



NEWS RELEASE

July 14, 2016

Consortium Agreement Terminated; Term Lenders Intend to Proceed Independently

SAULT STE. MARIE - Essar Steel Algoma Inc. (Algoma) has received notice from the Term Lenders that the Consortium Agreement between KPS Capital Partners LP and certain Term Lenders has been terminated. The Term Lenders have indicated that they remain committed to a going-concern outcome for Algoma and all of its stakeholders, and to closing the transaction contemplated by the Asset Purchase Agreement as soon as possible.

As a result of this development Algoma is seeking an adjournment of the motion for approval of the Asset Purchase Agreement.

Essar Steel Algoma CEO Kalyan Ghosh commented on the development, "While it is unfortunate that KPS has withdrawn from the consortium, I am pleased that the Term Lenders remain committed to closing the transaction. Algoma will seek to work with its stakeholders to achieve the optimal outcome for the future of Algoma, its employees, pensioners and the customers we serve."

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Essar Steel Algoma

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.

Essar Steel Algoma Inc. filed for creditor protection under the Companies Creditors Arrangement Act on November 9, 2015. The Sale and Investment Solicitation Process was launched on February 11, 2016. Relevant documents can be found on the Monitor's website at www.ey.com/ca/essaralgoma and on the Prime Clerk website at <http://cases.primeclerk.com/EssarSteel>.

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