



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

NEWS RELEASE
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Algoma Steel Significantly Improves Performance in First Quarter 2008

Algoma Steel Inc. announced today in a call with their lenders significant performance improvements for the first quarter of 2008, as compared to the first quarter of 2007. Shipments increased by 6.2%, sales increased by 4.6% and EBITDA, a meaningful indicator of the Company's profitability, was \$71.4 million, an increase of \$17.6 million from the same period last year and \$22.5 million over the previous quarter.

Algoma further reported a net loss of \$25.3 million, essentially attributable to a \$26.2 million non-cash foreign exchange loss on U.S. dollar denominated debt that must be reported for accounting purposes.

Armando Plastino, Chief Operating Officer said today, "We remain optimistic about Algoma's overall financial performance throughout the course of this year. We expect that the increased volumes will be sustainable over the long term and the Company's demonstrated performance improvements of this quarter will continue."

A member of the Essar Group, Algoma Steel Inc. is based in Sault Ste. Marie, Ontario. As a fully integrated steel producer, Algoma's revenues are derived primarily from the manufacture and sale of rolled steel products including hot and cold rolled sheet and plate.

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