



## **NEWS RELEASE**

Friday, November 7, 2014

### **ESSAR STEEL ALGOMA PRICES ITS OFFERING OF SENIOR SECURED NOTES**

SAULT STE. MARIE, ONTARIO – November 7, 2014 -- Essar Steel Algoma Inc. ("Algoma" or the "Company") is announcing the pricing of an offering of US\$375 million aggregate principal amount of 9.50% senior secured notes due 2019 (the "Notes"). The Notes will be guaranteed by each of the existing and future subsidiaries of Algoma on a secured basis and by each of the Company's direct parent companies on an unsecured basis.

The offering is expected to close on November 14, 2014, subject to customary closing conditions and the consummation of the other recapitalization transactions described below.

The Company expects that the net proceeds of the offering, together with the proceeds from the entry into a bank debt facility, an equity investment by the Company's parent company, Essar Global Fund Limited, consisting of: the cancellation of certain obligations in exchange for preferred equity with an aggregate liquidation preference of US\$150 million; a cash contribution of US\$150 million of which US\$33 million has already been contributed for new shares of common stock; the lease of the Company's port facility to a portfolio company of its parent company and the sale of related port facility equipment for aggregate net proceeds of approximately US\$166 million, US\$146 million of which will be paid upon consummation of the offering; and the exchange of certain of the Company's outstanding unsecured notes for a combination of a cash payment to the holders of such notes and the issuance of new junior secured notes, will be used to repay all of the Company's existing indebtedness and for general corporate purposes.

The Notes and the related guarantees have been offered in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and outside the United States pursuant to Regulation S under the Securities Act. The Notes and the related guarantees have not been and will not be registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release does not constitute an offer to sell or a solicitation of an offer to purchase the Notes.

About Essar Steel Algoma Inc.

Algoma 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.

*This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and applicable Canadian securities laws conveying management's expectations as to the future based on plans, estimates and projections at the time Algoma makes such statements. Forward-looking statements involve inherent risks and uncertainties and Algoma cautions you that a number of important factors could cause actual results to differ materially from those contained in any such forward-looking statement. The forward-looking statements are based on assumptions regarding management's current plans and estimates. Management believes these assumptions to be reasonable but there is no assurance that they will prove to be accurate. 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; future results of operations; future cash flow and liquidity; future capital investment; the impact of the foregoing items on Algoma's debt service obligations under the Notes; Algoma's ability to operate its business, remain in compliance with debt covenants and make payments on its indebtedness, including the Notes, with a substantial amount of indebtedness; restrictive covenants in Algoma's credit facilities and the indentures governing the Notes limit the Company's discretion to operate its business; significant domestic and international competition; increased use of competitive products; a protracted fall in steel prices; excess capacity, resulting in part from expanded production in China and other developing economies; low-priced steel imports and decreased trade regulation; protracted declines in steel consumption caused by poor economic conditions in North America or by the deterioration of the financial condition of Algoma's key customers; increases in annual funding obligations resulting from Algoma's under-funded pension plans; supply and cost of raw materials and energy; currency fluctuations, including an increase in the value of the Canadian dollar against the United States dollar; environmental compliance and remediation; unexpected equipment failures and other business interruptions; and a protracted global recession or depression. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Algoma 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.*

ESSAR STEEL ALGOMA CONTACT:  
Brenda Stenta  
Manager Corporate Communications  
Phone: +1.705.945.2209  
E-mail: [brenda.stenta@essar.com](mailto:brenda.stenta@essar.com)

INVESTOR CONTACT:  
Nicholas Leone  
Financial Advisor, Blackstone  
Phone: +1.212.583.5830  
E-mail: [leone@blackstone.com](mailto:leone@blackstone.com)