



Algoma Steel Inc
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Sault Ste. Marie, Ontario
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Essar Steel Holdings Limited
(A Subsidiary of Essar Global Limited)
Registered Office:
10, Frere Felix, de Valois Street
Port Louis,
Republic of Mauritius

NEWS RELEASE
Sunday, April 15, 2007

TSX Symbol: AGA

ESSAR GLOBAL TO ACQUIRE ALGOMA STEEL FOR CDN\$1.85 BILLION

MUMBAI, INDIA AND SAULT STE. MARIE, ONTARIO - Essar Global Limited, through its wholly owned subsidiary Essar Steel Holdings Limited, (“Essar”) and Algoma Steel Inc. (“Algoma”) today announced that they have signed a definitive arrangement agreement providing for the acquisition by Essar of all of the common shares of Algoma for Cdn\$56.00 per share, or an aggregate equity value of \$1.85 billion, payable in cash. The offer price represents a premium of 48% to Algoma’s volume weighted average stock price for the 20-day period ending on February 14, 2007 when Algoma confirmed that it was in discussions regarding a potential transaction.

Under the terms of the agreement, Algoma will undertake a court approved plan of arrangement pursuant to which an Essar subsidiary will acquire all of the shares of Algoma in consideration for Cdn\$56.00 in cash per share. The arrangement must be approved by Algoma’s shareholders by the affirmative vote of at least 66 2/3rds percent of the votes cast, in person or by proxy, at a shareholders meeting, and is subject to customary closing conditions including necessary regulatory approvals. The support agreement provides for payments to Essar in the event that the acquisition is not completed under certain circumstances.

Mr. Benjamin Duster, Chairman of Algoma’s Board of Directors said, “The Board of Directors unanimously supports the Essar proposal as it reflects a significant premium to the historical share price of Algoma. This transaction will also benefit Algoma’s employees and the City of Sault Ste. Marie as it will result in new ownership that is committed to investment in Algoma’s facilities to support growth and business sustainability.”

Mr. Shashi Ruia, Chairman, Essar Global Limited said, “We believe Algoma is an excellent addition to our existing steel business and also offers growth potential. This acquisition fits in with our global steel vision of having world class low cost assets, with a global footprint. Algoma provides us with an excellent platform for the Canadian and North American markets. We are impressed with Algoma’s management team and employees and look forward to working with them to enhance our industry leadership.”

Algoma expects that the shareholders meeting to approve the arrangement will be held in June and that the acquisition will be completed shortly thereafter if approved by the shareholders. The Board of Directors of Algoma has unanimously recommended that Algoma shareholders vote in favour of the transaction. Genuity

Capital Markets is acting as exclusive financial advisor to Algoma in the transaction and has delivered an opinion to Algoma's Board of Directors that the consideration to be received by Algoma shareholders is fair, from a financial point of view.

UBS Investment Bank is acting as exclusive financial advisor to Essar and sole arranger of Essar's transaction financing. Stikeman Elliott LLP is acting as legal counsel to Essar, and Torys LLP is acting as legal counsel to Algoma Steel.

About Algoma Steel:

Algoma Steel Inc. is an integrated steel producer based in Sault Ste. Marie, Ontario with steel shipments of 2.4 million tons in 2006. Revenues, which totaled Cdn\$1.9 billion in 2006, are derived primarily from the manufacture and sale of rolled steel products including hot and cold rolled steel and plate.

About Essar:

Essar Global is an international conglomerate operating in six business areas – steel, oil & gas, power, communications, shipping & logistics and construction. It has offices world-wide and employs approximately 20,000 people, including over 3,500 persons in the United States. The group has built a portfolio of assets with expected revenues of US\$10 billion in the year to March 2008. For further information, please visit: www.essar.com

Essar Steel Holdings Limited is an emerging global steel company. It is a fully integrated manufacturer and one of the lowest cost producers of steel globally. Essar Steel Holdings Limited, along with its subsidiaries, operates an integrated steel plant of 4.6 million tonnes per annum (tpa) in India, which is expected to be increased to an 8.5 million tpa steel complex for flat products by 2009. The complex also comprises a cold rolling plant, down stream facilities and a 5 meter wide plate mill. It is India's largest exporter of flat steel.

Essar Steel Holdings Limited also operates a cold rolling complex in Indonesia and has now finalized plans to setup an integrated steel plant for flat products in Trinidad and Tobago and a hot strip mill in Vietnam.

Forward Looking Statements:

Certain statements made in the News Release are forward-looking statements that involve risks and uncertainties. These forward- looking statements reflect Essar's and Algoma's best judgement based on current information, and although the Companies base these statements on circumstances that they believed to be reasonable when made, there can be no assurance that future events will not affect the accuracy of such forward-looking information. As such, the forward-looking statements are not guarantees of future performance, the actual results may vary materially from the results and expectations discussed herein. Factors that may cause or contribute to such differences include, but are not limited to: the risk that the conditions to the offer set forth in the agreement will not be satisfied, changes in both companies businesses during the period between now and the closing and developments in obtaining regulatory approvals for the transaction. All statements other than statements of historical facts included in this News Release are forward-looking statements. All forward-looking statements speak only as of the date of this News Release. Essar and Algoma do not undertake any obligation to update or revise any forward- looking statements, whether as a result of new information, future events or otherwise.

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