Q3

Press Release

Sherritt reports 2009 third-quarter results

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IN THIS SECTION

TORONTO, OCTOBER 28, 2009 - Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S) today announced third-quarter 2009 results.

- Net earnings for third-quarter 2009 were $55.9 million ($0.19 per share), compared to net earnings of $133.1 million ($0.45 per share) for third-quarter 2008. Net earnings of $37.4 million ($0.13 per share) for the first nine months of 2009 compared to $302.4 million ($1.11 per share, fully diluted) in the prior-year period.

- Consolidated cash, cash equivalents and short-term investments were $1.3 billion at September 30, 2009, an increase of $0.3 billion from June 30, 2009. Of the cash balance, $47.3 million (50% basis) was held by the Moa Joint Venture and $646.9 million (100% basis) was held by the Ambatovy Joint Venture. The cash increase was mainly due to the receipt of Ambatovy Project funding at the end of the quarter. The Project cash is expected to be substantially utilized to satisfy expenditure obligations for the remainder of the year.

- Cash flow from operations was $198.5 million for third-quarter 2009, after a working capital decrease of $78.5 million. This compares to operating cash flow of $42.5 million for third-quarter 2008, net of a working capital increase of $112.5 million.

- Capital expenditures were $397.0 million for third-quarter 2009, of which 84% ($330.9 million) related to the Ambatovy Project (100% basis). Sherritt's 40% share of capital expenditures ($132.4 million) was primarily funded through loans from the Ambatovy Partners and senior project financing.

- Total long-term debt was $3.4 billion at September 30, 2009, of which approximately 50% ($1.7 billion, 100% basis) was related to the limited-recourse Ambatovy senior project finance and approximately 12% ($0.4 billion) to non-recourse partner loans to Sherritt.

Summary Financial and Sales Data (unaudited)

	Q3 2009	Q3 2008	Nine months ended September 30 2009	2008
Financial Data (millions of dollars, except per share amounts and ratios)				
Revenue	**$ 389.6**	$ 478.3	**$ 1,097.7**	$ 1,236.2
EBITDA[1]	**136.5**	214.1	**344.4**	579.5
Operating earnings	**70.2**	143.7	**149.6**	405.3
Net earnings	**55.9**	133.1	**37.4**	302.4
Basic earnings per share	**0.19**	0.45	**0.13**	1.12
Diluted earnings per share	**0.19**	0.45	**0.13**	1.11
Net working capital[2]	**1,041.3**	842.6	**1,401.3**	842.6
Capital expenditures	**397.0**	479.7	**1,202.1**	1,561.2
Total assets	**10,171.5**	8,821.2	**10,171.5**	8,821.2
Shareholders' equity	**3,464.5**	3,995.0	**3,464.5**	3,995.0
Long-term debt to capitalization[3]			**36%**	29%
Weighted average number of shares (millions)				
Basic	**293.1**	291.9	**293.1**	268.8
Diluted	**296.2**	295.8	**296.0**	273.2
Sales Volumes (units as noted)				
Nickel (thousands of pounds, 50% basis)	**9,779**	9,762	**28,097**	26,324
Cobalt (thousands of pounds, 50% basis)	**1,002**	936	**3,078**	2,758
Thermal coal – Prairie Operations (millions of tonnes)[4]	**8.9**	8.6	**25.5**	26.1
Thermal coal – Mountain Operations (millions of tonnes, 50% basis)	**0.6**	0.5	**1.4**	1.3
Oil (boepd, net working-interest production)	**12,875**	16,797	**13,319**	17,737
Electricity (GWh, 100% basis)	**588**	577	**1,644**	1,742
Average Realized Prices (units as noted)				
Nickel ($/lb)	**$ 8.78**	$ 9.16	**$ 7.16**	$ 11.28
Cobalt ($/lb)	**18.19**	33.64	**17.00**	41.74
Thermal coal – Prairie Operations ($/tonne)	**14.07**	15.54	**14.47**	14.59
Thermal coal – Mountain Operations ($/tonne)	**70.06**	87.19	**83.27**	80.93
Oil ($/boe)	**50.07**	72.20	**42.63**	61.84
Electricity ($/MWh)	**45.07**	42.32	**47.83**	41.25

(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) Calculated as long-term debt divided by the sum of total long-term debt, non-controlling interests and shareholders' equity. For purposes of this calculation, total long-term debt does not include other long-term liabilities.
(4) Prairie Operations volumes presented on a 100% basis for each period.

Review of Operations

Metals

	Q3 2009	Q3 2008	Nine months ended September 30 2009	2008
Production (tonnes, 50% basis)				
Mixed sulphides	**4,647**	4,350	**13,971**	12,997
Nickel	**4,341**	4,415	**12,675**	11,867
Cobalt	**489**	438	**1,428**	1,250
Sales (thousands of pounds, 50% basis)				
Nickel	**9,779**	9,762	**28,097**	26,324
Cobalt	**1,002**	936	**3,078**	2,758
Reference prices (US$/lb)				
Nickel	**$ 7.99**	$ 8.61	**$ 6.23**	$ 11.09
Cobalt [1]	**17.30**	32.54	**15.10**	41.49
Realized prices ($/lb)				
Nickel	**$ 8.78**	$ 9.16	**$ 7.16**	$ 11.28
Cobalt	**18.19**	33.64	**17.00**	41.74
Unit operating costs (US$/lb)				
Mining, processing and refining costs	**$ 4.47**	$ 7.12	**$ 4.59**	$ 6.59
Third-party feed costs	**0.11**	0.54	**0.19**	0.94
Cobalt by-product credits	**(1.70)**	(3.10)	**(1.60)**	(4.30)
Other	**0.01**	(0.06)	**0.05**	(0.09)
Net direct cash costs of nickel[2]	**$ 2.89**	$ 4.50	**$ 3.23**	$ 3.14
Revenue ($ millions)				
Nickel	**$ 85.9**	$ 89.4	**$ 201.3**	$ 296.9
Cobalt	**18.2**	31.5	**52.3**	115.1
Fertilizer and other	**10.2**	16.6	**51.5**	65.5
	$ 114.3	$ 137.5	**$ 305.1**	$ 477.5
EBITDA ($ millions)[3]	**$ 45.0**	$ 39.1	**$ 70.1**	$ 199.6
Operating earnings ($ millions)	**$ 37.6**	$ 32.3	**$ 48.8**	$ 182.1
Capital expenditures ($ millions)				
Moa Joint Venture (50% basis)	**$ 7.3**	$ 66.3	**$ 20.1**	$ 181.2
Ambatovy Joint Venture (100% basis)	**330.9**	366.5	**1,034.6**	1,251.1
	$ 338.2	$ 432.8	**$ 1,054.7**	$ 1,432.3

(1) Average Metal Bulletin: Low Grade cobalt published price.
(2) Net direct cash cost of nickel after cobalt and 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 of $4.1 million and $4.5 million in the three-month periods ended September 30, 2009 and September 30, 2008 and $15.0 million and $11.0 million in the nine-month periods ended September 30, 2009 and September 30, 2008.

Mixed sulphides production for third-quarter 2009 was 9,293 tonnes (100% basis), up 7% (593 tonnes) from third-quarter 2008. The year-over-year increase reflects the impact of Hurricane Ike on production in September 2008.

Finished nickel production of 8,681 tonnes (100% basis) was relatively unchanged from the prior-year period, and finished cobalt production of 979 tonnes (100% basis) was up 12% compared to the same period last year. Year-over-year production level differences reflected the impact of the Phase 1 Expansion contribution in 2009 and a lower nickel-to-cobalt ratio in feed in third-quarter 2009, which increased cobalt production relative to nickel production.

Nickel sales volumes of 9.8 million pounds (50% basis) for third-quarter 2009 were similar to the prior-year period. Cobalt sales volumes of 1.0 million pounds (50% basis), were up 7% (0.1 million pounds) from third-quarter 2008, reflecting increased cobalt production.

Average metal reference prices in third-quarter 2009 were down relative to the prior year period, with the average nickel reference price down 7% (US$0.62/lb) and the average cobalt reference price down 47% (US$15.24/lb). Price declines were largely due to the impact of relatively weakened global industrial demand on the base metals market. Realized metal prices reflected the impact of the market price decline.

The net direct cash cost of nickel for the quarter was US$2.89/lb, similar to second-quarter 2009 (US$2.85/lb) and 36% (US$1.61/lb) lower than the prior-year period. The year-over-year decline was due to lower mining, processing and refining costs that benefited from lower commodity input prices and the favourable foreign exchange impact on refining costs, as well as lower third-party feed costs that resulted from increased availability of mixed sulphides and the impact of lower market reference prices.

Sustaining capital expenditures for third-quarter 2009 were 67% ($10.4 million, 50% basis) lower than the prior-year period, commensurate with lower metals prices in 2009. Expansion capital expenditures in the Moa Joint Venture during third-quarter 2009 were 96% ($48.6 million, 50% basis) lower than the prior-year period due to the suspension of the Phase 2 Expansion and Moa Acid Plant in fourth-quarter 2008. Current expansion expenditures in the Moa Joint Venture mainly relate to the capitalization of interest associated with the financing of the Phase 2 Expansion and the Moa Acid Plant.

The Ambatovy Project

Ambatovy Project capital expenditures for third-quarter 2009 were $330.9 million (100% basis). Total project expenditures as at September 30, 2009 were US$3.1 billion. Construction activities during the quarter continued with the installation of mechanical equipment and piping at both the minesite and plantsite. All major foundation work has been completed and the hydrotest of the first boiler in the Power Plant was completed successfully. Construction will continue to ramp up through the next two quarters with the peak of activity expected in second-quarter 2010. The Project, which is expected to produce 60,000 tonnes (100% basis) of nickel and 5,600 tonnes (100% basis) of cobalt annually, is scheduled for mechanical completion in the latter part of 2010.

During third-quarter 2009, US$523.0 million (100% basis) was drawn against the senior project financing and Sherritt borrowed US$98.8 million on partner loans, pursuant to an agreement between Sherritt and its Ambatovy partners. As at September 30, 2009, $1.7 billion had been drawn on the senior project financing and $0.4 billion had been drawn on the partner loans.

Coal

			Nine months ended September 30	
	Q3 2009	Q3 2008	**2009**	2008
Production (millions of tonnes)				
Prairie Operations[1]	**9.0**	8.8	**25.8**	26.4
Mountain Operations[2] (50% basis)	**0.5**	0.5	**1.5**	1.3
Sales (millions of tonnes)				
Prairie Operations[1]	**8.9**	8.6	**25.5**	26.1
Mountain Operations[2] (50% basis)	**0.6**	0.5	**1.4**	1.3
Realized prices, excluding royalties ($/tonne)				
Prairie Operations[1]	**$ 14.07**	$ 15.54	**$ 14.47**	$ 14.59
Mountain Operations[2]	**70.06**	87.19	**83.27**	80.93

		Q3 2009		Q3 2008		2009		2008
					Nine months ended September 30			
Unit operating costs ($/tonne)								
Prairie Operations[(1)]	$	**11.28**	$	12.26	$	**11.37**	$	11.44
Mountain Operations[(2)]		**68.99**		64.51		**64.34**		63.82
Revenue ($ millions)								
Prairie Operations[(1)]								
Mining revenue	$	**124.5**	$	133.1	$	**369.1**	$	380.4
Coal royalties		**13.2**		12.5		**39.3**		32.0
Potash royalties		**1.8**		5.0		**8.4**		13.1
Mountain Operations and Other Assets[(2),(3)](50% basis)		**41.7**		39.3		**119.0**		104.4
	$	**181.2**	$	189.9	$	**535.8**	$	529.9
EBITDA ($millions)[(4)]								
Prairie Operations[(1)]	$	**36.4**	$	46.8	$	**115.0**	$	117.8
Mountain Operations and Other Assets[(2) (3)] (50% basis)		**-**		**9.4**		**23.3**		**20.3**
	$	**36.4**	$	56.2	$	**138.3**	$	138.1
Operating earnings ($ millions)	$	**9.1**	$	25.6	$	**61.8**	$	50.9
Capital expenditures ($ millions)								
Prairie Operations[(1)]	$	**13.4**	$	1.7	$	**38.4**	$	13.2
Mountain Operations[(2)(5)] (50% basis)		**1.6**		1.3		**8.3**		2.4
Activated Carbon Project (50% basis)		**7.6**		-		**13.2**		-
Obed Mountain mine[(6)] (50% basis)		**1.9**		-		**10.9**		-
	$	**24.5**	$	3.0	$	**70.8**	$	15.6

(1) Prairie Operations are presented on a 100% basis. Sherritt equity-accounted for these operations up to the date of the acquisition of Royal Utilities Income Fund in May 2008.

(2) Mountain Operations include the results of the Coal Valley and Obed mines, which are primarily involved in the export of thermal coal, and are presented on a 50% basis.

(3) Other 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) EBITDA is a non-GAAP measure. See the "Non-GAAP Measures" section at the end of this release. EBITDA excludes depreciation of $16.4 million and $12.6 million for the three-month periods ended September 30, 2009 and September 30, 2008, and $46.2 million and $23.7 million for the nine-month periods ended September 30, 2009 and September 30, 2008.

(5) The nine-month period ended September 30, 2009 includes$3.6 million of equipment financed through a bank credit facility that ordinarily would have been acquired under a capital lease.

(6) The nine-month period ended September 30, 2009 includes $2.9 million of equipment financed through a bank credit facility that ordinarily would have been acquired under a capital lease.

Production volumes at the Prairie and Mountain Operations were relatively unchanged from the prior-year period. Sales volumes at both operations showed increases over the prior-year period, with Prairie Operations up by 3% (0.3 million tonnes) and Mountain Operations up by over 30% (0.1 million tonnes 50% basis). Production commenced at the Obed Mountain mine in July 2009. During third-quarter 2009, Coal Valley Resources Inc. (CVRI), a subsidiary of the Coal Valley Partnership (in which the Corporation has a 50% interest and owns the Obed Mountain mine), issued a Demand to Arbitrate to its counterparty in an off-take contract. The contract, signed in 2008 for 100% of the increase in Mountain Operations production resulting from the re-opening of the Obed Mountain mine, provides a guaranteed floor price for three years with a sharing of the price upside. In September 2009, the counterparty refused to take delivery of coal under this contract. CVRI will be seeking full compensation for any and all costs or lost profits that result from having to sell the coal to other customers. If arbitration on the contract proceeds, CVRI will seek to mitigate its losses by selling the coal to other existing customers or on the spot market.

Realized pricing was down in both the Prairie and Mountain Operations. Prairie Operations average realized pricing (excluding royalties) was down 9% ($1.47/tonne) from the prior-year period, reflecting index-adjustments in pricing at owned mines and lower cost and capital recoveries at the contract mines. Mountain Operations average realized pricing was 20% ($17.13/tonne) lower than third-quarter 2008, mainly the result of relative settlement price changes in the export thermal coal markets between the periods.

Unit operating costs at the Prairie Operations were 8% ($0.98/tonne) lower than third-quarter 2008 due to the decline in diesel and other commodity input prices. Unit operating costs at Mountain Operations were up 7% ($4.48/tonne) due to temporary fluctuations in the coal quality at the Coal Valley mine, which impacted plant yield, as well as the start-up of operations at the Obed Mountain mine.

Total royalties of $15.0 million for third-quarter 2009, were down 14% over the prior-year period as the increase in coal royalty prices and volumes, resulting from a change in mining sequence in royalty assessable areas, was more than offset by declining potash demand and pricing.

Sustaining capital expenditures for Coal were $15.0 million for third-quarter 2009. The majority of the $12.0 million increase was not the result of a marked increase in spending, but rather the result of reduced market capacity of lease finance on acceptable terms. Sustaining capital expenditures in Mountain Operations were directed at infrastructure development, as Coal Valley prepared to enter new mining areas. During third-quarter 2009, $7.6 million in capital spending was directed to the Activated Carbon Project and $1.9 million to the Obed Mountain mine. The Obed Mountain mine re-opening is now complete and production commenced in July 2009.

In April 2009, a subsidiary in Prairie Operations signed a letter of intent to establish a new $17.2 million non-revolving, term credit facility to finance certain equipment. The first draw on the facility of $4.6 million occurred in October. A fixed interest rate of 9.85% applies to all borrowings under the facility.

At September 30, 2009, CVRI was not in compliance with a financial covenant applicable to the $38.0 million (100% basis) 3-year non-revolving term facility used to finance the re-opening of the Obed Mountain mine. The covenant requires CVRI to maintain a current ratio of not less than 1:1. CVRI's working capital balance was reduced as it was unable to record expected levels of revenue related to production from the re-opening of the Obed Mountain mine. CVRI was granted a waiver of this covenant for third-quarter 2009.

Oil and Gas

			Nine months ended June 30	
	Q3 2009	Q3 2008	**2009**	2008
Production (boepd)[1], [2]				
Gross working interest – Cuba[3], [5]	**22,031**	28,952	**21,296**	31,248
Net working interest[4]				
Cuba – cost recovery[5]	**5,345**	6,878	**6,694**	6,748
Cuba – profit oil[5]	**6,807**	9,082	**5,939**	10,125
Cuba – total	**12,152**	15,960	**12,633**	16,873
Spain[4]	**373**	447	**318**	473
Pakistan[4]	**350**	390	**368**	391
Total net working-interest production	**12,875**	16,797	**13,319**	17,737
Reference prices (US$/bbl)				
US Gulf Coast Fuel Oil No. 6	**$ 63.30**	$ 95.25	**$ 51.33**	$ 83.48
Brent crude	**68.46**	114.41	**57.44**	112.98
Realized prices				
Cuba ($/bbl)	**$ 50.54**	$ 72.51	**$ 43.01**	$ 61.68
Spain ($/bbl)	**74.14**	117.26	**67.36**	112.84
Pakistan ($/boe)	**8.07**	7.61	**8.30**	7.35

							Nine months ended September 30	
		Q3 2009		Q3 2008		**2009**		2008
Unit operating costs								
Cuba ($/bbl)	**$**	**6.63**	$	5.97	**$**	**7.88**	$	5.86
Spain ($/bbl)		**48.15**		32.75		**60.14**		31.82
Pakistan ($/boe)		**0.50**		0.78		**0.99**		0.92
Revenue ($ millions)	**$**	**59.9**	$	112.9	**$**	**156.7**	$	304.9
EBITDA ($ millions)(6)	**$**	**42.8**	$	96.2	**$**	**103.6**	$	250.7
Operating earnings ($ millions)	**$**	**20.3**	$	72.0	**$**	**33.6**	$	173.6
Capital expenditures ($ millions)	**$**	**22.1**	$	32.6	**$**	**44.5**	$	87.7

(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) EBITDA is a non-GAAP measure. See the "Non-GAAP Measures" section at the end of this release.

Gross working-interest (GWI) production in 2009 reflects the loss of Block 7 production in Cuba resulting from the premature termination of the production-sharing contract earlier in the year. Excluding Block 7, third-quarter GWI production was 6% higher (1,180 bpd) than the prior-year period, and reflected the success of drilling activity in 2009 and the impact of two hurricanes in third-quarter 2008. Excluding Block 7, net working-interest production in Cuba for the quarter of 12,152 bpd was relatively unchanged from the prior-year period (12,115 bpd).

Average realized prices in third-quarter 2009 were lower than the prior-year period, reflecting the impact of substantially lower reference pricing. While reference prices declined by 34% (US$31.95) for Cuban production and 40% (US$45.95/bbl) for Spanish production, the decline in realized prices was slightly less dramatic, at 30% ($21.97/bbl) and 37% ($43.12/bbl) respectively, as a result of the partially offsetting impact of foreign exchange.

Third-quarter 2009 unit operating costs in Cuba increased 11% ($0.66/bbl) compared to the prior-year period, mainly due to fixed operating costs being applied against a smaller production base, following the premature termination of the Block 7 production-sharing contract and higher treatment and transportation rates. Unit operating costs in Spain were 47% ($15.40/bbl) higher than third-quarter 2008 due to increased workover activity during 2009.

Third-quarter 2009 capital expenditures were 32% ($10.5 million) lower than in the prior-year period, as there was no Block 7 drilling activity in 2009. Exploration activities during the quarter related mainly to a gas well completed in Turkey, which did not yield commercial quantities of gas and was subsequently shut-in. In third-quarter 2009, one development well was initiated and two development wells were completed.

Power

					Nine months ended September 30			
		Q3 2009		Q3 2008		**2009**		2008
Electricity sold (GWh, 100% basis)		**588**		577		**1,644**		1,742
Realized price ($/MWh)	$	**45.07**	$	42.32	$	**47.83**	$	41.25
Unit cash operating cost ($/MWh)	$	**11.82**	$	11.89	$	**14.82**	$	10.71
Net capacity factor		**79%**		76%		**74%**		77%
Revenue ($ millions)	$	**30.6**	$	30.9	$	**89.6**	$	91.0
EBITDA ($ millions)[1]	$	**22.0**	$	23.7	$	**61.4**	$	70.4
Operating earnings ($ millions)	$	**14.2**	$	16.4	$	**38.3**	$	48.4
Capital expenditures ($ millions)								
Cuba	$	**4.4**	$	4.9	$	**18.6**	$	16.2
Madagascar		**(0.3)**		-		**4.5**		-
	$	**4.1**	$	4.9	$	**23.1**	$	16.2

(1) EBITDA is a non-GAAP measure. See the "Non-GAAP Measures" section at the end of this release.

Electricity production and the net capacity factor for third-quarter 2009 were up slightly (11 GWh and 3%, 100% basis), due to higher gas availability relative to the prior-year period. Unit cash operating costs remained relatively unchanged from the prior-year quarter.

Sustaining capital expenditures in third-quarter 2009 of $1.6 million were 129% ($0.9 million) higher than the prior-year period due to infrastructure projects initiated in the quarter. Expansion capital expenditures were $2.5 million for third-quarter 2009, 40% ($1.7 million) lower than the prior-year period due to reduced spending on the 150 MW Combined Cycle Project in Cuba as a result of the ongoing review of the Project.

Cash, Debt and Financing

Cash, cash equivalents and short-term investments were $1.3 billion at September 30, 2009. Of that amount, 4% ($47.3 million, 50% basis) was held by the Moa Joint Venture and 50% ($646.9 million, 100% basis) was held by the Ambatovy Joint Venture. These funds are for the use of each joint venture, respectively. No new drawings under the Ambatovy senior project financing are expected in fourth-quarter 2009, as the majority of the Ambatovy Project cash balance is expected to be utilized to meet expenditure obligations.

At June 30, 2009, the amount of credit available under various credit facilities, inclusive of approximately US$0.5 billion (100% basis) under the Ambatovy senior project financing, was $0.9 billion.

Outlook

Sherritt's production volumes, royalties and capital expenditures for the first nine months of 2009 and projections for the year 2009 are shown below:

	Actual for the nine months ended September 30, 2009	Projected for the year ending December 31, 2009
Production		
Mixed sulphides (tonnes, 100% basis)	**27,942**	37,000
Nickel (tonnes, 100% basis)	**25,350**	33,500
Cobalt (tonnes, 100% basis)	**2,856**	3,700
Coal – Prairie Operations (millions of tonnes)	**25.8**	35
Coal – Mountain Operations (millions of tonnes, 100% basis)	**2.9**	4.3
Oil – Gross working interest (Cuba) (bpd)	**21,296**	21,000
Oil – Net working-interest production, all operations (boepd)(1)	**13,319**	12,600
Power – Electricity (GWh)	**1,644**	2,100
Royalties		
Coal ($ millions)	**39**	48
Potash ($ millions)	**8**	11
Capital Expenditures ($ millions, unless otherwise noted)		
Metals – Moa Joint Venture (50% basis)	**20**	39
Coal – Prairie Operations(2)	**38**	35
Coal – Mountain Operations (50% basis)	**8**	9
Coal – Activated Carbon Project (50% basis)	**13**	25
Coal – Obed Mountain mine (50% basis)(3)	**8**	9
Oil and Gas – Cuba	**31**	59
Oil and Gas – Other	**13**	14
Power – Cuba	**19**	28
Power – Madagascar	**4**	5
	154	223
Metals – Ambatovy (100% basis, US$ millions)	**882**	1,400

(1) Net oil production is predicated on the WTI/Fuel Oil No.6 price differential remaining consistent with historical levels.

(2) For the nine months ended September 30, 2009, includes equipment that is expected to be financed through new borrowings in fourth-quarter 2009. These anticipated new borrowings have been reflected in the projected annual amount.

(3) Excludes equipment financed through a bank credit facility.

- In Metals, the net direct cash cost of nickel for 2009 is expected to remain near the average for the first nine months of 2009 if the current level of commodity input prices and cobalt prices continues through the fourth quarter. The staged maintenance approach has proven successful in terms of minimizing the impact on production, and production levels are expected to be at capacity for the year. The capital expenditure guidance for Metals in 2009 remains unchanged from last quarter.
- In the Ambatovy Project, the previous 2009 capital expenditure estimate of US$1.8 billion has been revised to US$1.4 billion, reflecting the impact of the Project review early in 2009 that slowed the rate of expenditures.
- In Coal, estimated annual production levels at Prairie Operations are consistent with the estimate provided in the second quarter. In Mountain Operations, production volumes for 2009 on a 100% basis are expected to be down slightly from the previous estimate of 4.4 million tonnes to 4.3 million tonnes, due to lower-than-projected production volumes in the third quarter. In Mountain Operations, with the exception of the disputed guaranteed floor price contract, contract prices have been established for the balance of the year, but realized prices will fluctuate with foreign exchange rate changes as settlement pricing for exports is denominated in U.S. dollars. In order to mitigate the impact of the disputed guaranteed floor price contract, CVRI will use its best efforts to sell the volumes committed under that contract to other customers at prevailing contract or market prices, which are expected to be lower than the guaranteed floor price. Royalties are expected to be slightly lower than previously estimated, as the impact of lower potash royalties, due to declining pricing and production is expected to be largely offset by more robust coal royalties resulting from the mining sequence in royalty assessable areas. The commissioning of the first Activated Carbon plant is on schedule for early 2010.
- In Oil and Gas, the capital expenditure estimate for 2009 has been revised to reflect planned drilling activity for the remainder of 2009. Cuban receivables continue to be received on a consistent basis. At September 30, 2009 receivables of $26.1 million were overdue, a decrease of $14 million since June 30, 2009.
- In Power, the 25 MW facility in Madagascar is complete and, in accordance with the relevant agreements, was turned over to the state-run electricity company early in the fourth quarter of 2009. A maintenance turnaround on the steam turbine at the Varadero facility is scheduled for the fourth quarter and as a result approximately 70 MW of capacity will not be available for an estimated 40 day period. As with Oil and Gas, regular receivables payments in Cuba continue to be received. The 150 MW Boca de Jaruco Combined Cycle Project continues to be reviewed, and the Project option value will be maintained through the continuation of progress payments.

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. 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 Master Asset Vehicles, 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 global economic conditions, business, economic and political 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 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; 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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