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## NEWS RELEASE

Thursday, August 11, 2011

### **Essar Steel Algoma Reports Positive Net Income and EBITDA for First Quarter of Fiscal 2012**

**SAULT STE. MARIE, ONTARIO** – Essar Steel Algoma Inc. reported a net income of \$33.2 million for the quarter ended June 30, 2011. Shipments for the quarter were 641,017 tons, up 4.6% from the first quarter of the prior year.

The Company reported EBITDA of \$108.9 million for the first quarter compared to EBITDA earnings of \$65.9 million for the first quarter the prior year. EBITDA is a meaningful indicator of the Company's profitability. Improved financial results for the quarter were the result of higher selling prices, higher shipments and cost reduction initiatives undertaken by the Company.

Chief Executive Officer, Jim Hrusovsky commented on the results, "Despite the realization of increased raw material costs, we continue to see the benefit of our cost reduction initiatives, which when combined with improved market conditions, delivered a solid first quarter."

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Essar Steel Algoma Inc. is based in Sault Ste. Marie, Ontario. Revenues are derived primarily from the manufacture and sale of rolled steel products, including hot and cold rolled sheet and plate.

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