Press release
Sherritt reports 2010 fourth-quarter results

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IN THIS SECTION

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Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S) today announced fourth-quarter 2010 results.

- **Net earnings** for fourth-quarter 2010 were $81.0 million ($0.28 per share, basic), compared to $48.3 million ($0.16 per share, basic) for fourth-quarter 2009. Net earnings of $214.0 million ($0.73 per share, basic) for full-year 2010 compared to net earnings of $85.7 million ($0.29 per share, basic) for the prior year.

  Net earnings for fourth-quarter 2010 include a net after-tax gain of $7.2 million and full-year 2010 includes a net after-tax charge of $10.0 million, which are outlined below.

	Q4 2010		12 months ended December 31, 2010	
(units as noted)	$ millions	$ / share	$ millions	$ / share
Unrealized foreign exchange gain, after-tax	15.3	0.05	25.1	0.09
Impairment, Oil and Gas (Turkey)	-	-	(7.9)	(0.03)
Change in future income tax, Oil and Gas (Cuba)	-	-	(15.3)	(0.05)
Mineral Products Division, closure charges	(8.1)	(0.03)	(11.9)	(0.04)
Total	7.2	0.02	(10.0)	(0.03)

  Adjusted for these items, fourth-quarter 2010 net earnings were $73.8 million ($0.26 per share, basic) and full-year 2010 net earnings were $224.0 million ($0.76 per share, basic). Full-year 2009 net income, after adjusting for the loss on the disposal of certain Oil and Gas assets in first-quarter 2009 of $57.4 million (after-tax), totaled $143.1 million ($0.49 per share, basic).

- **Sales volumes** for fourth-quarter 2010 (Sherritt's share) totaled 9.8 million pounds of nickel, 1.1 million pounds of cobalt, 10.7 million tonnes of thermal coal, 1.2 million barrels of oil and 170.7 GWh of electricity. Sales volumes for full-year 2010 (Sherritt's share) totaled 37.3 million pounds of nickel, 4.1 million pounds of cobalt, 37.8 million tonnes of thermal coal, 4.4 million barrels of oil and 689.0 GWh of electricity.

- **Cash, cash equivalents and short-term investments** were $827.5 million at December 31, 2010. Of the cash balance, $34.3 million (50% basis) was held by the Moa Joint Venture and $53.7 million (100% basis) was held by the Ambatovy Joint Venture.

- **Operating cash flow** was $178.0 million for fourth-quarter 2010, and compares to operating cash flow of $92.9 million for fourth-quarter 2009. Full-year 2010 operating cash flow of $512.7 million compares to $436.2 million in 2009.

- **Capital expenditures** totaled $343.5 million for fourth-quarter 2010, including $292.8 million for the Ambatovy Project (100% basis). This compares to capital expenditures of $365.9 million in fourth-quarter 2009, of which $298.7 million related to the Ambatovy Project (100% basis).

- An **updated capital cost estimate** for the Ambatovy Project was approved in fourth-quarter 2010, resulting in a total budget of US$4.76 billion. A total of 22 of the 56 major process plant modules were transferred to the commissioning team by the end of 2010. As the Project is nearing the end of the construction phase, demobilization of contractors and construction workers at the plant site began in fourth-quarter 2010. Cumulative project expenditures to December 31, 2010 were US$4.4 billion, excluding financing charges, foreign exchange and working capital requirements.

- At December 31, 2010, **total available liquidity** was approximately $1.4 billion and **total debt** was $3.3 billion. Approximately 53% ($1.8 billion, 100% basis) of the total debt related to the limited-recourse Ambatovy senior project finance and 21% ($0.7 billion) to the non-recourse partner loans to Sherritt.

Summary Financial Data

($ millions unless otherwise noted)	Q4 2010	Q4 2009	For twelve months ended December 31, 2010	2009
Revenue	**$ 508.0**	$ 379.2	**$1,771.1**	$ 1,474.9
EBITDA(1)	**176.5**	149.0	**632.0**	495.4
Operating earnings	**109.0**	82.1	**374.1**	233.9
Net earnings	**81.0**	48.3	**214.0**	85.7
Basic earnings per share ($ per share)	**0.28**	0.16	**0.73**	0.29
Diluted earnings per share ($ per share)	**0.27**	0.16	**0.72**	0.29
Net working capital(2)	**914.3**	1,027.3	**914.3**	1,027.3
Capital expenditures	**343.5**	365.9	**1,305.8**	1,567.5
Total assets	**10,721.5**	9,908.4	**10,721.5**	9,908.4
Shareholders' equity	**3,510.2**	3,454.4	**3,510.2**	3,454.4
Long-term debt to capitalization (%)	**36%**	35%	**36%**	35%
Weighted-average number of shares (millions)				
Basic	**294.0**	293.1	**294.0**	293.1
Diluted	**296.6**	296.2	**296.6**	296.2

Summary Sales Data

(units as noted)	Q4 2010	Q4 2009	For twelve months ended December 31, 2010	2009
Sales volumes				
Nickel (thousands of pounds, 50% basis)	**9,791**	9,268	**37,253**	37,365
Cobalt (thousands of pounds, 50% basis)	**1,097**	1,017	**4,086**	4,095
Thermal coal – Prairie Operations (millions of tonnes)	**9.5**	9.0	**34.5**	34.5
Thermal coal – Mountain Operations (millions of tonnes) (3)	**1.2**	0.5	**3.3**	1.9
Oil (boepd, net production)	**12,806**	12,904	**11,956**	13,214
Electricity (GWh, 100% basis)	**512**	524	**2,067**	2,167
Average realized prices				
Nickel ($/lb)	**$ 10.78**	$ 8.36	**$ 10.11**	$ 7.46
Cobalt ($/lb)	**17.21**	19.18	**18.68**	17.54
Thermal coal – Prairie Operations ($/tonne)	**15.14**	14.83	**15.80**	14.56
Thermal coal – Mountain Operations ($/tonne)	**85.43**	65.09	**84.21**	79.04
Oil ($/boe)	**53.42**	52.45	**52.03**	45.05
Electricity ($/MWh)	**41.88**	43.83	**42.42**	46.79

(1) EBITDA is a non-GAAP measure. See the "Non-GAAP Measures" section at the end of this release.
(2) Net working capital is calculated as total current assets less total current liabilities.
(3) Represents results from the Corporation's 100% interest in Coal Valley Partnership (CVP), which indirectly owns both the Coal Valley and Obed Mountain mines, from July 1, 2010. Prior to July 1, 2010, results represent the Corporation's 50% interest in CVP.

Review of Operations

Metals

(units as noted)	Q4 2010	Q4 2009	For twelve months ended December 31, 2010	2009
Production				
Mixed sulphides (tonnes, 50% basis)	4,796	4,693	18,873	18,664
Nickel (tonnes, 50% basis)	4,459	4,125	16,986	16,800
Cobalt (tonnes, 50% basis)	492	433	1,853	1,861
Fertilizers (tonnes)	62,054	52,472	235,259	219,664
Sales				
Nickel (thousands of pounds, 50% basis)	9,791	9,268	37,253	37,365
Cobalt (thousands of pounds, 50% basis)	1,097	1,017	4,086	4,095
Fertilizers (tonnes)	58,332	35,702	196,090	157,662
Reference prices (US$/lb)				
Nickel	$ 10.70	$ 7.96	$ 9.89	$ 6.67
Cobalt(1)	17.41	18.35	18.74	15.89
Realized prices				
Nickel ($/lb)	$ 10.78	$ 8.36	$ 10.11	$ 7.46
Cobalt ($/lb)	17.21	19.18	18.68	17.54
Fertilizers ($/tonne)	301	275	296	323
Unit operating costs (US$/lb)				
Mining, processing and refining costs	$ 5.09	$ 4.79	$ 5.04	$ 4.64
Third-party feed costs	0.16	0.24	0.26	0.20
Cobalt by-product credits	(1.91)	(1.99)	(1.99)	(1.70)
Other	0.02	0.08	0.02	0.07
Net direct cash costs of nickel(2)	$ 3.36	$ 3.12	$ 3.33	$ 3.21
Revenue ($ millions)				
Nickel	$ 105.5	$ 77.6	$ 376.8	$ 278.9
Cobalt	18.9	19.5	76.3	71.8
Fertilizer and other	22.3	13.5	75.2	65.0
Total	$ 146.7	$ 110.6	$ 528.3	$ 415.7
EBITDA ($ millions)(3)	$ 54.3	$ 41.1	$ 209.0	$ 111.2
Operating earnings ($ millions)	$ 45.7	$ 33.5	$ 177.3	$ 82.3
Capital expenditures ($ millions)				
Moa Joint Venture (50% basis)	$ 14.2	$ 13.8	$ 40.1	$ 33.9
Ambatovy Joint Venture (100% basis)	292.8	298.7	1,103.6	1,333.3
Total	$ 307.0	$ 312.5	$ 1,143.7	$ 1,367.2

(1) Average Metal Bulletin: Low Grade cobalt published price.
(2) Net direct cash cost of nickel after cobalt and other by-product credits.
(3) EBITDA is a non-GAAP measure. See the "Non-GAAP Measures" section at the end of this release. EBITDA excludes depreciation and amortization for the three and twelve months ended December 31, 2010 of $7.8 million and $23.6 million, respectively ($4.4 million and $19.4 million for the three and twelve months ended December 31, 2009, respectively).

Mixed sulphides production for fourth-quarter 2010 was 2% (205 tonnes, 100% basis) higher than fourth-quarter 2009. Full-year 2010 production of 37,745 tonnes (100% basis) was a 1% (417 tonne) increase over 2009 and a production record at the Moa facility. Finished nickel production was 8% (668 tonnes, 100% basis) higher, and finished cobalt production was 14% (120 tonnes, 100% basis) higher than fourth-quarter 2009. The increase in finished metal production during fourth-quarter 2010 reflected the impact of the increased mixed sulphides availability and timing of maintenance activities. Full-year 2010 nickel production of 33,972 tonnes (100% basis) was a refinery record for the second consecutive year and an increase of 2% (373 tonnes, 100% basis) from the prior year. Full-year 2010 cobalt production of 3,706 tonnes (100% basis) was similar to 2009 production.

Fourth-quarter 2010 nickel sales volumes were 6% (523 thousand pounds, 50% basis) higher than in 2009, while cobalt sales volumes were 8% (80 thousand pounds, 50% basis) higher than fourth-quarter 2009, primarily due to the increased availability of finished metals from higher production. Full-year 2010 sales volumes were relatively unchanged from 2009 levels and were marginally lower than production levels due to the timing of shipments.

The average nickel reference price in fourth-quarter 2010 was 34% (US$2.74/lb) higher than fourth-quarter 2009 largely due to the improved demand related to stainless steel production. The average cobalt reference price was 5% (US$0.94/lb) lower than fourth-quarter 2009. The full-year 2010 average nickel reference price of US$9.89/lb was 48% (US$3.22/lb) higher than 2009, and the average cobalt reference price of US$18.74/lb was 18% (US$2.85/lb) higher than the prior year, primarily reflecting the improved demand for finished metal.

The net direct cash cost of nickel for fourth-quarter 2010 was 8% (US$0.24/lb) higher than fourth-quarter 2009, due to higher mining and processing costs resulting from higher input commodity prices, which were only partially offset by higher by-product credits. The 2010 full-year net direct cash cost of US$3.33/lb was 4% (US$0.12/lb) higher than in 2009, primarily reflecting the impact of increased energy prices, partially offset by higher cobalt by-product credits.

Capital expenditures in the Moa Joint Venture were 3% ($0.4 million, 50% basis) higher in fourth-quarter 2010 compared to fourth-quarter 2009 and were 18% ($6.2 million, 50% basis) higher for full-year 2010 compared to full-year 2009 when spending was curtailed in response to lower metals prices.

The Ambatovy Project

Ambatovy Project capital expenditures for fourth-quarter 2010 were $292.8 million (100% basis), 2% ($5.9 million) lower than the prior-year period. Capital spending on the Project for 2010 was $1.1 billion, consistent with estimates provided in third-quarter 2010. Cumulative project expenditures to December 31, 2010 were US$4.4 billion, excluding financing charges, foreign exchange and working capital requirements. During fourth-quarter 2010, the Corporation announced a revised Project capital spending estimate of US$4.76 billion. During fourth-quarter 2010, $192.0 million (100% basis) in funding was provided by the Ambatovy Partners, with Sherritt financing its funding obligation with additional loans from other joint venture partners.

At the end of fourth-quarter 2010, a total of 22 of the 56 major process plant modules had been transferred to the commissioning team. Ore inventory levels necessary for the operation of the Ore Preparation Plant and the pressure acid leach circuits at the plant site have been achieved, and as a result mining activities have been reduced. As the Project nears the end of the construction phase, demobilization of contractors and construction workers at the plant site began in fourth-quarter 2010. During the quarter, a program was initiated to further ease the transition of the demobilized workers by providing several months of financial incentives to the demobilized Malagasy employees beginning in third-quarter 2011. This is part of a wider program that provides incentives to retain worker availability as well as to assist Malagasy construction workers as they transition to other economic activities. A contractor of the Project experienced a labour disturbance during fourth-quarter 2010 with some of its expatriate workforce. The three-day disruption did not negatively affect other Project contractors.

The Project is designed to produce 60,000 tonnes (100% basis) of nickel and 5,600 tonnes (100% basis) of cobalt annually at capacity. First metal from the project is expected by summer 2011.

Coal

(units as noted)	Q4 2010	Q4 2009	For twelve months ended December 31, 2010	2009
Production (millions of tonnes)				
Prairie Operations	10.0	9.6	34.4	35.4
Mountain Operations(1)	1.2	0.5	3.3	2.0
Sales (millions of tonnes)				
Prairie Operations	9.5	9.0	34.5	34.5
Mountain Operations (1)	1.2	0.5	3.3	1.9
Realized prices ($/tonne, excluding royalties)				
Prairie Operations	$ 15.14	$ 14.83	$ 15.80	$ 14.56
Mountain Operations	85.43	65.09	84.21	79.04
Unit operating costs ($/tonne)				
Prairie Operations	$ 12.04	$ 11.09	$ 12.62	$ 11.29
Mountain Operations	67.68	62.38	71.40	63.88
Revenue ($ millions)				
Prairie Operations				
Mining revenue	$ 142.6	$ 133.0	$ 544.6	$ 502.1
Coal royalties	12.4	11.5	44.1	50.8
Potash royalties	4.8	1.8	12.8	10.2
Mountain Operations and Other Assets(1),(2)	109.3	28.6	283.7	147.6
Total revenue	$ 269.1	$ 174.9	$ 885.2	$ 710.7
EBITDA ($ millions)				
Prairie Operations(3)	$ 45.5	$ 48.0	$ 162.1	$ 163.0
Mountain Operations, Other Assets (1),(2),(4)	21.0	1.0	40.5	24.3
Total	$ 66.5	$ 49.0	$ 202.6	$ 187.3
Operating earnings ($ millions)	$ 32.9	$ 19.1	$ 84.5	$ 80.9
Capital expenditures ($ millions)				
Prairie Operations	$ 15.2	$ 19.6	$ 58.3	$ 89.3
Mountain Operations(1)	11.0	4.7	23.6	28.8
Total	$ 26.2	$ 24.3	$ 81.9	$ 118.1

(1) Results include the Corporation’s 100% interest in Coal Valley Partnership (CVP) referred to as Mountain Operations, which indirectly owns both the Coal Valley and Obed Mountain mines, from July 1, 2010. Prior to July 1, 2010, the Corporation proportionately consolidated its 50% interest in CVP.

(2) Other Assets include certain undeveloped reserves, coal reserves that produce coal-bed methane and technologies under development, including the Dodds-Roundhill Coal Gasification Project, and are presented on a 50% basis.

(3) EBITDA is a non-GAAP measure. See the “Non-GAAP Measures” section at the end of this release. EBITDA excludes depreciation and amortization for the three and twelve months ended December 31, 2010 of $12.4 million and $46.7 million, respectively ($13.0 million and $50.0 million for the three and twelve months ended December 31, 2009, respectively).

(4) EBITDA is a non-GAAP measure. See the “Non-GAAP Measures” section at the end of this release. EBITDA excludes depreciation and amortization for the three and twelve months ended December 31, 2010 of $8.4 million and $25.0 million, respectively ($3.7 million and $12.9 million for the three and twelve months ended December 31, 2009, respectively).

Both Mountain and Prairie Operations experienced record production quarters in fourth-quarter 2010. Production volumes at Prairie Operations were 4% (0.4 million tonnes) higher than the prior-year period, largely due to increased customer demand at the Sheerness and Genesee mines. Production volumes at Mountain Operations were 139% (0.7 million tonnes) higher than fourth-quarter 2009, primarily due to the consolidation of 100% of the results for Mountain Operations, beginning on July 1, 2010. Full-year 2010 production volumes were 3% (1.0 million tonnes) lower than 2009 in Prairie Operations mainly due to the reduced demand related to both planned and unplanned maintenance activities by power plant customers. Mountain Operations production for full-year 2010 was 64% (1.3 million tonnes) higher than the prior year due to the full consolidation of the operations beginning on July 1, 2010.

Fourth-quarter 2010 sales volumes were higher at both Prairie and Mountain Operations relative to 2009, with Prairie Operations delivering a 6% (0.5 million tonne) increase, while Mountain was 155% (0.7 million tonnes) higher than the prior-year period. The increase at Prairie Operations was largely due to increased customer demand at the Genesee mine, while the increase at Mountain Operations reflected the acquisition of the remaining interest in the Mountain Operations, effective July 1, 2010. Annual sales volumes at Prairie Operations were relatively unchanged from 2009, while the 75% (1.4 million tonne) increase at Mountain Operations in 2010 was primarily due to the consolidation of all Mountain mine sales from July 1, 2010 onward.

Realized pricing (excluding royalties) for fourth-quarter 2010 at Prairie Operations was not materially different than the prior-year period. Realized pricing at Mountain Operations during the same period was 31% ($20.34/tonne) higher than fourth-quarter 2009, due to higher export thermal coal reference pricing during 2010, which was partially offset by the foreign exchange impact of a stronger Canadian dollar relative to the U.S. dollar. Higher full-year 2010 realized pricing at Prairie Operations was due to higher revenue from the Boundary Dam mine, resulting from the renewal of one of the coal supply agreements at December 31, 2009, as well as higher revenue from the Highvale and Genesee mines, resulting from index-adjusted prices and higher cost and capital recoveries. Full-year 2010 realized pricing at Mountain Operations was 7% ($5.17/tonne) higher than 2009 due to higher export thermal coal pricing.

Unit operating costs at Prairie Operations were higher for fourth-quarter 2010 (9% or $0.95/tonne) and the full year (12% or $1.33/tonne) relative to the prior-year periods, largely due to lower production volumes as well as the timing of equipment repairs at two owned mines. Unit operating costs at Mountain Operations for fourth-quarter 2010 were 8% ($5.30/tonne) higher than fourth-quarter 2009 primarily due to longer haul distances, while full-year 2010 costs were 12% ($7.52/tonne) higher than in 2009 primarily due to reduced production at the Coal Valley mine resulting from mining in areas of lower coal quality in the first half of 2010.

Coal royalties were higher than the prior-year periods for fourth-quarter 2010 (8% or $0.9 million) but lower for full-year 2010 (13% or $6.7 million) as a result of the timing of mining in royalty assessable areas. Potash royalties were 167% ($3.0 million) higher than in fourth-quarter 2009 and 25% ($2.6 million) higher for full-year 2010 due to higher production volumes that were partially offset by lower market prices.

Capital expenditures at Prairie Operations during fourth-quarter 2010 were 22% ($4.4 million) lower than in the prior-year period primarily due to the timing of capital lease purchases, while full-year 2010 capital spending was 35% ($31.0 million) lower than 2009 largely due to infrequently-occurring expenditures in 2009, which included a dragline tub replacement at the Sheerness mine and a maintenance shop expansion at the Genesee mine. Capital expenditures at Mountain Operations during fourth-quarter 2010 were 134% ($6.3 million) higher than in fourth-quarter 2009, and full-year 2010 spending was 18% ($5.2 million) lower than in 2009, primarily due to the consolidation of all of Mountain Operations beginning in third-quarter 2010 and the resumption of spending on capital that had been deferred in 2009 to match capital spending to cash flow.

Oil and Gas

(units as noted)	Q4 2010	Q4 2009	For twelve months ended December 31, 2010	2009
Production (boepd)[1]				
Gross working-interest – Cuba[2],[3]	20,957	22,927	21,204	21,707
Net working-interest[4]				
Cuba – cost recovery	3,671	4,622	3,910	6,172
Cuba – profit oil	7,635	7,440	7,218	6,317
Cuba – total	11,306	12,062	11,128	12,489
Spain	422	478	466	358
Pakistan	358	364	362	367
Total	12,806	12,904	11,956	13,214
Reference prices (US$/bbl)				
U.S. Gulf Coast Fuel Oil No. 6	$ 73.21	$ 69.15	$ 69.76	$ 55.80
Brent crude	86.99	74.90	79.89	61.82
Realized prices				
Cuba ($/bbl)	$ 53.58	$ 52.75	$ 52.24	$ 45.38
Spain ($/bbl)	88.35	79.13	81.73	71.32
Pakistan ($/boe)	7.26	7.37	7.36	8.07
Weighted average ($/boe)	$ 53.42	$ 52.45	$ 52.03	$ 45.05
Unit operating costs				
Cuba ($/bbl)	$ 6.16	$ 8.04	$ 7.28	$ 7.92
Spain ($/bbl)	21.74	40.96	27.37	53.68
Pakistan ($/boe)	1.12	1.04	6.41	1.00
Weighted average ($/boe)	$ 6.56	$ 9.06	$ 8.04	$ 8.97
Revenue ($ millions)	$ 61.9	$ 63.0	$ 238.1	$ 219.7
EBITDA ($ millions)[5]	$ 46.3	$ 49.9	$ 175.9	$ 153.5
Operating earnings ($ millions)	$ 29.6	$ 30.0	$ 102.5	$ 63.6
Capital expenditures ($ millions)	$ 14.0	$ 17.9	$ 55.4	$ 62.5

(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: (i) production from wells for which commerciality has not been established in accordance with production-sharing contracts, and (ii) working-interest of other participants in the 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. In Spain and Pakistan, net working-interest production volumes equal 100% of gross working-interest production volumes.
(5) EBITDA is a non-GAAP measure. See the "Non-GAAP Measures" section at the end of this release.

Gross working-interest (GWI) oil production in Cuba for fourth-quarter 2010 was 9% (1,970 bpd) lower and full-year 2010 production was 2% (503 bpd) lower than in the prior-year periods largely due the impact of the loss of production from the expiry of the Varadero production-sharing contract in 2010 and natural reservoir declines, partially offset by additional production from recent drilling and workovers. Net working-interest production in Cuba for 2010 was 6% (756 bpd) lower for fourth-quarter 2010 and 11% (1,361 bpd) lower for full-year 2010 when compared to 2009. Lower cost recovery volumes resulted from higher prices and reduced cost recoverable expenditures. Fourth-quarter 2010 production in Spain was 12% (56 bpd) lower than in the prior-year period due to workovers being conducted during the quarter, while full-year

2010 production was 30% (108 bpd) higher than in 2009 due to the benefit of completed workovers.

Average realized prices in fourth-quarter 2010 were 2% ($0.83/bbl) higher than fourth-quarter 2009 in Cuba and 12% ($9.22/bbl) higher in Spain as a result of higher reference pricing, offset by the impact of a stronger Canadian dollar relative to the U.S. dollar. Full-year 2010 realized pricing was impacted by the same variables as the fourth-quarter 2010, and as a result, was 15% ($6.86/bbl) higher in Cuba and 15% ($10.41/bbl) higher in Spain compared to 2009.

Unit operating costs in Cuba were 23% ($1.88/bbl) lower in fourth-quarter 2010 and 8% ($0.64/bbl) lower in full-year 2010 compared to the prior-year periods largely as a result of the impact of a stronger Canadian dollar relative to the U.S. dollar. Unit operating costs in Spain were 47% ($19.22/bbl) lower in fourth-quarter 2010 and 49% ($26.31/bbl) lower in full-year 2010 compared to 2009 due to the benefits of the workover activity conducted in 2009 being realized in 2010.

Capital expenditures in fourth-quarter 2010 were 22% ($3.9 million) lower in fourth-quarter 2010 and 11% ($7.1 million) lower in full-year 2010 compared to the prior-year periods, reflecting reduced drilling activity in 2010 and the inclusion of exploration activity in Turkey in 2009. Drilling activity in 2010 was concentrated in Cuba. In fourth-quarter 2010, one development well was initiated and two development wells were completed. In full-year 2010, eight development wells and one exploration well were initiated, and eight development wells were completed.

Power

			For twelve months ended December 31,	
(units as noted)	**Q4 2010**	Q4 2009	**2010**	2009
Electricity sold (GWh, 100% basis)[1]	**512**	524	**2,067**	2,167
Realized price ($/MWh)	**$ 41.88**	$ 43.83	**$ 42.42**	$ 46.79
Unit cash operating cost ($/MWh)	**$ 12.29**	$ 12.85	**$ 11.62**	$ 14.35
Net capacity factor (%)	**71%**	70%	**72%**	73%
Revenue ($ millions)	**$ 28.1**	$ 28.5	**$ 112.8**	$ 118.1
EBITDA ($ millions)[2]	**$ 20.0**	$ 19.5	**$ 82.1**	$ 80.9
Operating earnings ($ millions)	**$ 12.0**	$ 11.4	**$ 49.6**	$ 49.7
Capital expenditures ($ millions)				
Cuba	**$ 1.2**	$ 3.2	**$ 19.1**	$ 21.8
Other	**(0.1)**	1.5	**1.1**	6.0
Total	**$ 1.1**	$ 4.7	**$ 20.2**	$ 27.8
Progress payments ($ millions)				
Cuba	**$ 0.1**	$ 4.3	**$ 8.2**	$ 22.9
Other	**-**	-	**-**	8.5
Total	**$ 0.1**	$ 4.3	**$ 8.2**	$ 31.4

(1) Including non-controlling interests' share.
(2) EBITDA is a non-GAAP measure. See the "Non-GAAP Measures" section at the end of this release.

Electricity production for fourth-quarter 2010 was 2% (12 GWh, 100% basis) lower, and full-year 2010 was 5% (100 GWh, 100% basis) lower than the prior-year periods as gas shortages continued to have a negative impact on production. The impact of the shortages was also seen in the slightly lower net capacity factor for full-year 2010. Sherritt continues to work with partners in Cuba to increase future gas production.

Unit cash operating costs were lower for fourth-quarter 2010 by 4% ($0.56/MWh), and full-year 2010 by 19% ($2.73/MWh), compared to the prior-year periods due to the impact of a stronger Canadian dollar relative to the U.S. dollar and the realization of insurance recoveries related to turbine failures which occurred in first-quarter 2009.

Capital expenditures in fourth-quarter 2010 were 77% ($3.6 million, 100% basis) lower than in fourth-quarter 2009 due to decreased spending on sustaining capital. Full-year 2010 capital expenditures were 27% ($7.6 million, 100% basis) lower than in 2009 primarily due to decreased spending on sustaining capital, the reversal of interest charges incurred during the period in which the Boca de Jaruco Combined Cycle Project was under review, and the completion of the 25 MW power project in Madagascar in 2009.

Cash, Debt and Financing

Cash, cash equivalents and short-term investments were $827.5 million at December 31, 2010. Of the cash balance, $34.3 million (50% basis) was held by the Moa Joint Venture and $53.7 million (100% basis) was held by the Ambatovy Joint Venture. These funds are for the use of each joint venture, respectively.

At December 31, 2010, the amount of credit available under various facilities, inclusive of approximately US$280 million (100% basis) under the Ambatovy senior project financing, was $687 million.

Outlook

Sherritt's production volumes, royalties and capital expenditures for full-year 2010 and projections for the year 2011 are shown below.

(units as noted)	**Actual for the year ended December 31, 2010**	Projected for the year ending December 31, 2011
Production volumes		
Mixed sulphides (tonnes, 100% basis)	37,745	37,000
Nickel (tonnes, 100% basis)	33,972	33,800
Cobalt (tonnes, 100% basis)	3,706	3,600
Coal – Prairie Operations (millions of tonnes)	34	36
Coal – Mountain Operations (millions of tonnes)(1)	3	5
Oil – Cuba (gross working-interest, bpd)	21,204	19,700
Oil – All operations (net working-interest, boepd)(2)	11,956	12,700
Electricity (GWh, 100% basis)	2,067	1,680
Royalties ($ millions)		
Coal	44	40
Potash	13	13
Capital expenditures ($ millions)		
Metals – Moa Joint Venture (50% basis)	40	50
Coal – Prairie Operations	58	111
Coal – Mountain Operations(1)	24	50
Oil and Gas – Cuba	53	100
Oil and Gas – Other	2	11
Power – Cuba (100% basis)	20	158
Total	197	480
Metals – Ambatovy (US$ millions, 100% basis)(3)	1,104	325

(1) Includes the Corporation's 100% interest in Coal Valley Partnership (CVP) referred to as Mountain Operations, which indirectly owns both the Coal Valley and Obed Mountain mines, from July 1, 2010. Prior to July 1, 2010, the Corporation proportionately consolidated its 50% interest in CVP.
(2) Net working-interest oil production is predicated on the Fuel Oil No.6 price remaining consistent with recent historical levels.
(3) Projected spending for 2011 excludes financing charges, foreign exchange, working capital requirements and net operating gains or losses prior to commercial production.

- In Metals - Moa Joint Venture, guidance for full-year 2011 production of mixed sulphides, finished nickel and finished cobalt remains consistent with actual production levels achieved in 2010, but reflects some marginal changes in ore grade. Capital expenditure guidance for the Moa Joint Venture is 25% ($10 million, 50% basis) higher than in 2010 and includes only sustaining activities and capitalized interest. The Moa Joint Venture partners are reviewing options for the completion of the Phase 2 Expansion and the construction of the sulphuric acid plant at Moa. Until final agreement is reached, capital spending guidance excludes any expansion-related expenditure, other than capitalized interest.

- In Metals - Ambatovy, first metal is expected to be produced by summer 2011. Capital spending in 2011 is expected to be approximately one-third of the 2010 expenditures, as the Project nears the end of the Construction phase. Spending estimates exclude financing charges, foreign exchange, working capital requirements and net operating gains or losses prior to commercial production.
- In Metals - Sulawesi, $13 million is expected to be spent in 2011 to advance prefeasibility and feasibility work.
- In Coal – Prairie Operations, 2011 thermal coal production is expected to be slightly higher than in 2010, as the reduced customer demand levels experienced in 2010 are not expected to continue. Production from the Activated Carbon plant, commissioned in the last half of 2010, is expected to be 13,000 tonnes in 2011. Both potash and coal royalties in 2011 are expected to remain consistent with 2010 levels as the markets for both commodities remain robust. Full-year 2011 capital expenditures at Prairie Operations are expected to be 91% ($53 million) higher than 2010, due to the timing of certain equipment replacements.
- In Coal – Mountain Operations, 2011 production is expected to be approximately 60% (2 million tonnes) higher than in 2010, largely due to the inclusion of 100% of the production for the entire year, which began in third-quarter 2010. Capital expenditures in Mountain Operations are expected to be 108% ($26 million) higher in 2011 compared to the prior year, largely due to the full consolidation of Mountain Operations for 12 months, and the timing of long lead-times in purchasing mobile equipment initiated in 2010.
- In Oil and Gas, guidance relating to 2011 GWI oil production in Cuba is approximately 7% (1,500 bpd) lower than in 2010, reflecting natural reservoir decline rates and the expiry of the Varadero production-sharing contract in 2010, partially offset by production expected from wells to be drilled during the year. Total net production in 2011 is expected to be approximately 6% (744 bpd) higher than in 2010 as cost-recoverable expenditures in Cuba are expected to increase year over year, more than offsetting the decline in gross working-interest production. Capital expenditures for 2011 in Cuba are expected to be 89% ($47 million) higher than 2010 and are primarily related to a drilling plan for eight wells as well as facilities and equipment expenditures. In total, seven development wells and one exploration well are planned for 2011.
- In Power, 2011 production levels are expected to be 19% (387 GWh, 100% basis) lower than 2010, reflecting anticipated decreases in gas supply at Varadero. Capital expenditures 2011 guidance includes $143 million (100% basis) related to the 150 MW Boca de Jaruco Combined Cycle Project.

Non-GAAP Measures

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.

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. Specifically, forward-looking statements in this document include statements respecting certain future expectations about the Corporation's capital expenditures; capital project commissioning and completion dates; production volumes; royalty revenues; oil and gas drilling activities; sales of activated carbon; 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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