



ALGOMA STEEL INC.

105 West Street
Sault Ste. Marie, Ontario, Canada P6A 7B4

NEWS RELEASE

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TSE Symbol: AGA

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ALGOMA STEEL INC. ANNOUNCES \$72,675,000 BOUGHT DEAL FINANCING

SAULT STE. MARIE, ONTARIO - Algoma Steel Inc. today announced that it has entered into an agreement with a syndicate of underwriters, led by GMP Securities Ltd. and including National Bank Financial, BMO Nesbitt Burns and Haywood Securities Inc., which has agreed to purchase, on a bought deal basis, 8,500,000 newly issued common shares (the "Shares") at a price of \$8.55 per share for total gross proceeds of \$72,675,000. Algoma has provided the underwriters with an option to increase the offering by up to 1,500,000 Shares (the "Underwriters' Option"). Should the Underwriters' Option be exercised in full, the total gross proceeds of the public offering will be \$85,500,000. The offering is subject to receipt of all necessary regulatory approvals.

The Company plans to use the net proceeds of this financing for general corporate purposes which may include reduction of bank indebtedness. Closing of the offering is expected to occur on or about February 26, 2004.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

Algoma Steel Inc. is an integrated steel producer based in Sault Ste. Marie, Ontario. Revenues are derived primarily from the manufacture and sale of rolled steel products, including hot and cold rolled sheet and plate.

For further information:

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