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## **NEWS RELEASE**

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### **Essar Steel Algoma Confirms Start-up of Cogeneration Facility**

SAULT STE. MARIE, ONTARIO: Essar Steel Algoma confirmed today they have successfully started up a new, 70 MW Cogeneration Facility. A final performance test on Saturday, June 13 confirmed the facility meets all necessary operating standards as required by the Ontario Power Authority.

Commenting on the exciting development, Essar Steel Algoma's Chief Executive Officer Armando Plastino remarked, "The facility is operating exceptionally well, exceeding our initial expectations. This project satisfies both economic and environmental objectives, culminating in a sustainable, highly efficient, clean energy solution. We greatly appreciate the support of the Ontario Power Authority; without them this project would not have been possible."

In October, 2006, in response to a request for proposals for combined heat and power generation, Algoma Energy LP entered into an agreement with the Ontario Power Authority to construct and operate a 70 MW cogeneration facility. The facility reduces Essar Steel Algoma's reliance on the provincial power grid by 50% on average, freeing up this capacity for the rest of the province. By employing low-NOx burner technology and by eliminating the need to flare by-product fuel, the cogeneration facility will reduce Essar Steel Algoma's nitrous oxide emissions by 15% (approximately 400 metric tonnes per year).

The cogeneration facility converts by-product fuels from the cokemaking and ironmaking processes into electricity and steam for the steelworks. It features two 375,000 lb/hr boilers and a 105MW turbine combined with other related components such as a generator, a blast furnace gas holder, condensate and feed-water systems, a water treatment plant, a cooling tower, a transformer, and a distributed control system.

Essar has set a precedent as the first integrated steel manufacturer in Canada to construct a cogeneration facility fueled with by-product gas from the operation. An official launch celebration is planned for later this summer.

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Algoma Energy LP(AELP) is a Limited Partnership of Essar Steel Algoma Inc., based in Sault Ste. Marie, Ontario. As a fully integrated steel producer, Essar Steel Algoma derives its revenues primarily from the manufacture and sale of hot and cold rolled steel products including sheet and plate.

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