



ALGOMA STEEL INC.

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

NEWS RELEASE
Monday, July 31, 2006

TSX Symbol: AGA

ALGOMA STEEL PROVIDES UPDATE ON SUBSTANTIAL ISSUER BID

SAULT STE. MARIE, ONTARIO – On June 28, 2006, Algoma Steel Inc. announced its intention to offer to repurchase for cancellation up to \$200 million of its common shares through a Dutch auction substantial issuer bid. The Company's Board of Directors intends to determine and issue pricing and other particulars respecting the substantial issuer bid this week.

Ben Duster, Chairman of the Board, said, "The Board has concluded that it is prudent to allow for the release of second quarter results before establishing pricing on the substantial issuer bid."

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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