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Ambatovy Sponsors Reach Agreement for US\$2.1 billion of Project Debt Financing

- **One of the Largest mine debt financing ever arranged**
- **Construction proceeding with mechanical completion targeted for first half of 2010**

TORONTO, August 24, 2007 - Sherritt International Corporation ("Sherritt" – TSX:S) announced today that it has executed financing agreements for the provision of US\$2.1 billion of project debt to the Ambatovy nickel project ("Ambatovy" or the "Project") with a group of international lenders based in Japan, Korea, Europe, Canada and Africa. First disbursement of funds is expected after the satisfactory completion of certain conditions precedent. Sherritt expects these conditions to be satisfied later this year. The Project construction is proceeding on schedule to achieve mechanical completion during the first half of 2010.

This financing agreement represents one of the largest project finance agreements ever completed in the mining industry and is based upon the total support of the government of Madagascar. Sherritt, as operator of the Project, looks forward to working with the government and the local population during construction and commissioning of Ambatovy.

The US\$2.1 billion project debt financing is being provided through a number of loan agreements with certain export credit agencies, development banks and commercial lenders. All loans have a 17-year term. Sherritt and the other Project sponsors will provide completion guarantees for the financing until Ambatovy has satisfied the required completion tests, at which time the project debt will become non-recourse to the sponsors. Sherritt's pro-rata share of the completion guarantees total US\$840 million, of which US\$598 million are guaranteed from the Project's other sponsors. Ambatovy's other sponsors have also agreed to provide Sherritt with subordinated loans to an aggregate of US\$236 million to fund Sherritt's equity commitments to the Project.

Upon the fulfillment of certain conditions precedent, SNC-Lavalin Inc. ("SNC-Lavalin") will acquire a 5% interest in Ambatovy from Sherritt, thereby reducing Sherritt's interest to 40%. Sumitomo Corporation of Japan and Korea Resources Corporation, leading a consortium of Korean business enterprises, each own a 27.5% interest in the Project. Following completion of the project, a put/call arrangement will come into effect whereby SNC-Lavalin can divest of its interest

to Sherritt and Sumitomo or Sherritt and Sumitomo can acquire SNC-Lavalin's interest.

Ambatovy is a large-tonnage nickel and cobalt project located in Madagascar. The Project has estimated probable reserves of 125 million tonnes grading 1.04% nickel and 0.099% cobalt; annual production capacity is estimated at 60,000 tonnes (100% basis) of nickel, 5,600 tonnes (100% basis) of cobalt and approximately 190,000 tonnes (100% basis) of ammonium sulphate; and an estimated project life of approximately 27 years. The Project has an approved Environmental Assessment, developed in line with the World Bank Guidelines and Equator Principles, and in March 2007 received certification under Madagascar's Large Mining Investment Act, ensuring tax and legal stability.

About Sherritt

Sherritt International Corporation is a diversified resource company involved in the production of thermal coal, nickel, cobalt, oil and gas and electricity. Sherritt acquired the issued and outstanding common shares of Dynatec Corporation effective June 14, 2007, and assumed ownership of the Company's assets and businesses, including its interest in Ambatovy.

Sherritt's success is built on utilizing innovative technologies and the breadth of its financial and operational expertise to increase productivity and profitability. Sherritt continues to explore opportunities to grow its \$3.8 billion asset base through expansion of its existing businesses and strategic acquisitions. Sherritt's shares are listed on the Toronto Stock Exchange under the symbol "S".

In addition to its significant nickel production, Sherritt operates and owns 41.2% of Royal Utilities Income Fund, the largest thermal coal producer in Canada. Sherritt currently produces over 30,000 barrels of oil equivalent per day and has 376 megawatts of power generation capacity.

Forward-Looking Statements

This news release contains 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", "likely", "will" or other similar words or phrases. These forward looking statements are not based on historic facts, but rather on current expectations, assumptions and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that are beyond the Corporation's ability to control or predict. Actual results and developments may differ materially from those contemplated by this news release depending on, among others, such key factors as business and economic conditions in Canada, Cuba, Madagascar and the principal markets for Sherritt's products.

Key factors that may result in material differences between actual results and developments and those contemplated by this news release also include the supply, demand and prices for Sherritt's products; dependence on significant customers; deliveries; production levels, production and other anticipated and unanticipated costs and expenses; energy costs; premiums or discounts realized over LME cash and other benchmark prices; interest rates; foreign exchange rates; rates of inflation; changes in tax legislation; the timing, capital costs and financing arrangements associated with development projects; the timing of the receipt of government and other approvals; political unrest or instability in the countries where Sherritt is active; risks related to collecting accounts receivable and repatriating profits and dividends from Cuba; 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 Act; risks associated with mining, processing and exploration activities; potential imprecision of reserve estimates; market competition; developments affecting labour relations; environmental regulation and other risk factors listed from time to time in Sherritt's continuous disclosure documents such as its annual report, annual information form and management information circular.

The Corporation does not intend, and does not assume any obligations, to update these forward-looking statements.

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