



Essar Steel Algoma Inc.
105 West Street
Sault Ste. Marie, Ontario
Canada P6A 7B4

T +1 - 705 - 945 2351
F +1 - 705 - 945 2203
www.essarsteelalgoma.com

NEWS RELEASE

Wednesday, January 5, 2011

Essar Steel Algoma Inc. Announces Iron Ore True-Up Payment

Sault Ste. Marie, Ontario – Essar Steel Algoma Inc. (ESAI) announced today that it is making a US \$129 Million true-up payment to its iron ore supplier, which the supplier claims represents the difference between amounts invoiced in 2010 and amounts due under the recent arbitration award with respect to a pricing dispute. ESAI is paying the amount, on a without prejudice basis, to ensure continuity of iron ore supply during the critical winter months. ESAI has filed a court application to vacate the arbitration award which, if successful, would result in a substantial rebate.

-30-

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.

COMPANY CONTACT:

Brenda Stenta
Manager Corporate Communications
Phone: +1.705.945.2209
E-mail: brenda.stenta@essar.com