



## **NEWS RELEASE**

Friday, October 10, 2014

### **Essar Steel Algoma Announces Commencement of Comprehensive Recapitalization and Refinancing of the Company's Capital Structure**

SAULT STE. MARIE, October 10, 2014 - Essar Steel Algoma Inc. ("Algoma") announced today that it intends to launch a comprehensive refinancing of its current capital structure next week, beginning with investor meetings, including a bank meeting with investors on October 15, 2014.

As part of the refinancing, Algoma's ultimate parent, Essar Global Fund Limited and its affiliates are providing more than US\$400 million of support to Algoma through the infusion of new cash equity, conversion of existing obligations into preferred equity and the purchase of the Port of Algoma.

The refinancing is expected to result in a reduction of gross debt of US\$240 million and an increase in liquidity for Algoma to approximately US\$90 - \$100 million. The new debt facilities will be sized at US\$975 million comprised of secured and junior secured debt. Algoma intends to launch a tender offer for its existing senior secured notes, exercise the cash payout option for the existing senior notes under its plan of arrangement, and repay the existing term loan with the proceeds from the refinancing.

Based on preliminary results for the three months ending September 30, 2014, Algoma expects EBITDA to be in the range of US\$75 to \$80 million and revenues for such period to be US\$520 to 530 million.

-30-

The proposed debt offerings are subject to customary closing conditions, successful syndication and current market conditions. There can be no assurance that Algoma will be able to consummate the debt offerings or the tender offer on the terms described or at all.

None of the debt has been or will be registered under the Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States absent registration under the Act or an applicable exemption from the registration requirements of the Securities Act of 1933 and applicable state securities laws.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the debt in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. This press release shall not constitute the launch of the tender offer for the company's existing notes.



## Forward-Looking Statements

This press release contains forward-looking information. Forward-looking statements are not guarantees of future performance and a variety of factors could cause actual results to differ materially from the anticipated or expected results expressed in or suggested by these forward-looking statements.

Further, these forward-looking statements are based upon management's current beliefs or expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies and third-party approvals, many of which are beyond our control. The forward-looking statements in this press release speak only as of the date hereof.

## Preliminary Results

These results are preliminary and unaudited and do not present all information necessary for an understanding of our financial condition as of September 30, 2014 and our results of operations for the third quarter ended September 30, 2014. They have been prepared by and are the responsibility of our management. The preliminary estimated results presented are subject to the completion of our financial closing procedures.

We present EBITDA as a supplemental measure of our performance. Although EBITDA is not a measure of performance that is recognized under IFRS, management believes it is useful to an investor.

**ABOUT ESSAR STEEL ALGOMA INC.:** Essar Steel Algoma Inc. is based in Sault Ste. Marie, Ontario. As a fully integrated steel producer, Algoma derives its revenues primarily from the manufacture and sale of hot and cold rolled steel products including sheet and plate.

**ABOUT ESSAR GLOBAL FUND LIMITED:** Essar Global Fund Limited ("EGFL") is an investment fund managed by its investment manager, Essar Capital Limited. EGFL is a global investor, controlling a number of world-class assets diversified across the core sectors of Energy, Metals & Mining, Infrastructure (comprising ports and EPC businesses), and Services (primarily comprising shipping and BPO businesses). The aggregated revenues of the Fund's portfolio companies total US\$35 billion. The Fund's portfolio companies employ over 73,000 people across 29 countries, and have adopted international standards of health, safety, environmental protection, and corporate governance.

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