



Dodds–Roundhill Coal Gasification Project Community Newsletter April 2009 – Issue #9

This periodic newsletter is intended to keep the community informed on the status of the Dodds–Roundhill Coal Gasification Project.

Engineering Update

Since late summer 2008, there have been very significant shifts in both the world and Alberta marketplace, including sharp declines in prices for a range of energy–based commodities. These changes have required Sherritt to re–assess the optimum configuration of the Dodds–Roundhill Project.

The Dodds–Roundhill Project is intended to convert coal, through gasification, into other more valuable energy products. Initially, the plant was focused solely on the production of hydrogen, but in 2008 it became apparent that with the changes in market conditions other products should be considered.

Significant additional engineering studies were initiated last year to examine the technical and economic issues associated with the production of other value–added energy products, such as ultra–clean diesel, substitute natural gas, gasoline, methanol, as well as hydrogen.

These engineering studies were completed in early 2009 and confirm that the Dodds–Roundhill Project is capable of economically producing a wide range of energy–related end products from coal, including hydrogen. However, the global economic crisis continues to have a severely negative impact on commodity prices and markets for such products, as well as the ability to raise capital for major new developments. Sherritt, like most companies, must adapt to this environment and amend the timing of the Project. This will unfortunately delay the submission of the Environmental Impact Assessment and regulatory applications.

Next Steps

Until the global economic environment improves, major expenditures such as further engineering will, unfortunately, have to continue to be placed on hold. In the short term, our efforts will be focused largely on identifying opportunities to further reduce costs, continuing communication with the government and local community and advancing research on “cleaning” coal, which will produce a coal that burns cleaner, is more efficient and further reduces greenhouse gas emissions. This research will be conducted at Sherritt’s new Clean Coal Research Centre in Fort Saskatchewan, which has received financial assistance from the Alberta Energy Research Institute.

Rest assured, Sherritt remains committed to this endeavor and is confident that, in the future, a stronger world energy demand and improved market conditions will support the development of the Dodds–Roundhill Coal Gasification Project. We will continue to reassess Project plans as economic conditions change and to provide the community with timely updates.

The Dodds–Roundhill Coal Gasification Project is the first of its kind in Canada and represents a key step towards Alberta’s future as a global centre of excellence in innovative “clean coal technology.”

Contact Us

We will continue to communicate news and updates on the Project through newsletters. If you have any questions, we encourage you to visit www.sherritt.com for updates or email or phone us at the contact information listed below.

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Privacy

Please be advised that any personal information which Sherritt has obtained from you, either directly or through their consultants, with respect to their investigations of the Dodds–Roundhill Coal Gasification Project will be kept confidential and only used as part of the application process and not for any other purpose. If you have any questions or concerns about privacy, please do not hesitate to contact us.