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Sherritt Provides Update on the Ambatovy Project

TORONTO, December 17, 2010 – Sherritt International Corporation (“Sherritt”) (TSX:S) announced today the approval of increased capital costs for the Ambatovy Project to a total budget of US\$4.76 billion, which includes a contingency of US\$50 million. Sherritt intends to fund its 40% share of the capital cost increase directly.

During second-quarter 2010, the construction of the power plant, which was being executed under a turn-key contract, was identified as having high potential for delay in completion. The slower construction progress on the power plant attracted additional costs in terms of management and engineering personnel and is the major contributing factor to the higher expected capital cost. During third-quarter 2010, Sherritt and the EPCM contractor assumed control of construction of the power plant.

Ian W. Delaney, Chairman and CEO of Sherritt commented, “We have thoroughly reviewed every facet of this Project and I am confident the required steps have been taken to keep it on track to produce metal by the summer of 2011. While the variance from our original capital projection is 5%, we felt the steps taken were necessary to ensure that the plant will operate as designed, and that we can ramp up production at a rate which will enable nickel to be delivered to customers as early as possible.”

Substantial progress has been made in the Project in recent weeks. To date, of the 56 process plant modules in the design, 17 have been turned over to the commissioning teams. Key elements which have been commissioned, or are being commissioned, include the autoclave feed tanks, port, ammonia handling and storage, coal transfer system, acid plants, and water systems as well as associated electrical substations. The mine has been in operation since July 2010, building an ore stockpile that will be utilized during the startup of the ore preparation plant in early 2011.

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”.

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