



Sherritt and Ambatovy Partners finalize arrangements for remaining funding for the Ambatovy Project

TORONTO, June 24, 2009 - Sherritt International Corporation ("Sherritt")(TSX:S) today announced that it has finalized arrangements with its Ambatovy partners, Sumitomo Corporation ("Sumitomo"), Korea Resources Corporation ("Kores") and SNC-Lavalin Inc. ("SNC-Lavalin") to fund Sherritt's pro rata share of shareholder funding for the Ambatovy Project under construction in Madagascar. The Project's US\$2.1 billion senior project financing (100% basis) is unaffected by these arrangements. Sherritt indirectly holds a 40% interest in the Ambatovy Project. Each of Sumitomo and Kores holds a 27.5% interest, and SNC-Lavalin indirectly holds a 5% interest.

The new arrangements reflect the partners' continuing commitment to the Project. To this purpose, the other partners have agreed to provide support to Sherritt whereby Sherritt will not be required to directly contribute any new shareholder funding to the Project and will remain as its operator. Sherritt may now fund its 40% pro rata share of shareholder funding obligations with new, non-recourse loans provided by the other Project partners.

Key elements of the new arrangements are outlined below:

- The arrangements announced today create a mechanism by which Sumitomo, Kores (through The Export-Import Bank of Korea) and SNC-Lavalin can provide new loans to Sherritt. The new funding will be non-recourse to Sherritt except in circumstances where there is a direct breach by Sherritt of restrictions in the loan documents, which limit the activities of certain subsidiaries and the use of proceeds from the loans to the Ambatovy Project.
- The new partner loans will be repaid solely with Sherritt's share of distributions from the Project. However, Sherritt has the right to prepay some or all of the loans at its option.
- The partners have the right to exchange some or all of the new loans for Sherritt's equity interest, up to a maximum of 15% interest in the Project, at any time. This is subject to senior project lender consent and Sherritt's right to repay the loans and avoid dilution. If the capital costs of the Project were to exceed US\$4.52 billion and Sherritt did not provide its pro rata share of funding for the cost overrun, the partners could dilute Sherritt's interest, even if it results in Sherritt's interest in the Project falling below the 25% threshold. There are no other penalties to Sherritt for a failure to fund its pro rata share of shareholder funding.
- The existing limited recourse, 15-year partner loans provided to Sherritt by the Project partners will total, and remain at, approximately US\$85 million until repayment.
- Sherritt receives additional completion guarantee protection under the new arrangements. Under the terms of the US\$2.1 billion senior project financing, Sherritt and its partners have provided completion guarantees to the Project lenders. Sherritt's pro rata share of the completion guarantees is US\$840 million (or 40% of US\$2.1 billion). Under existing arrangements, US\$598 million of Sherritt's obligations have been cross-guaranteed by the other partners. The remaining US\$242 million (US\$840

million less the existing US\$598 million of cross guarantees) has been a potential direct obligation of Sherritt. Each of Sumitomo, Kores and SNC-Lavalin have agreed to provide letters of credit to the senior lenders to cover any guarantee obligation of Sherritt not covered by the existing cross-guarantees. If letters of credit are not provided, no further borrowing under the senior project finance can occur and no obligation to Sherritt would be incurred.

- Sherritt's requirement to demonstrate financial capacity to senior project finance lenders is satisfied under the new arrangements. Under the terms of the senior project financing, Sherritt must demonstrate that it has the financial capacity to fund its pro rata share of the next 90 days of projected shareholder funding at any time. Availability under existing and new partner loans will be used by Sherritt to satisfy this obligation, eliminating the requirement for Sherritt to fund an escrow from its own resources.

Sherritt will be hosting a conference call on Wednesday, June 24, 2009 at 10:00 a.m. (Eastern Time) to discuss the finalization of the Ambatovy Project funding arrangements. The live audio webcast will be available on Sherritt's website www.sherritt.com, or via teleconference at 800-733-7560 or 416-644-3419. An archive of the webcast will also be available on the website. A replay of the conference call will be available until July 24, 2009 and can be accessed at 877-289-8525 or 416-640-1917, pass code 21309748#.

The Ambatovy Project has been designed for annual production capacities (100% basis) of 60,000 tonnes of nickel, 5,600 tonnes of cobalt and 190,000 tonnes of ammonium sulphate and an estimated project life of approximately 27 years. Construction of the Project is approximately 50% complete and mechanical completion is on schedule for the latter part of 2010.

About Sherritt

Sherritt is a diversified natural resource company that produces nickel, cobalt, thermal coal, oil and 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".

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