



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

**NEWS RELEASE**  
**Wednesday, August 2, 2006**

**TSX Symbol: AGA**

**ALGOMA STEEL ANNOUNCES PRICING FOR THE REPURCHASE OF UP TO \$200 MILLION OF ITS COMMON SHARES VIA SUBSTANTIAL ISSUER BID**

**SAULT STE. MARIE, ONTARIO** - Algoma Steel Inc. today announced that its Board of Directors has authorized an offer to repurchase for cancellation up to \$200 million of its common shares, in a range of \$36.50 to \$39.50 per share, through a Dutch auction-type substantial issuer bid. This represents up to 5.48 million common shares or approximately 15% of the Company's 37.4 million total issued and outstanding common shares.

The Dutch auction tender procedure allows shareholders to select the price, within the specified range, at which each shareholder is willing to sell all or a portion of the shares he or she owns. Upon expiration of the offer, the Company will select the lowest purchase price that will allow it to buy \$200 million of shares (the "Purchase Price"). Shares tendered at or below the Purchase Price will be purchased at the Purchase Price, subject to proration to the extent the aggregate cost to purchase all of such shares exceeds \$200 million.

An issuer bid circular containing full details of the offer and procedures for tendering common shares will be mailed to shareholders on or about August 8, 2006. The offer, which is subject to regulatory approval, will expire at 8:30 p.m. ET on or about September 14, 2006, unless extended by the Company.

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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