

NOTICE OF GUARANTEED DELIVERY
for Deposit of Common Shares
of
Algoma Steel Inc.

As set forth in the Offer to Purchase (as defined below), this Notice of Guaranteed Delivery or one substantially equivalent hereto must be used to deposit Common Shares (the "Shares") of Algoma Steel Inc. ("Algoma") pursuant to the Offer (as defined below) if certificates for these Shares are not immediately available or time will not permit all documents required by the Letter of Transmittal to reach the Depository by the Expiration Date of the Offer as defined in Section 1 of the Offer to Purchase (as defined below). This Notice of Guaranteed Delivery may be hand delivered, couriered, mailed or transmitted by facsimile transmission to the Toronto office of the Depository.

Office of the Depository, Computershare Investor Services Inc.

By Mail

PO Box 7021
31 Adelaide Street East
Toronto, Ontario M5C 3H2
Attention: Corporate Actions

By Hand, Registered Mail or Courier

100 University Avenue
9th Floor
Toronto, Ontario M5J 2Y1
Attention: Corporate Actions

By Facsimile

(905) 771-4082

Delivery of this Notice of Guaranteed Delivery to an address, or transmission of this Notice of Guaranteed Delivery to a facsimile number, other than as set forth above, does not constitute a valid delivery.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on the Letter of Transmittal is required to be guaranteed by an Eligible Institution, such signature must appear in Box K in the Letter of Transmittal.

The undersigned hereby deposits to Algoma, upon the terms and subject to the conditions set forth in the Offer to Purchase (the "Offer to Purchase") dated August 3, 2006 and the accompanying Issuer Bid Circular (the "Circular") included therein and the related Letter of Transmittal (all of which, together, constitute the "Offer"), receipt of which is hereby acknowledged, the number of Shares indicated below pursuant to the guaranteed delivery procedure set forth in Section 5 of the Circular.

Number of Shares: _____

Name(s) of Registered Holder: _____

Certificate Nos. (if available): _____

Please type or print

Signature(s): _____

Address: _____

Sign Here

Dated: _____

Postal Code or Zip Code

Area Code and Daytime Telephone No.: _____

DO NOT SEND SHARE CERTIFICATES WITH THIS NOTICE OF GUARANTEED DELIVERY.
CERTIFICATES FOR SHARES MUST BE SENT WITH YOUR LETTER OF TRANSMITTAL.

The Institution which completes this Notice of Guaranteed Delivery must communicate the guarantee to the Depository and must deliver the Letter of Transmittal and certificates for Shares to the Depository within the time period shown herein. Failure to do so could result in a financial loss to such Institution.

BOX A TYPE OF TENDER	
Check only one box. Failure to complete Box A will result in this Letter of Transmittal and the related tender being null and void.	
Shares are being deposited hereby pursuant to:	
<input type="checkbox"/> An Auction Tender (Please complete Box B)	<input type="checkbox"/> A Purchase Price Tender (Please complete Box C)

**FAILURE TO COMPLETE EITHER BOX B OR BOX C
WILL RESULT IN THE RELATED TENDER BEING NULL AND VOID.**

BOX B AUCTION TENDER PRICE (IN CANADIAN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING DEPOSITED. This box MUST be completed if Shares are being deposited pursuant to an Auction Tender. Check the appropriate box to indicate the Auction Tender Price.
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BOX C PURCHASE PRICE TENDER This box MUST be completed if Shares are being deposited pursuant to a Purchase Price Tender. The undersigned either (<i>check one</i>): <input type="checkbox"/> is depositing _____ Shares beneficially owned by the undersigned, or <input type="checkbox"/> is a broker, dealer, bank, trust company or other nominee that is depositing, for the beneficial owners thereof, _____ Shares with respect to which it is the owner of record.
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**IF PORTIONS OF SHAREHOLDINGS ARE BEING
DEPOSITED AT DIFFERENT PRICES, USE A
SEPARATE LETTER OF TRANSMITTAL FOR
EACH PRICE SPECIFIED (SEE INSTRUCTION 5
IN THE LETTER OF TRANSMITTAL).**

<input type="checkbox"/> \$36.50	<input type="checkbox"/> \$38.10
<input type="checkbox"/> \$36.70	<input type="checkbox"/> \$38.30
<input type="checkbox"/> \$36.90	<input type="checkbox"/> \$38.50
<input type="checkbox"/> \$37.10	<input type="checkbox"/> \$38.70
<input type="checkbox"/> \$37.30	<input type="checkbox"/> \$38.90
<input type="checkbox"/> \$37.50	<input type="checkbox"/> \$39.10
<input type="checkbox"/> \$37.70	<input type="checkbox"/> \$39.30
<input type="checkbox"/> \$37.90	<input type="checkbox"/> \$39.50

BOX D ODD LOTS (See Instruction 7 in the Letter of Transmittal) To be completed ONLY if Shares are being deposited by or on behalf of persons owning beneficially an aggregate of fewer than 100 Shares as of the close of business on the Expiration Date. The undersigned either (<i>check one</i>): <input type="checkbox"/> will be the beneficial owner of an aggregate of fewer than 100 Shares as of the close of business on the Expiration Date, all of which are deposited, or <input type="checkbox"/> is a broker, dealer, commercial bank, trust company or other nominee that (i) is depositing, for the beneficial owners thereof, Shares with respect to which it is the record owner, and (ii) believes, based upon representations made to it by each such beneficial owner, that such beneficial owner will own an aggregate of fewer than 100 Shares as of the close of business on the Expiration Date and is depositing all of such Shares.

**CHECK ONLY ONE BOX. IF MORE THAN ONE
BOX IS CHECKED, OR IF NO BOX IS CHECKED
AND YOU ARE NOT MAKING A PURCHASE
PRICE TENDER, YOUR DEPOSIT WILL BE
REJECTED.**

**THE GUARANTEE ON PAGE 3 OF THIS NOTICE OF GUARANTEED DELIVERY
MUST BE COMPLETED BY AN ELIGIBLE INSTITUTION.**

GUARANTEE

(Not to be used for signature guarantees)

The undersigned, a Canadian Schedule I chartered bank, a major trust company in Canada, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) (each such entity, an "Eligible Institution"), guarantees to deliver to the Toronto office of the Depository the certificate(s) representing the Shares deposited hereby, in proper form for transfer, with delivery of a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) and any other required documents, before 5:00 p.m. (Toronto time), on the third business day after the date the Depository receives this Notice of Guaranteed Delivery.

Name of Firm: _____

Authorized Signature(s): _____

Address of Firm: _____

Name: _____

Please type or print

Title: _____

Postal Code or Zip Code

Area Code and Telephone No.: _____

Dated: _____