



NEWS RELEASE

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Essar Steel Algoma Reports Third Quarter Results for Fiscal Year 2014

SAULT STE. MARIE, ONTARIO – Essar Steel Algoma Inc. reported today an EBITDA loss of \$8.0 million for the three month period ended December 31, 2013, compared to positive EBITDA of \$19.3 million for the same period a year ago. The loss this quarter reflects a 9.9% decline in shipment volume compared to the same period last year, coupled with increased fuel and utilities costs. EBITDA is a non-GAAP measure of profitability, used by management as an indicator of the operational health of the business. The net loss for the quarter was \$38.6 million compared to a net loss of \$25.1 million for the same period a year ago.

The early onset of winter and persistent severe weather conditions hampered inbound raw materials and production for the quarter resulting in steel shipments of 590,837 tons, down substantially as compared to the previous year and the prior two quarters of this fiscal year. Average realized sales prices improved in the quarter by 3.1% over last year's comparable period, and by 4.3% over last quarter.

Essar Steel Algoma Chief Executive Officer Kalyan Ghosh commented on the quarter's results, "Funding relief for our defined benefit pension plans was an important milestone this quarter, providing greater predictability and more sustainable payment terms. We are encouraged by improving macro economic indicators for 2014 as demonstrated in recent increases to hot rolled coil pricing and a significant improvement in the pension solvency position. In the months ahead we expect reduced costs as benefits from our new iron ore contract materialize. When combined with the recent strategic additions to our management team and plans to improve productivity by a further 10-15% we are confident in our ability to realize a further \$50 per ton cost reduction over the coming quarters."

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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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