



NEWS RELEASE

Friday, November 14, 2014

Essar Steel Algoma Concludes US\$1.4 billion Recapitalization and Refinancing Process Positions Company for Sustained Profitability

SAULT STE. MARIE – November 14, 2014 – Essar Steel Algoma Inc. (“Algoma” or the “Company”) completed a comprehensive recapitalization and refinancing of the Company today. Algoma successfully raised a total of over US\$1.2 billion which includes equity of US\$466 million comprised of cash contributions, preference shares and proceeds from the sale of port assets, debt of US\$ 750 million comprised of a term loan (US\$ 375 million) and senior secured notes (US\$ 375 million), and exchanged junior secured notes for US\$ 252 million. In addition, a new revolver with US\$50 million of availability for liquidity rounds out the financing package. The resulting impact to the Company’s balance sheet is a deleveraging of more than US\$200 million and an approximate US\$47 million reduction in annual cash interest expense.

Essar Steel Algoma CEO Kalyan Ghosh commented on the transformational undertaking, “Through the concerted efforts of our management team and our 2800 employees, in combination with the support of key stakeholders including our 6300 pensioners and our union locals, we have addressed our pension structure to ensure ongoing manageability, renegotiated our raw material supply contract at competitive market prices, and made step changes in both our productivity and conversion costs, positioning us in the best quartile in North America as a low cost, high quality steel producer. We are operating near full capacity and generating strong quarterly EBITDA in the order of over CDN\$85 million. The Company is now soundly positioned for strategic reinvestment in optimization and growth opportunities. I am extremely proud of what the Algoma team has accomplished and tremendously grateful for the unwavering support of our customers, suppliers and community partners throughout this difficult journey.”

Essar Global Fund Ltd once again demonstrated its commitment to Essar Steel Algoma through this transaction. Prashant Ruia, Chairman, Essar Capital Ltd remarked on the investment, “As we have demonstrated since the acquisition in 2007, we remain committed to Algoma. Algoma is Essar’s cornerstone asset in the North American marketplace and with this investment it is now poised for growth. We are proud to continue Algoma’s steelmaking tradition as one of Canada’s leading manufacturers.”

The Company today also delivered notice that it has called for redemption all of its outstanding 9.375% senior secured notes due 2015 that remain outstanding following the consummation of the tender offer for such notes at a price equal to par, plus accrued and unpaid interest to, but not including the date of redemption. Redemption of such notes is expected to occur on December 15, 2014.

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.

Kirkland & Ellis LLP is U.S. counsel, Stikeman Elliott is Canadian counsel, and Blackstone Advisory Group is the investment banker for Algoma in connection with the transaction.

The transactions noted herein are subject to closing conditions.

The new senior secured notes, the new junior secured 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.

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.

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