



NEWS RELEASE

Monday, June 16, 2014

Essar Steel Algoma Inc. Announces Discussions with Noteholders

SAULT STE. MARIE, ONTARIO, June 16, 2014 – As part of Essar Steel Algoma Inc.'s ("Algoma") refinancing and recapitalization efforts, Algoma has entered into confidential discussions with investors representing approximately seventy per cent of the 9.875% US\$385mn senior unsecured notes. Algoma also has executed non-disclosure agreements and is engaged in discussions with advisors representing an ad hoc group of holders of 9.375% US\$400mn senior secured notes.

The purpose of these discussions is to ensure a permanent capital structure for Algoma and to strengthen the balance sheet for the benefit of the stakeholders. Given the constructive nature of the ongoing discussions, Algoma has elected to utilize the grace period for the June 15th interest payment. Algoma's debt agreements allow for a 30-day grace period to make this payment.

As Algoma continues these discussions, it is continuing normal business operations, providing the same high levels of service and reliability to customers and meeting ordinary course obligations, such as employee pay and benefits, regulatory obligations, and trade, vendor and similar obligations.

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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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