



NEWS RELEASE

Friday, September 26, 2014

Essar Steel Algoma Turns Around Performance

SAULT STE. MARIE, September 26, 2014 - Essar Steel Algoma Inc. (Algoma) is announcing guidance for the second quarter FY2015 ending September 30, 2014. The announcement comes on the heels of the Ontario Superior Court of Justice's September 15, 2014 approval of Algoma's Plan of Arrangement, which paves the way for a comprehensive recapitalization and refinancing of the Company's capital structure.

Building on Q1 FY2015 results of 530,000 tons shipped and CDN 12.4M EBITDA, the Company expects its second quarter results to include shipments equaling approximately 680,000 - 690,000 tons and EBITDA in the range of CDN \$75M - \$80M, as compared with 642,000 tons and CDN \$0.3M EBITDA for Q2 F2014.

The Company attributes the turnaround to marked improvements in productivity and conversion costs, reduced raw material pricing and more manageable pension payments. External factors including strengthening demand in construction, automotive and energy sectors are combining to provide healthy demand for Algoma's differentiated product offerings of high strength sheet and heat treated plate, as reflected in its full order book into November.

CEO Kalyan Ghosh remarked on the turnaround, "We have rebounded from the extreme weather conditions that marred our production last winter. We have engaged our banking partners to manage the implementation of our refinancing plan which provides for a comprehensive capital infusion and a substantial deleveraging of our balance sheet, positioning us for further optimization and growth. We will share more details with the market as soon as the transaction structure is finalized. As we begin our seasonal raw material build we are encouraged by our strengthening run rate and higher value-added product mix that we have targeted for the second half of the year. These actions will translate into higher profitability and our employees are to be commended for their continued focused execution."



Forward-Looking Statements

This news release includes forward-looking statements. All statements, other than statements of historical facts, identified by words such as 'assumes', 'plans', 'expects', 'believes', 'projects', 'aims', 'estimates', 'anticipates' and 'will', are forward-looking statements. The forward-looking statements provided in this news release are based on management's current belief, based on currently available information, as to the outcome and timing of future events.

The transactions noted herein are subject to closing conditions.

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.

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