



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

NEWS RELEASE
Monday, December 5, 2005

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**ALGOMA BOARD REMAINS FOCUSED ON BEST INTERESTS OF ALL OF THE
COMPANY'S SHAREHOLDERS;
ONTARIO COURT TO HEAR ARGUMENTS ON PAULSON APPLICATION EARLY IN 2006**

SAULT STE. MARIE, ONTARIO - Algoma Steel Inc. announced today that, on January 5, 2006, the Ontario Superior Court of Justice will hear arguments on the application by U.S.-based hedge fund, Paulson & Co. Inc., to advance the date of the meeting of Algoma shareholders. Algoma's Board of Directors has set the meeting date of March 22, 2006 for shareholders to consider the resolutions proposed by Paulson. Late last week, Paulson filed a Notice of Application with the Ontario Court for a hearing to seek to change the March 22 date to an earlier date.

Algoma Steel's Board of Directors reiterated today that it will continue to focus on the best interests of the Company in dealing with the various demands of Paulson & Co. Inc. This includes ensuring that shareholders have full and accurate information with respect to matters on which they vote. In this regard, Algoma has submitted to the Canada Revenue Agency a request for an advance tax ruling consistent with Paulson's proposal.

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 steel and plate.

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