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NEWS RELEASE

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Essar Steel Algoma Attributes Loss for Fiscal 2011 to Elevated Raw Material Costs

SAULT STE. MARIE, ONTARIO – For the fiscal year ended March 31, 2011, Essar Steel Algoma reported a net loss of \$285.9 million. The loss was primarily attributable to higher raw material pricing, the most significant being iron ore pellets. This was partially offset by higher sales volumes and improved steel pricing. The net loss for the fourth quarter was \$91.1 million, due in part to an unplanned 23 day outage of No. 7 blast furnace.

Shipments for the year were 2,387,000 tons, up 7.3% from the prior year. Shipments for the fourth quarter were 527,000 tons, down 24.5% from same period in the previous year. Sales for fiscal 2011 were \$1,768.3 million up 25.5% compared to the prior year. Sales for the fourth quarter were \$386.1 million.

The Company reported an EBITDA loss, excluding exceptional items, of \$32.4 million for the year compared to EBITDA earnings of \$49.6 million for 2010. In the fourth quarter, the EBITDA earnings were \$9.9 million. EBITDA is a meaningful indicator of the Company's profitability.

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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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