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NEWS RELEASE

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Essar Steel Algoma Reports Positive EBITDA for the Three Month Period Ending June 30, 2012

SAULT STE. MARIE, ONTARIO – Essar Steel Algoma reported positive EBITDA of \$54.6 million and a net loss of \$7.2 million for the three month period ending June 30, 2012 on shipments of 644,844 tons. EBITDA is a meaningful indicator of the Company's profitability.

The results for the quarter reflect the impact of lower selling prices and higher costs compared to the three month period ending June 30, 2011. Compared to the same period of the prior year, shipments increased 0.6%, and cost per ton of steel products sold increased 4.8%. Steel revenue was \$511.8 million for the period.

The Company further reported that it is currently in discussions with the lenders under the Company's Extended Revolving Facility to extend the Extended Revolving Facility beyond its current maturity date. The Company is also in discussions with various other financial institutions and third-party financing sources to obtain financing to replace the Extended Revolving Credit Facility.

Chief Executive Officer, Jim Hrusovsky commented on the results, "We continue to see the benefit of our cost reduction initiatives. Despite difficult market conditions and the high cost of raw materials we delivered a positive EBITDA for the 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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