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NEWS RELEASE

Friday, August 14, 2009

First Quarter Results Fiscal 2010 Reflect Ongoing Economic Downturn

SAULT STE. MARIE, ONTARIO – Essar Steel Algoma reported a net loss of \$143.0 million for the quarter ended June 30, 2009. The loss was primarily attributable to lower shipments and lower steel prices. EBITDA, a meaningful indicator of the Company's profitability, recorded a \$19.2 million loss for the quarter excluding exceptional charges of \$10 million relating primarily to inventory write downs.

Shipments for the quarter were 398,921 tons representing a 50.1% decrease over the same period in fiscal 2009.

Sales for the first quarter of fiscal 2010 were \$248.3 million as compared to \$760.6 million for the corresponding period in fiscal 2009, representing a decrease of 67.4%; a direct result of lower shipments and lower steel prices.

Chief Executive Officer Armando Plastino remarked on the quarter, "Our continued focus on cost containment with a prudent operating plan enabled us to minimize the loss in the first quarter. We successfully started the 70 MW cogeneration facility on June 13th and we have seen improvement in demand and price for our products, which will enable us to reflect improved financial performance going forward."

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

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