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TEACHERS' AND SHERRITT SUBMIT COMPREHENSIVE \$1.8 BILLION RECAPITALIZATION PLAN FOR STELCO, INCLUDING THE ACQUISITION OF COKE AND UTILITIES ASSETS

TORONTO, Dec 21, 2004 (Canada NewsWire via COMTEX) -- The Island Energy Partnership ("IEP"), a 50/50 joint venture between the Ontario Teachers' Pension Plan Board ("Teachers") and Sherritt International Corporation ("Sherritt"), announced today it has submitted a comprehensive \$1.8 billion recapitalization plan (herein referred to as the "Plan") to Stelco Inc. ("Stelco").

IEP first approached Stelco in January, 2004 prior to Stelco entering creditor protection under the Company Creditors Arrangement Act ("CCAA"). IEP's initial proposal to modernize and expand Stelco's coke and utility assets and construct co-generation assets has now been expanded to encompass a full recapitalization of Stelco.

The Plan allows Stelco to emerge from CCAA as a competitive North American steel producer with a strong balance sheet, improved liquidity, and significant capital committed for investment in both the Hamilton and Lake Erie core steel manufacturing operations. Key elements of the Plan are:

- Acquisition of Stelco's non-core utilities assets, including its coke batteries, materials handling facilities and boilers;
- Commitment to expand Lake Erie's coke battery by 500,000 tonnes and construct new co-generation facilities at Lake Erie and Hamilton utilizing off-gases currently being flared;
- Underwriting of an equity rights issue to existing shareholders and subscription for new equity, a portion of which will be made available to the Union, employees, and creditors;
- Fixed and revolving debt facilities will be provided to the level necessary to offer Stelco strong liquidity and low leverage post-restructuring.

Teachers' and Sherritt believe this Plan offers the best solution for a rejuvenated Stelco over the long term, a Stelco which will not have to seek court protection from creditors a second time. Other advantages are:

- IEP's commitment to expand coke production and build cogeneration facilities on a variable rate of return basis will provide coke and electricity to Stelco at below current market prices and on a competitive basis throughout the commodity cycle.
- Sufficient capital will be available for Stelco to upgrade its Lake Erie hot strip mill and to install a new pickle line in Hamilton.
- The acquisition of utilities assets will incorporate sufficient land and access to infrastructure to enable construction of larger electricity generation facilities at Lake Erie and Hamilton to expand Ontario's electricity supply. IEP will commit to sell this additional electricity to Stelco at competitive prices.
- Teachers' and Sherritt will work with the United Steelworkers' Union of America ("USWA") to develop a clearly defined plan for Stelco's pension obligations.

- Productivity benefits will be equitably shared between Stelco and its employees, providing a foundation for productive labour-management relationships and contributing to competitive steel production.

The Plan builds on Teachers' and Sherritt's commitment to excellent labour relations and anticipates the active participation of Stelco Union leadership, the fair treatment of Stelco's employees and pensioners and the adherence to the USWA's seven principles for the restructuring of Stelco.

As Teachers' Senior Vice President, Public Equities, Brian Gibson explained, "This is a "made in Ontario" solution which is beneficial for all stakeholders, and which will lead to improved air quality by reducing harmful emissions. It will also ensure that Stelco remains competitive in an industry which is vital to Ontario's economy."

Sherritt Chairman Ian Delaney added, "Sherritt is excited about the opportunity to invest, through the Island Energy Partnership, in Stelco's utilities assets. This strategic investment is consistent with our view of the long-term value of electricity generation and builds on our operational expertise in electricity cogeneration from off-gases. Our proposal will allow Stelco to focus on its core business of steelmaking."

The Ontario Teachers' Pension Plan is an independent corporation responsible for investing the fund's assets and administering the pensions of Ontario's 155,000 elementary and secondary school teachers and 97,000 retired teachers. The plan had net assets of \$79 billion at June 30, 2004, and a long-term rate of return of 11% per year since 1990. In 2003, \$3.2 billion of pension payments were made to retired teachers by the plan. Approximately 46% of the plan's assets are invested in equities, 26% invested in fixed-income securities and the remaining 28% invested in inflation-sensitive investments.

Sherritt International Corporation is a diversified Canadian natural resource company that operates in Canada and internationally. Sherritt, directly and through its subsidiaries, has significant interests in thermal coal production; nickel and cobalt production; oil and gas exploration, development and production; and electricity generation. Sherritt has assets of over \$2.4 billion and a cash balance of \$516 million as of September 30, 2004. During the nine month period ending September 30, 2004, Sherritt generated \$241 million in cash flow from operations. The Corporation employs more than 4,000, either directly or through its joint ventures, and has more than 50 years of experience managing utility assets, including materials handling, steam, electricity and water treatment.

This news release contains forward-looking statements. These forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and other factors that are more fully discussed in Sherritt's continuous disclosure documents such as our annual report, annual information form and management information circular. These risks, uncertainties and other factors could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

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