

NEWS RELEASE

Friday, October 17, 2014

ESSAR STEEL ALGOMA ANNOUNCES TENDER OFFER AND CONSENT SOLICITATION

SAULT STE. MARIE, ONTARIO – Essar Steel Algoma Inc. (“Essar Steel Algoma”) announced today that it has commenced a cash tender offer (the “Tender Offer”) to purchase any and all of its outstanding \$400.0 million aggregate principal amount of 9.375% Senior Secured Notes due 2015 (the “Notes”).

As part of the Tender Offer, Essar Steel Algoma is soliciting consents (the “Consent Solicitation”) from the holders of the Notes for certain proposed amendments that would eliminate or modify certain covenants and events of default and other provisions contained in the indenture governing the Notes and would release the liens on the collateral that secures the obligations with respect to the Notes. Holders who tender their Notes will be deemed to consent to all of the proposed amendments and holders may not deliver consents to the proposed amendments without tendering their Notes in the Tender Offer. The Tender Offer and Consent Solicitation are being made pursuant to the Offer to Purchase and Consent Solicitation Statement, dated October 17, 2014 (the “Offer to Purchase”), and a related Letter of Transmittal and Consent, which more fully set forth the terms and conditions of the Tender Offer and Consent Solicitation.

The Tender Offer will expire at 11:59 p.m., New York City time, on November 14, 2014, unless the Tender Offer is extended or earlier terminated (the “Expiration Date”). Under the terms of the Tender Offer, holders of the Notes who validly tender and do not withdraw their Notes prior to 5:00 p.m., New York City time on October 30, 2014 (as such time and date may be extended, the “Early Tender Deadline”) and whose Notes are accepted for purchase, will receive the “Total Consideration,” which is equal to (i) \$996.00 per \$1,000.00 in principal amount of Notes validly tendered (and not withdrawn) (the “Tender Offer Consideration”) plus (ii) an early tender payment of \$10.00 per \$1,000.00 in principal amount of the Notes validly tendered (and not withdrawn) (the “Early Tender Payment”). Holders of Notes who validly tender their Notes (and do not withdraw) after the Early Tender Deadline, but on or before the Expiration Date, and whose Notes are accepted for purchase, will receive only the Tender Offer Consideration.

The table below summarizes certain payment terms of the Offer and the Consent Solicitation:

CUSIP	Outstanding Principal Amount of Notes	Description of Notes	Total Consideration	Early Tender Payment(1)	Tender Offer Consideration(2)
144A CUSIP Number: 29667WAA0 Regulation S CUSIP Number: C3328UAA7	\$400,000,000	9.375% Senior Secured Notes due 2015	\$1,006.00	\$10.00	\$996.00

(1) Per \$1,000 principal amount of Notes tendered at or before the Early Tender Deadline.

(2) Per \$1,000 principal amount of Notes and excluding accrued and unpaid interest on the Notes.

Essar Steel Algoma reserves the right, at any time following the Early Tender Deadline, but prior to the Expiration Date (the “Early Acceptance Date”), to accept for purchase all Notes validly tendered and not validly withdrawn before the Early Acceptance Date. If Essar Steel Algoma elects to exercise this early purchase option, Essar Steel Algoma will pay the Total Consideration, or the Tender Offer Consideration, as the case may be, for the Notes accepted for purchase on the Early Acceptance Date promptly following the Early Acceptance Date. The date of such payment, which may be the same calendar day as the Early Acceptance Date, is referred to as the “Early Payment Date.” In addition to the Total Consideration or the Tender Offer Consideration, as the case may be, holders whose Notes are accepted in the tender offer will receive accrued and unpaid interest from and including the most recent interest payment date, and up to, but excluding, the applicable payment date.

Essar Steel Algoma intends to call for redemption any Notes not tendered in the Tender Offer and Consent Solicitation. Essar Steel Algoma may issue a notice of redemption at any time following the Early Tender Deadline.

The Tender Offer and Consent Solicitation are contingent upon the satisfaction of certain conditions, including the condition that Essar Steel Algoma has completed certain financing transactions as described in the Offer to Purchase. If any of the conditions are not satisfied, Essar Steel Algoma is not obligated to accept for payment, purchase or pay for, and may delay the acceptance for payment of, any tendered Notes and may even terminate the Tender Offer and Consent Solicitation. Full details of the terms and conditions of the Tender Offer and Consent Solicitation are included in the Offer to Purchase.

This press release does not constitute a notice of redemption under the optional redemption provisions of the indenture governing the Notes, nor does it constitute an offer to sell, or a solicitation of an offer to buy, any security. No offer, solicitation, or sale will be made in any jurisdiction in which such an offer, solicitation, or sale would be unlawful.

None of Essar Steel Algoma, the Dealer Manager and Solicitation Agent, the Information Agent, the Tender Agent or any other person makes any recommendation as to whether holders of notes should tender their notes, and no one has been authorized to make such a recommendation.

Requests for documents relating to the Tender Offer and Consent Solicitation may be directed to D.F. King & Co., Inc., the Tender Agent and the Information Agent, at (866) 406-2284 or (212) 709-3328 (banks and brokers). Deutsche Bank Securities, Inc. will act as Dealer Manager for the Tender Offer and Solicitation Agent for the Consent Solicitation. Questions regarding the Tender Offer and Consent Solicitation may be directed to Deutsche Bank Securities, Inc. at (855) 287-1922 (Toll-Free) or (212) 250-7527 (Collect).

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.

Statements in this release that are not historical are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as “anticipate,” “assume,” “believe,” “budget,” “continue,” “could,” “estimate,” “expect,”

“future,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “will” and similar terms and phrases identify forward-looking statements in this release. These forward-looking statements are not guarantees of future performance and involve risks, assumptions and uncertainties, including, but not limited to, foreign exchange rate fluctuations, future results of operations, future cash flow and liquidity, future capital investment, the impact of the foregoing risks on Essar Steel Algoma’s debt service obligations, Essar Steel Algoma’s ability to operate its business, remain in compliance with debt covenants and make payments under indebtedness all with a substantial amount of indebtedness, and the significance of domestic and international competition. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Essar expressly disclaims any current intention to update publicly any forward-looking statement after the distribution of this release, whether as a result of new information, future events, changes in assumptions or otherwise.

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