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Essar Steel Algoma Inc.

McAuley Property

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Location and Access

Essar’s McAuley Property consists of four (4) patents covering 63.535 ha (Table 1 and Figure 1). It is located approximately 20 km north-northeast of Sault Ste. Marie, Ontario. The nearest international airport is in Sault Ste. Marie, Ontario. The access from Sault Ste. Marie is by 30 km of paved road and 3 km of unpaved road following the Trans-Canada highway to north and Road 556 to east, towards Searchmont ski resort. The property has bush road access and PIN 31354-0003 surrounds a small lake. The small lake is owned by the Crown.

Essar owns the mining and surface rights of the patents. The patents have no expiry date and the only obligation is to pay land tax on them. The patent is subject to reservations in Crown Grant.

Table 1 Tenure of Essar’s McAuley Property

MNDMF patent number	Land Registry Pin No.	MPAC Roll Number	Township	Area (ha)	Name	Rights
SSM1201	31352-0184 LT	572703000132100	AWERES	15.58	McAuley	S&MR*
SSM1203	31352-0183 LT	572703000132100	AWERES	15.58	McAuley	S&MR
SSM1199	31354-0001 LT	572704000001300	JARVIS	16.633	McAuley	S&MR
SSM1200	31354-0003 LT	572704000001200	JARVIS	15.742	McAuley	S&MR
Total				63.535		

*S&MR=Surface and mining rights

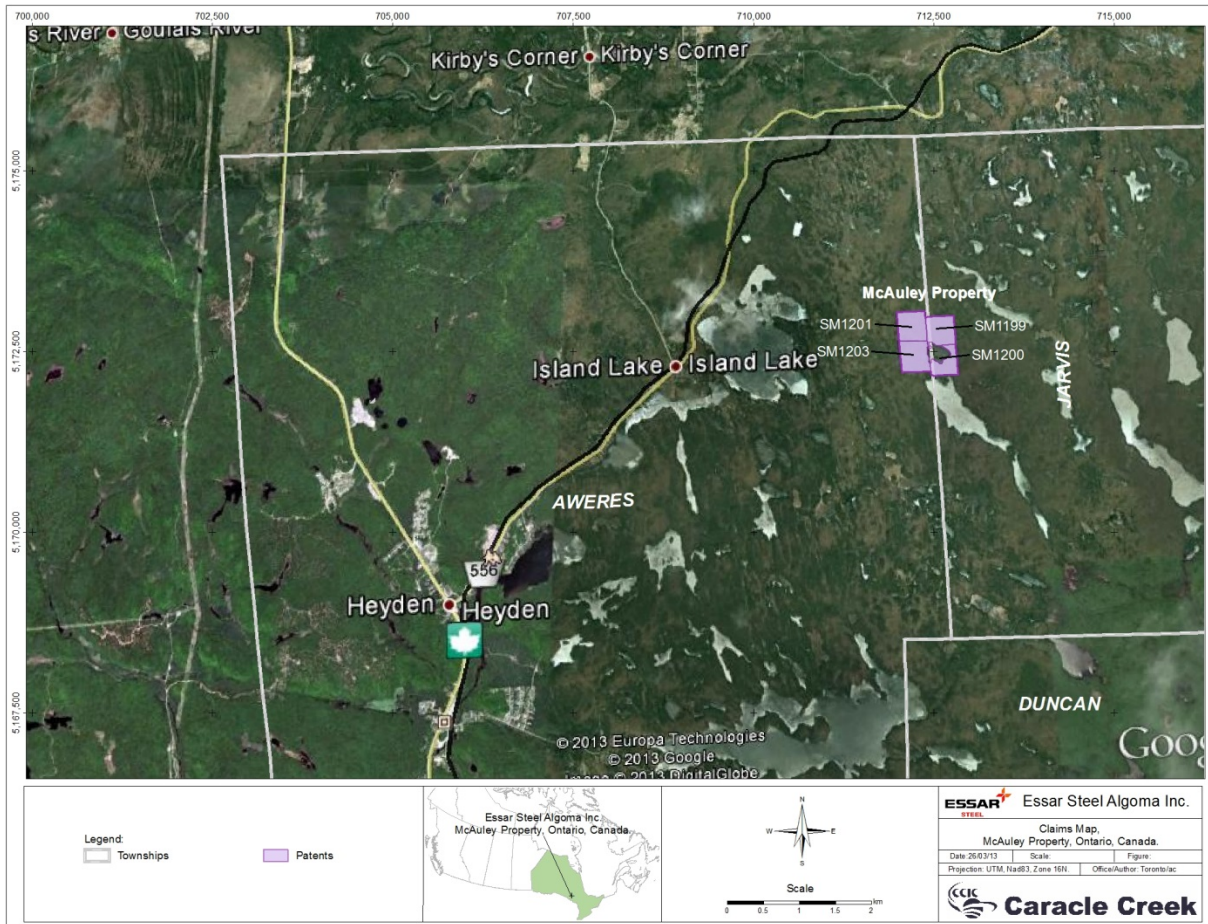


Figure 1 Land tenure map of Essar's McAuley Property

Geology

The McAuley Property is underlain by an Archean granitic intrusion in the east and Proterozoic rocks of the Huronian Supergroup in the west. The Proterozoic rocks are composed of mafic to felsic metavolcanic rocks of the Thessalon Formation and clastic sediments of the Livingstone Creek and Aweres formations.

The McAuley iron occurrence is located in the centre of the property and consists of titaniferous magnetite in Proterozoic rocks. One sample returned values of 39% Fe, 5.4% SiO₂, 0.37% S and 4.25% TiO₂ (MNDM Mineral Deposit Inventory).