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NEWS RELEASE

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Essar Steel Algoma Engages Deutsche Bank to Arrange a Senior Secured Term Loan Facility

SAULT STE. MARIE, ONTARIO – Essar Steel Algoma Inc. confirmed today that the Company has engaged Deutsche Bank Securities Inc. to act as sole lead arranger and sole book-running manager for a senior secured asset-based term loan in an aggregate principal amount of up to US\$350 million.

The term loan is expected to have a maturity of two years and to be secured against all of the assets of the Company, subject to the security interests over certain assets held for the benefit of the holders of the Company's senior secured notes.

The proceeds of the term loan would be used to, among other things, repay in full all outstanding amounts and terminate all commitments under Essar Steel Algoma's current senior secured asset-based revolving credit facility.

Marketing of the term loan is underway and, if successful, the closing of the term loan is expected to take place later this month. There can be no assurance that the term loan will be consummated or, if consummated, that its terms will be consistent with those described above.

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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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