

Sherritt to Divest of Coal Assets for \$946 Million and Focus on Core Businesses

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TORONTO, ONTARIO -- (Marketwired - Dec. 24, 2013) - [Sherritt International Corporation](#) ("Sherritt" or "the Corporation") (TSX:S) today announced it is divesting its coal business for total consideration of \$946 million.

A group led by [Altius Minerals Corp.](#), will acquire Sherritt's entire royalty portfolio and its interest in coal development assets for cash consideration of \$481 million, subject to closing adjustments.

[Westmoreland Coal Company](#) ("Westmoreland") will acquire Sherritt's operating coal assets, currently described as the Prairie and Mountain Operations, for total consideration of \$465 million, comprised of \$312 million in cash and the assumption of capital leases presently valued at \$153 million, subject to closing adjustments.

"Today's transaction to divest the coal business is the culmination of a competitive bidding process which has extended over several months. It simplifies our asset portfolio to concentrate on our core strengths, enhances our liquidity, and provides us with the opportunity to reduce our debt," said David Pathe, Sherritt's President and CEO. "We would like to extend our gratitude and appreciation to all the employees in our coal business for their dedication and the significant contributions they have made at Sherritt over the last twelve years. We know our workforce will become a highly valued part of the Westmoreland organization, sharing our complementary and uncompromising view on safety and strong emphasis on collaboration."

Rationalizing the asset base and significantly enhancing the liquidity of the Corporation gives Sherritt the capacity and flexibility to pursue opportunities to develop and grow its core businesses. All opportunities will be evaluated in terms of their relative ability to: develop the core businesses, improve returns to shareholders without compromising liquidity, and deliver greater value through strengthening the Corporation's balance sheet through debt reduction. Proceeds from the transaction that are not redeployed, will be used for debt repayment, as prescribed under the terms of the indentures governing the Corporation's three outstanding debenture issues.

Developing the core businesses will include both enhancing the competitiveness of existing assets and looking at opportunities to add assets that complement the portfolio. Completing the ramp up of the Ambatovy nickel operation in Madagascar and implementing further productivity and cost reductions in the Moa Joint Venture nickel operation provide low-risk, low- cost methods of increasing their competitiveness. Any investment will be focused on base metals assets that are, or very near to, generating cash flow, possess long-life reserves, and provide the opportunity to leverage Sherritt's technological and operating expertise to enhance efficiency.

Sustaining the oil operations will serve to support the strong, fundamental cash flow that has come to characterize this business. Sherritt has built its Cuban oil business over the past two decades, and believes its detailed understanding of the area's geology, its extensive infrastructure, and its proven track record make the Corporation uniquely qualified to operate this business. We continue to pursue the term extension of an existing block and the addition of four new blocks which together would provide a low-risk, high-return opportunity that would capitalize on proximity to our existing infrastructure.

In order to enhance its position as a low-cost operator across all of its core businesses, the Corporation will continue to implement measures to achieve sustainable cost reductions, including improving operational efficiencies and re-evaluating capital spending and our support functions.

The coal business will be reclassified as "Held for Sale" for the purposes of Sherritt's fourth-quarter 2013 results. Based on current estimates, the expected loss to be recorded on disposal would be approximately \$460 million, \$308 million of which would be goodwill related to the purchase of coal assets in 2008.

The parties are seeking to close the coal transaction in first-quarter 2014. It is being effected pursuant to a plan of arrangement, pursuant to the Business Corporations Act (Alberta). The transaction is subject to customary closing conditions and consents, including applicable Competition Bureau, Investment Canada

Act and court approvals. Post-closing, Sherritt will continue to work with Westmoreland on the Obed Mountain Mine remediation plan, and will continue to meet all financial obligations resulting from the October Obed Mountain Mine containment pond breach.

Rothschild has advised Sherritt on the coal transaction and will continue to advise the Corporation on further opportunities. Rothschild has provided an opinion to the Board that the aggregate consideration to be paid in the coal transaction is fair to Sherritt from a financial point of view. Separately, CIBC World Markets Inc. has provided its opinion to the Board indicating that aggregate consideration to be received by Sherritt pursuant to the coal transaction is fair from a financial point of view.

A conference call and audio webcast with senior executives to discuss the Coal transaction will be held today, December 24, 2013. Details of the call and webcast are:

Date/time: December 24, 2013, 10:00 a.m. ET
Speakers: David Pathe, President and CEO
Dean Chambers, EVP and CFO
North American callers: 1-800-814-4859
International callers: 416-644-3414
Live webcast: www.sherritt.com

An archive of the webcast will also be available on the Corporation's website. The conference call will be available for replay until January 23, 2014 by calling 416-640-1917 or 1-877-289-8525, access code 4658368#.

About Sherritt

[Sherritt](#) is a world leader in the mining and refining of nickel from lateritic ores with projects and operations in Canada, Cuba, Indonesia and Madagascar. The Corporation is the largest thermal coal producer in Canada and is the largest independent energy producer in Cuba, with extensive oil and power operations across the island. Sherritt licenses its proprietary technologies and provides metallurgical services to mining and refining operations worldwide. The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol "S". Further information on Sherritt can be found on the Corporation's website: www.sherritt.com.

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