



ALGOMA STEEL INC.

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

NEWS RELEASE

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TSX Symbol: AGA

ALGOMA STEEL ANNOUNCES PRELIMINARY RESULTS OF SUBSTANTIAL ISSUER BID

SAULT STE. MARIE, ONTARIO - Algoma Steel Inc. today announced the preliminary results of its Dutch auction-type substantial issuer bid to repurchase up to \$200 million of its common shares (the "Offer"), which expired at 8:30 p.m. (EST) on September 14, 2006.

Over \$200 million worth of common shares were tendered to the Offer. Algoma has taken up and paid for \$200 million worth of common shares under the Offer. Based on the preliminary count by the depositary for the Offer, Algoma expects to purchase for cancellation 5,479,452 million common shares at a price of CDN \$36.50 per share, for a total cost of CDN \$200 million. These shares represent approximately 14.66% of the shares outstanding as of September 14, 2006. Shareholders who deposited common shares to the Offer at \$36.50 per share will have approximately 70% of such common shares deposited purchased for cancellation, subject to certain limited exceptions. After the repurchase, approximately 31.89 million common shares will remain outstanding.

Algoma and the depositary expect that the final determination of the common shares purchased for cancellation under the Offer will be made on or before September 19, 2006. Payment to holders of common shares tendered and accepted for purchase will be made promptly thereafter. Common shares tendered above \$36.50 per share will not be purchased. The common shares not purchased, including shares invalidly deposited, will be returned as promptly as possible.

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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