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NEWS RELEASE

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Essar Steel Algoma Reports Results for First Quarter of Fiscal 2011

SAULT STE. MARIE, ONTARIO – Essar Steel Algoma reported a net income of \$39.7 million for the quarter ended June 30, 2010. The net income was primarily attributable to higher sales volumes and higher steel prices.

The Company reported EBITDA earnings, excluding exceptional items, of \$61.9 million for the quarter compared to an EBITDA loss of \$19.2 million for the comparable quarter in the prior year. EBITDA is a meaningful indicator of the Company's profitability.

Shipments for the quarter were 612,914 tons, representing a 54% increase from the same period in the prior year. Sales for the quarter were \$475.7 million.

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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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