NEWS RELEASE
Friday February 3rd, 2017

Essar Steel Algoma Refutes Motion by Essar Global Fund

SAULT STE. MARIE, ON February 3, 2017 - Today Essar Steel Algoma Inc. issued comment on the motion served by Essar Global Fund Limited on January 28th, 2017 regarding Algoma's restructuring proceedings.

Kalyan Ghosh, Chief Executive Officer, defended Algoma's restructuring efforts: "We take issue with the continued tactics deployed by Essar Global Fund Limited (EGFL) to circumvent the established Sale and Investment Solicitation Process and to disrupt the Restructuring Proceedings."

He went on to say, "On February 15, 2015 Essar Steel Algoma Inc. launched a comprehensive, court-approved Sale and Investment Solicitation Process (SISP) to elicit the optimal restructuring outcome for Algoma. The process provided for the solicitation and thorough vetting of all interested parties to ensure they would have the wherewithal to see a transaction through to successful completion. Among others, Essar Global Fund Limited was given equal opportunity to compete in the process; and they did not advance.

"The SISP has produced a committed bidder who is in the advanced stages of stakeholder negotiations. The Recapitalization Proposal that they have tabled aligns with Algoma's targeted restructuring objective to emerge a stronger, more sustainable advanced steel manufacturer with substantially less debt and a capital infusion to invest in the company's competitive position. We have reached a critical juncture in the Process and it is in the best interest of the business, our customers, suppliers and employees that we come to a timely resolution. It is critical that all parties engage in focused, meaningful discussions to ensure the optimal outcome for all stakeholders."

In conclusion Mr. Ghosh added, "This attempt by EGFL to disrupt the Process at this late stage can only be viewed as opportunistic. EGFL's actions are detrimental to the interests of the company and its stakeholders and the company intends to defend the integrity of the Process through to a successful exit from CCAA as a strong, sustainable going concern."

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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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