excluding the impact of these items, unit operating costs in Cuba were $6.97 in the fourth quarter of 2008 and $6.11 for the full year. Spanish operating costs per unit for the fourth quarter of 2008 were down from the comparable quarter in 2007 due to the timing of a number of repair and maintenance activities. On an annual basis, Spanish per unit operating costs, which are based in Euros, increased from the prior year as a result of the weakening of the Canadian Dollar against the Euro during 2008.

Capital spending, which was mainly in support of development and exploration drilling and facility construction was down 32% for the quarter and 27% for the year when compared to prior year periods. In the fourth quarter, capital spending and operations in Cuba were curtailed in response to delays in payment of outstanding receivables from an agency of the Cuban government.

During the fourth quarter, one development well was initiated and three development wells were completed. For the year, one exploration well and 13 development wells were completed.

Power

	Q4 2008	Q4 2007	Year Ended December 31, 2008	2007
Electricity sold (GWh) [(1)]	576	607	2,318	2,288
Realized price ($ per MWh)	48.76	40.15	43.12	43.11
Unit cash operating cost ($ per MWh)	24.71	14.23	14.20	13.39
Revenue ($ millions)	31.8	29.9	122.8	117.7
EBITDA ($ millions)	16.9	20.4	87.3	83.6
Capital Expenditures ($ millions)	9.0	1.9	25.2	18.8

(1) Includes non-controlling interest.

In February 2009, a payment agreement was finalized with respect to the Oil and Gas and Power receivables in Cuba that were overdue as of December 31, 2008 (see page 10).

Electricity production in the fourth quarter of 2008 was down relative to the prior year period due to increased maintenance activity. For the year, production increased slightly as the 65 MW facility that commenced operation in the second quarter of 2007 operated for a full year in 2008. This was partly offset by increased maintenance activity in 2008, including one turbine which was offline for repairs for the first six months of the year. Net capacity factor was 75% for the quarter and 76% for the year, reflecting downtime for maintenance throughout the year as well as two hurricanes in the third quarter.

Revenue increased by 6% in the fourth quarter of 2008 compared to the fourth quarter of 2007 as slightly lower production and lower by-product prices were more than offset by higher realized prices. This was due mainly to the weaker Canadian dollar relative to the U.S. dollar. For the year, revenue increased 4% due to slightly higher production and higher by-product prices.

Unit operating costs for the quarter were 74% higher, compared to the prior year due to a reduction in the estimated insurance recovery in respect of a six-month turbine outage, an increase in the inventory obsolescence provision and the impact of higher maintenance costs. For the year, operating costs were 6% higher due to the same factors.

Sustaining capital expenditures were $1.5 million in the fourth quarter, while expansion capital expenditures were $7.5 million for the 150 MW combined cycle project in Cuba. These expenditures were lower than guidance as capital spending and operations in Cuba were curtailed in response to delays in payment of outstanding receivables from an agency of the Cuban government. Capital spending for 2008 was $25.2 million and included spending of $18.4 million on the expansion in Cuba and $6.8 million for sustaining capital. In addition, $4.2 million was incurred for the Madagascar project, relating mainly to progress payments for major components. As a result, these expenditures were recorded as other assets and were not categorized as capital expenditures.

Corporate

The Corporation's 2008 fourth-quarter results were significantly impacted by the decline in the nickel, cobalt and oil markets. Sherritt took a number of initiatives in 2008 to strengthen its balance sheet, increase its operating cash flow, and reduce capital expenditures and operating costs. The following steps were taken during 2008.

- In the first and second quarter of 2008, Sherritt raised net proceeds of $687.7 million through issuances of common shares and debentures.

- In March of 2008, the Corporation and its Ambatovy partners satisfied or waived all conditions to permit them to draw on the U.S.$2.1 billion in financing to fund Ambatovy Project Costs.

- In May 2008, Sherritt acquired all of the issued and outstanding trust units of Royal Utilities Income Fund that it did not already own. This transaction increased the Corporation's EBITDA by $104.9 million in 2008.

- In the fourth quarter of 2008, global economic conditions deteriorated substantially, which contributed to a significant and precipitous decline in nickel and oil prices. In response to these conditions and recognizing the possibility that these conditions may persist over a long period of time, Sherritt has:
  - initiated steps to substantially reduce forecast sustaining capital expenditures and controllable operating costs by at least 15%;
  - suspended the Moa /Fort Saskatchewan expansion;
  - initiated a review of the capital cost and execution strategy for the Ambatovy Project, which resulted in an updated capital cost estimate in February 2009; and
  - limited expenditures for Oil and Gas and Power to cash flows generated by each of these operations.

These measures have been effective in the development and maintenance of the Corporation's strong, liquid balance sheet. At December 31, 2008, cash and cash equivalents totaled $500.8 million, including $65.7 million of cash held by the Ambatovy Joint Venture and $54.1 million held by the Moa Joint Venture.

At December 31, 2008, the Corporation had approximately $1.6 billion (100% basis) available under its various credit facilities, including approximately $1.2 billion (U.S.$1.0 billion, 100% basis) available under the Ambatovy Joint Venture limited recourse project financing. There are no scheduled maturities on its public debt until 2012 and the Corporation currently does not expect a need to access public debt and equity capital markets for financing over the next twelve months. However, because the duration of the general economic uncertainty and its detrimental effect on credit and capital markets are unknown, it is difficult to determine the long-term impact on the Corporation.

While the Corporation monitors compliance with its financial covenants on an ongoing basis, it reports on its compliance to its lenders on a quarterly basis. The Corporation and its affiliates were in compliance with their financial covenants as at December 31, 2008. The Corporation expects that, based on current market conditions, it may not be in compliance with one of its financial covenants in the second quarter of 2009 applicable to certain short-term credit facilities ("Short-Term Facilities") that provide up to $200.0 million of total liquidity. This covenant is the Debt-to-EBITDA ratio, and is to be less than 2.65:1. The Short-Term Facilities are maturing in the second and third quarter of 2009, and management will attempt to renegotiate this covenant during the renewal. If unsuccessful in renegotiation, the Corporation may be required to repay the amounts outstanding under the Short-Term Facilities which totaled $97.1 million at February 20, 2009. The potential reduction in liquidity of $200.0 million is not expected to preclude the Corporation from satisfying its current and long-term obligations as they come due.

The Corporation expects to remain in compliance with all of its other financial covenants during the next twelve months based on current market conditions.

CURRENT MARKET CONDITIONS AND OUTLOOK

Under current uncertain market conditions, the Corporation's results in 2009 may continue to be impacted negatively by low nickel, cobalt and oil prices as well as lower thermal coal and potash prices. Accordingly, the Corporation intends to remain focused on maintaining a strong liquid balance sheet, reducing operating and capital costs, and improving cash flows from its current asset base while preserving its growth opportunities.

Metals

Full-year production (100% basis) for 2009 is expected to be approximately 33,500 tonnes of finished nickel and 3,500 tonnes of finished cobalt and is expected to optimize the unit cost of production. This includes full-year production from Phase 1 of the expansion. Processing of third-party feeds will continue to be restricted until Phase 2 is complete, which is expected to occur as cash flow permits, and will therefore be dependent on future nickel and cobalt prices, and prices for key input commodities.

The focus for 2009 will be on maintaining the lowest possible cost structure consistent with prevailing nickel and cobalt reference prices. Operating costs, including third-party feed costs, are expected to be lower than the fourth quarter of 2008 as the impact of lower input commodity prices and controllable costs are realized. In addition, total capital expenditures for 2009 are expected to be approximately $40.0 million, down from $186.9 million in 2008. Spending plans include the installation of a nickel reduction autoclave in Fort Saskatchewan that was an integral part of the Phase 2 expansion and is needed to meet finished metals production targets in light of the mandatory replacement of existing autoclaves.

During the second quarter of 2008, agreement in principle had been reached between the Moa Joint Venture companies on the terms of a renewed mixed sulphides agreement, subject to certain commitments related to the expansion project. In light of the deferral of expansion activities, further negotiations have been initiated while mixed sulphides continue to be supplied on the same terms as the expired agreement.

Plans are being developed for completion of the expansion assets of the Moa Joint Venture in discrete modules. Neither the cost of completing the project in modules nor the timelines for completion is known at this time and will be finalized during the course of 2009. Management anticipates that the first significant module that would be resumed would be construction of the acid plant at Moa, currently expected to be in 2010, pending availability of free cash flow.

During 2009, based on the updated Ambatovy Project capital cost estimate of U.S.$4.52 billion, forecast capital expenditures are expected to be U.S.$1.8 billion, U.S.$0.6 billion of which is expected to be funded by project financing drawdowns. Sherritt and its partners also intend to work with the Government of Madagascar to ensure that anticipated changes in construction methodologies maximize the use of Malagasy labour, contractors and other local resources.

Sherritt and its Ambatovy partners are continuing to pursue cost reductions through the renegotiation of material contracts in an effort to realize decreases in the price of construction materials, freight and labour, given the current economic environment.

Coal

Production at Prairie Operations in 2009 is expected to be 36 million tonnes, slightly higher than 2008 levels. 2009 potash and coal royalties are expected to be approximately $14.0 million and $42.0 million, respectively. 2008 was a record year for royalties, largely driven by high potash prices and production. Higher potash inventories and slower contract settlement with some significant customers of the potash producers have reduced production estimates. Lower production and the potential for some weakening in pricing due to higher supply and world economic conditions are expected to result in lower potash royalties in 2009. Coal royalties are also expected to be down somewhat based on lower anticipated export metallurgical coal prices and the possibility of reduced production. Operating costs for Prairie Operations will be lower in 2009 as diesel prices fall with oil, and maintenance and equipment costs are expected to come down with falling steel prices. The above reductions will assist in reducing controllable operating costs at Prairie Operations. Full-year sustaining capital expenditures for 2009 are expected to be $18.3 million, including $2.0 million for the first quarter. The bulk of the spending will be on infrastructure development and capital repairs to mobile equipment. It is expected that sustaining capital expenditures will be slightly lower in 2009 compared to 2008.

The first phase of the activated carbon project is progressing. Construction began in February 2009 and commissioning will commence in the latter part of November 2009. Capital expenditures for the first plant incurred in 2009 are estimated to be approximately $27.0 million (50% basis) and our share of annual EBITDA is projected to be $8.0 million (50% basis).

At Mountain Operations, full-year production is expected to be 4.4 million tonnes (100% basis). Depending on 2009 pricing settlements, EBITDA is expected to almost double to $150.0 million (100% basis) from 2008. All production is contracted. Some pricing has been determined, most significantly the Obed mine volumes where sales will commence in the third quarter of 2009. A large part of the remaining coal will be subject to price settlement, as is the usual pattern, in the late first quarter or early second quarter of 2009. Capital expenditures at Mountain Operations are expected to be $32.0 million (100% basis) for the full year, including $14.0 million (100% basis) for the first quarter of 2009. It is anticipated that half of the spending will be for sustaining capital expenditures at the Coal Valley mine and the other half will be spent on the re-opening of the Obed mine. The Obed mine is expected to generate annual production of 1.2 million tonnes.

Oil and Gas

The National Bank of Cuba has provided a guarantee for the payment of all Oil and Gas and Power receivables due in 2009. These payments will be made directly to Sherritt, in the case of Oil and Gas receivables, and Energas, in the case of Power receivables. The January payment of U.S.$18.5 million has been received, with U.S.$13.0 million of that amount related to Oil and Gas receivables and U.S.$5.5 million related to Power receivables.

The following outlook is presented on the basis that Oil and Gas receivables in Cuba due in 2009 will be paid to Sherritt in a timely manner. In the event receivables are not collected in a timely manner, Oil and Gas activities will be scaled appropriately.

Gross working-interest production in Cuba in 2009 is expected to be 23,500 bpd, a 25% decrease from 2008 due to the termination of the Block 7 production-sharing contract. Assuming a WTI price of approximately U.S.$53 per barrel and a Fuel Oil No. 6 price differential consistent with historical levels, net production for 2009 is expected to be 16,000 bpd, effectively unchanged from 2008. Net production in Spain and Pakistan is projected to be slightly lower than 2008 at 377 bpd and 357 boepd, respectively.

With the termination of Block 7, the Oil and Gas business is undertaking a complete review of its Cuban operations to identify operating and administrative cost savings. However, controllable operating costs are expected to be reduced by at least 15% relative to 2008 levels.

Estimated capital expenditures for 2009 are approximately $150.0 million. This estimate includes planned development drilling in Cuba as well as an exploration well planned for Block 8 which is located to the south of existing operations. Activity in Cuba also includes $14.0 million for the enhanced oil recovery pilot project which is expected to be operational in early 2010. The pilot phase will be conducted using carbon dioxide injection to increase the amount of oil extracted from the Varadero field. On receipt of the technical results, the Corporation will determine whether to proceed to a commercial scale operation. Oil and Gas also expects to participate in the drilling of an exploratory well pursuant to which it will acquire a 42% participating interest in seven licenses in the Western Black Sea region of Turkey. The well, located offshore in 82 meters of water, is expected to spud in the second quarter of 2009 and will take approximately six weeks to complete. Sherritt's partners in this well are a Turkish conglomerate and an international oil and gas company with extensive experience in Turkey and the surrounding region. Sherritt is seeking additional partners to share in the Corporation's estimated cost for this well of $13.0 million. The Corporation will also continue to investigate opportunities in the Alboran Sea off the coast of Spain and the East Irish Sea as well as other prospects in Turkey.

Power

Power receivables due in 2009 are subject to a new payment framework outlined above. The following outlook is presented on the basis that 2009 Power receivables in Cuba will be paid to Sherritt in a timely manner. In the event receivables are not collected in a timely manner, Power activities will be scaled appropriately.

Electricity production for 2009 is expected to be 2,120 GWh for the full year and 530 GWh for the first quarter. Production for the year will be down by 9% relative to 2008 due to higher planned maintenance activity including a six week outage for a major overhaul of the 75 MW combined cycle at Varadero. First-quarter 2009 net capacity factor is expected to be approximately 76%, while the full-year net capacity factor is expected to be about 75%. Due to increased maintenance activity for the year, non-controllable operating costs will be higher for the year. However, Power is actively managing controllable operating costs, targeting a 15% reduction relative to 2008. Sustaining capital expenditures in 2009 are expected to be $4.0 million for the full year.

The project schedule for the 150 MW combined cycle project in Cuba is under review and a revised plan is expected to be completed in the first quarter of 2009, at which point the Corporation will provide guidance on capital spending for the year. Regardless of potential changes to the schedule, the project is expected to remain on budget, which is $247.0 million. Progress also continues on the development of 25 MW of thermal project in Madagascar with major components now on site. Electricity production is expected to commence by the end of the second quarter of 2009. Capital expenditure requirements for the project are expected to be approximately $12.0 million in the first quarter of 2009 and $18.0 million for the full year of 2009.

Summary Financial Results by Segment (unaudited)

The tables below present EBITDA and operating earnings from continuing operations by segment and reconcile these non-GAAP measures to earnings before income taxes. EBITDA is a measurement 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, so they may or may not be comparable with similar measures presented by other issuers.

All amounts in this news release represent Sherritt's 100% interest unless otherwise indicated. Amounts relating to Metals reflect the Corporation's 50% interest in the Moa Joint Venture, 100% of utility and fertilizer operations in Fort Saskatchewan and the consolidation of the Ambatovy Joint Venture. Amounts relating to Coal reflect the Corporation's 50% proportionate interest in Coal Valley. Amounts relating to Power reflect the consolidation of Energas S.A. The non-controlling interests in the Ambatovy Joint Venture and in Energas S.A. are disclosed separately in the consolidated financial statements.

Three months ended December 31, 2008

($ millions)	Metals	Coal	Oil and Gas	Power	Corporate and Other[2]	Consolidated
Revenue	$ 96.0	$ 200.7	$ 44.9	$ 31.8	$ 5.6	$ 379.0
Operating, selling, general and administrative [1]	(125.0)	(142.3)	(89.5)	(14.9)	(8.8)	(380.5)
EBITDA	(29.0)	58.4	(44.6)	16.9	(3.2)	(1.5)
Depletion, amortization and accretion	(8.4)	(17.9)	(30.7)	(7.5)	(1.4)	(65.9)
Operating earnings (loss)	(37.4)	40.5	(75.3)	9.4	(4.6)	(67.4)
Share of earnings of equity investments						-
Impairment of property, plant and equipment	(24.0)	(4.9)	(4.6)	-	-	(33.5)
Impairment of goodwill	(463.3)					(463.3)
Net financing income						6.2
Income taxes						(29.4)
Non-controlling interests						(4.2)
Other items						-
Earnings from continuing operations						(591.6)
Earnings from discontinued operations						(0.5)
Net earnings						(592.1)
Capital expenditures	$ 602.9	$ 11.1	$ 19.9	$ 9.0	$ 4.7	$ 647.6

[1] Excluding depreciation of $5.1 million in Metals and $19.5 million in Coal.
[2] The Corporate and Other segment includes results of the Technologies business.

Three months ended December 31, 2007

($ millions)	Metals	Coal [1]	Oil and Gas	Power	Corporate and Other[4]	Consolidated
Revenue	$ 176.9	$ 23.2	$ 85.9	$ 29.9	$ 7.7	$ 323.6
Operating, selling, general and administrative [1]	(83.8)	(28.3)	(20.3)	(9.5)	(6.2)	(148.1)
EBITDA	93.1	(5.1)	65.6	20.4	1.5	175.5
Depletion, amortization and accretion	(6.0)	(2.6)	(21.8)	(7.5)	(1.7)	(39.6)
Operating earnings (loss) from continuing operations	87.1	(7.7)	43.8	12.9	(0.2)	135.9
Share of earnings of equity investments [2]	-	18.7	-	-	-	18.7
Net financing expense						(12.7)
Income taxes						(53.9)
Non-controlling interests						(4.9)
Earnings from continuing operations						83.1
Earnings from discontinued operations						0.4
Net earnings						83.5
Capital expenditures[3]	$ 698.8	$ 1.2	$ 29.2	$ 1.9	$ 2.4	$ 733.5

(1) Coal includes the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets.
(2) Share of earnings of equity investments includes Royal Utilities.
(3) Total capital expenditures include $0.5 million from discontinued operation. The current period has been restated to reflect a change in the reclassification and adjustment in the Metals business.
(4) The Corporate and Other segment includes results of the Technologies business.

Year ended December 31, 2008

($ millions)	Metals	Coal [1]	Oil and Gas	Power	Corporate and Other [3]	Consolidated
Revenue	$ 573.5	$ 546.0	$ 349.8	$ 122.8	$ 19.5	$ 1,611.6
Operating, selling, general and administrative [2]	(402.9)	(404.1)	(143.7)	(35.5)	(44.5)	(1,030.7)
EBITDA	170.6	141.9	206.1	87.3	(25.0)	580.9
Depletion, amortization and accretion	(25.9)	(71.4)	(107.8)	(29.5)	(5.4)	(240.0)
Operating earnings (loss)	144.7	70.5	98.3	57.8	(30.4)	340.9
Share of earnings of equity investments [4]	-	8.3	-	-	1.2	9.5
Impairment of property, plant and equipment	(24.0)	(4.9)	(4.6)	-	-	(33.5)
Impairment of goodwill	(463.3)					(463.3)
Net financing income						(8.5)
Income taxes						(105.2)
Non-controlling interests						(26.1)
Earnings from continuing operations						(286.2)
Earnings (loss) from discontinued operations						(3.5)
Net earnings						(289.7)
Capital expenditures	$ 2,035.2	$ 21.6	$ 107.6	$ 25.2	$ 19.2	$ 2,208.8

(1) Coal includes the Corporation's 50% proportionate interest in the Mountain Operations (previously known as Coal Valley). It also includes the equity earnings of Royal Utilities up to May 2, 2008 and 100% of Royal Utilities' results from May 2, 2008 to December 31, 2008.
(2) Excluding depreciation of $16.1 million in Metals and $43.2 million in Coal.
(3) The Corporate and Other segment includes results of the Technologies business.
(4) Share of earnings of equity investments includes Royal Utilities.

Year ended December 31, 2007

($ millions)	Metals	Coal [(1)]	Oil and Gas	Power	Corporate and Other[(4)]	Consolidated
Revenue	$ 805.7	$ 95.7	$ 303.5	$ 117.7	$ 17.8	$ 1,340.4
Operating, selling, general and administrative	(323.9)	(104.2)	(75.6)	(34.1)	(49.7)	(587.5)
EBITDA	481.8	(8.5)	227.9	83.6	(31.9)	752.9
Depletion, amortization and accretion	(23.3)	(8.9)	(87.9)	(27.4)	(4.9)	(152.4)
Operating earnings (loss)	458.5	(17.4)	140.0	56.2	(36.8)	600.5
Share of earnings of equity investments [(2)]	-	34.6	-	-	-	34.6
Gain on sale of investments						1.4
Net financing expense						(36.6)
Income taxes						(208.1)
Non-controlling interests						(21.1)
Earnings from continuing operations						370.7
Earnings from discontinued operations						(0.3)
Net earnings						370.4
Capital expenditures [(3)]	$ 827.3	$ 3.2	$ 147.8	$ 18.8	$ 5.7	$ 1,002.8

(1) Coal includes the Corporation’s 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets.
(2) Share of earnings of equity investments includes Royal Utilities.
(3) Total capital expenditures include $3.4 million from discontinued operation.
(4) The Corporate and Other segment includes results of the Technologies business.

Supplementary Information

The tables below present EBITDA and operating earnings from continuing operations by segment and reconcile these non-GAAP measures to earnings before income taxes. The Corporation discloses EBITDA in order to provide an indication of revenue less cash operating expenses. Operating earnings is a measure used by Sherritt to evaluate the operating performance of its businesses as it excludes interest charges, which are a function of the particular financing structure for the business, and certain other charges. EBITDA and operating earnings do not have any standardized meaning prescribed by Canadian generally accepted accounting principles and, therefore, they may or may not be comparable with similar measures presented by other issuers.

Three months ended September 30, 2008

($ millions)	Metals	Coal	Oil and Gas	Power	Corporate and Other[2]	Consolidated
Revenue	$ 137.5	$ 189.9	$ 112.9	$ 30.9	$ 6.0	$ 477.2
Operating, selling, general and administrative [1]	(98.4)	(133.7)	(16.7)	(7.2)	4.9	(260.9)
EBITDA	39.1	56.2	96.2	23.7	1.1	216.3
Depletion, amortization and accretion	(6.8)	(30.6)	(24.2)	(7.3)	(1.4)	(70.3)
Operating earnings (loss)	32.3	25.6	72.0	16.4	(0.3)	146.0
Share of earnings of equity investments	-	-	-	-	0.1	0.1
Net financing expense						(2.1)
Income taxes						0.4
Non-controlling interests						(9.0)
Earnings from continuing operations						135.4
Earnings (loss) from discontinued operations						(2.3)
Net earnings						133.1
Capital expenditures	$ 432.8	$ 3.0	$ 32.6	$ 4.9	$ 6.4	$ 479.7

(1) Excluding depreciation of $4.5 million in Metals and $12.6 million in Coal.
(2) The Corporate and Other segment includes results of the Technologies business.

Three months ended June 30, 2008

($ millions)	Metals	Coal (1)	Oil and Gas	Power	Corporate and Other(3)	Consolidated
Revenue	$ 177.7	$ 124.5	$ 104.5	$ 30.3	$ 4.2	$ 441.2
Operating, selling, general and administrative (2)	(106.4)	(102.5)	(18.0)	(7.4)	(16.5)	(250.8)
EBITDA	71.3	22.0	86.5	22.9	(12.3)	190.4
Depletion, amortization and accretion	(5.8)	(20.7)	(29.2)	(7.2)	(1.2)	(64.1)
Operating earnings (loss)	65.5	1.3	57.3	15.7	(13.5)	126.3
Share of earnings of equity investments(1)	-	1.9	-	-	1.1	3.0
Net financing expense						(13.5)
Income taxes						(28.3)
Non-controlling interests						(6.7)
Earnings from continuing operations						80.8
Earnings (loss) from discontinued operations						(0.5)
Net earnings						80.3
Capital expenditures	$ 566.3	$ 6.9	$ 30.8	$ 7.5	$ 7.8	$ 619.3

(1) Coal includes the Corporation's 50% proportionate interest in the Mountain Operations (previously known as Coal Valley). It also includes the equity earnings of Royal Utilities up to May 2, 2008 and 100% of Royal Utilities' results from May 2, 2008 to June 30, 2008.
(2) Excluding depreciation of $3.4 million in Metals and $9.2 million in Coal.
(3) The Corporate and Other segment includes results of the Technologies business.

Three months ended March 31, 2008

($ millions)	Metals	Coal (1)	Oil and Gas	Power	Corporate and Other(4)	Consolidated
Revenue	$ 162.3	$ 30.9	$ 87.5	$ 29.8	$ 3.7	$ 314.2
Operating, selling, general and administrative (2)	(73.1)	(25.6)	(19.5)	(6.0)	(14.3)	(138.5)
EBITDA	89.2	5.3	68.0	23.8	(10.6)	175.7
Depletion, amortization and accretion	(4.9)	(2.2)	(23.7)	(7.5)	(1.4)	(39.7)
Operating earnings (loss) from continuing operations	84.3	3.1	44.3	16.3	(12.0)	136.0
Share of earnings of equity investments(3)	-	6.4	-	-	-	6.4
Net financing income						0.9
Income taxes						(47.9)
Non-controlling interests						(6.2)
Earnings from continuing operations						89.2
Loss from discontinued operations						(0.2)
Net earnings						89.0
Capital expenditures	$ 433.2	$ 0.6	$ 24.3	$ 3.8	$ 0.3	$ 462.2

(1) Coal includes the Corporation's 50% proportionate interest in the Coal Valley export thermal coal mine and other coal development assets
(2) Excluding depreciation of $3.1 million in Metals and $1.9 million in Coal.
(3) Share of earnings of equity investments includes Royal Utilities.
(4) The Corporate and Other segment includes results of the Technologies business.

About Sherritt

Sherritt is a diversified natural resource company that produces nickel, cobalt, thermal coal, oil, gas and electricity. It also licenses its proprietary technologies to other metals companies. Sherritt'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. Similarly, statements with respect to expectations concerning assets, prices, costs, dividends, foreign-exchange rates, earnings, production, market conditions, capital expenditures, commodity demand, risks, availability of regulatory approvals, the impact of investments in asset-backed commercial paper, corporate objectives and plans or goals, are or may be forward-looking statements. 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 business and economic conditions in Canada, Cuba, 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 develop the Ambatovy Project; risks associated with Sherritt's joint venture partners; potential interruptions in transportation; 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 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 legislation; 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; 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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