



NEWS RELEASE

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Essar Steel Algoma Third Quarter Results Signal Return to Profitability

SAULT STE. MARIE, ONTARIO – Essar Steel Algoma Inc. signaled its return to profitability today reporting a net income of CDN\$26.8 million for the three month period ended December 31, 2014, as compared to a net loss of CDN\$38.6 million for the same three month period ending December 31, 2013. The gain is attributable to higher shipments coupled with higher selling prices and lower costs. EBITDA for the quarter was CDN\$70.6 million and CDN\$168.2 million for the nine month period ended December 31, 2014. EBITDA is a non-GAAP measure of profitability, used by management as an indicator of the operational health of the business.

The Company successfully completed a comprehensive recapitalization and refinancing during the quarter, resulting in a deleveraging of the balance sheet by more than US\$200 million and an approximate US\$47 million reduction in annual cash interest expense. Shipments for the quarter were 618,538 tons, up 4.7% as compared to the same three month period ended December 31, 2013. Average realized sales returns improved in the quarter by 15.8% and by 19% for the nine months ended December 31, 2014 over last year's comparable periods.

Essar Steel Algoma Chief Executive Officer Kalyan Ghosh commented on the quarter's results, "The recapitalization was a significant and important milestone this quarter. While we are seeing some near-term softening in market fundamentals we are confident our balanced product mix and low cost position provide a sound foundation for strategic reinvestment in optimization and growth in the months and years ahead. In the interim we remain focused on sustaining a safe and reliable operation during the winter season."

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A member of the Essar Group, 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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