

2007 BCSECCOM 490

August 14, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act s. 88 - Cease to be a reporting issuer in BC - The issuer's securities are traded only on a market or exchange outside of Canada - The only publicly held securities of the issuer are debt securities listed on a foreign exchange; Canadian residents own less than 2% of those debt securities; the issuer does not intend to do a public offering of its securities to Canadian residents; the issuer is subject to the reporting requirements of foreign securities laws

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 88

In the Matter of
the Securities Legislation of
Ontario, British Columbia, Alberta, Manitoba, Saskatchewan,
Quebec, New Brunswick, Nova Scotia
and Newfoundland and Labrador
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Algoma Steel Inc.

(the Filer)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the Filer is not a reporting issuer (the “Requested Relief”).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

In this decision,

“AAC” means Algoma Acquisition Corp.;

“Algoma” means Algoma Steel Inc., a predecessor to the Filer;

“Arrangement” means the acquisition by AAC of all of Algoma’s outstanding common shares for cash consideration of CDN \$56.00 per share pursuant to a court-approved plan of arrangement under Section 182 of the *Business Corporations Act* (Ontario);

“Essar” means Essar Steel Holdings Limited;

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended;

“Noteholders” means the holders of the Notes;

“Notes” means the USD \$450 million aggregate principal amount of senior unsecured notes due in 2015 issued and sold by AAC;

“SEC” means the U.S. Securities and Exchange Commission; and

“Trust Indenture” means the trust indenture dated as of June 20, 2007 between Algoma Acquisition Corp. and Wilmington Trust Company in respect of the Notes..

Representations

This decision is based on the following facts represented by the Filer:

1. the Filer is a corporation governed by the laws of Ontario with its head office in Sault Ste. Marie, Ontario;

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2. pursuant to an arrangement agreement dated April 14, 2007 among Essar, AAC and Algoma, a predecessor to the Filer, AAC, acquired all of the outstanding common shares of Algoma through the Arrangement;
3. the Arrangement was approved by 82.6% of the votes cast at Algoma's annual and special meeting of shareholders held on June 11, 2007;
4. the Arrangement was also approved by the Ontario Superior Court of Justice at the final order hearing held on June 13, 2007;
5. the Arrangement was completed on June 20, 2007. Following the closing of the Arrangement which was effective as at June 20, 2007, AAC became the sole owner of all of the outstanding common shares of Algoma;
6. the common shares of Algoma were de-listed from the Toronto Stock Exchange effective June 21, 2007;
7. on June 23, 2007, Algoma amalgamated with AAC to form the Filer;
8. following the amalgamation, the Filer's authorized share capital consists of an unlimited number of common shares, all of which are held by an indirect subsidiary of Essar;
9. the Filer is a reporting issuer in each of the Jurisdictions and is not in default of any of the reporting requirements under the Legislation;
10. concurrently with the closing of the Arrangement, the Notes were issued and sold in the United States to qualified institutional buyers and in Canada to a minimal number of accredited investors. Canadian sales of the Notes totalled USD \$14 million (representing 0.03% of total Note sales), which are held by 4 institutional holders in Ontario. The remaining USD \$436 million of Notes were sold to institutional buyers in the United States. The Notes are expected to be eligible for trading in The PORTALSM Market, a subsidiary of The Nasdaq Stock Market, Inc.;
11. based upon the foregoing, residents of Canada:
 - (a) do not beneficially own directly or indirectly more than 2% of a class or series of the outstanding securities of the Filer; and
 - (b) do not represent in number more than 2% of the total number of owners directly or indirectly of a class or series of securities of the Filer;

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12. the Filer has assumed all of AAC's obligations under the Trust Indenture relating to the Notes;
13. the Trust Indenture requires that: at any time when the Filer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Filer will file with the SEC via the SEC's EDGAR system, and will furnish to the trustee and the Noteholders (which may be done by posting such information on the Filer's website): (i) within 120 days after the end of each fiscal year, an annual report on SEC Form 20-F or Form 40-F, as applicable, containing the information required therein, including a report on the Filer's annual consolidated financial statements by the Filer's independent accounting firm; (ii) within 60 days after the end of each of the first three quarters of each year, all interim quarterly financial information that would be required to be contained in quarterly reports under the laws of Canada or the province of Ontario if the Filer were a "reporting issuer" or the equivalent under such laws, or that would be required to be provided to security holders of a company with securities listed on the Toronto Stock Exchange, whether or not the Filer has any of its securities so listed, in each case including a "management's discussion and analysis of financial conditions and results of operations"; and (iii) within time periods specified in the SEC's rules and regulations, all current reports that would otherwise be required to be filed or furnished by the Filer on SEC Form 6-K.
14. At any time when the Filer is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or if the Filer is so subject but is not required to make any filings with the SEC pursuant thereto, the Filer will furnish to the Noteholders and the trustee (which may be done by posting such information on the Filer's website): (i) within 120 days after the end of each fiscal year, all annual financial information that would be required to be included in Items 5 (management's discussion and analysis, liquidity and capital resources, trend information, off-balance sheet arrangements and contractual commitments) and Item 8 (financial information) of an annual report on SEC Form 20-F or the equivalent information required to be included in an annual report on SEC Form 40-F, including a U.S. GAAP reconciliation and a report on the Filer's annual consolidated financial statements by the Filer's independent accounting firm; and (ii) within 60 days after the end of each of the first three quarters of each year, all interim quarterly financial information that would be required to be contained in quarterly reports under the laws of Canada or the province of Ontario if the Filer were a "reporting issuer" or the equivalent under such laws, or that would be required to be provided to security holders of a company with securities listed on the Toronto Stock Exchange, whether or not the Filer has

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any of its securities so listed, in each case including a “management's discussion and analysis of financial conditions and results of operations”;

15. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the Jurisdictions in Canada and less than 51 security holders in total in Canada;
16. none of the Filer's securities are trade on a marketplace in Canada as defined in National Instrument 21-101 – *Marketplace Operation*;
17. the indenture governing the Notes does not provide that the Filer must remain a reporting issuer in Canada or a reporting company under the U.S. federal securities laws;
18. the Filer does not presently intend to seek public financing by way of an offering of its securities in Canada or to list its securities (debt or equity) on any stock exchange or market in Canada;
19. no other securities of the Filer are publicly held other than the Notes;
20. upon the grant of the Requested Relief, the Filer will not be a reporting issuer or the equivalent in any jurisdiction in Canada.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

Carol S. Perry
Commissioner
Ontario Securities Commission

Paul K. Bates
Commissioner
Ontario Securities Commission