SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUAROÔ

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In July 2001, the FASB issued s

Higher cost of sales was partially offset by a modest increase in average price realization. Included in 2002 cost of goods sold and operating expenseg igh ч

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At the end of M

plans to produce over 4.5 million tons of flat rolled steel annually. At this production level, the annual pellet requirements are expected to be about 5 million tons.

Pellet sales in the first quarter of 2002 were 1.3 million tons compared to .5 million tons in 2001. While there continues to be uncertainty regarding the pellet requirements of customers, sales volume for 2002 is currently forecasted to be 13 million tons.

The Company's share of capital expenditures at the five mining ventures and supporting operations is expected to approximate $20 million in 2002, with $4.8 million having occurred through March 31, 2002.

FERROUS METALLICS

CAL operations remained idle during the first quarter of 2002 due to weak market conditions. The Company's share of idle costs was $2.6 million on a pre-tax basis. Holding costs have been reduced while protecting the assets and retaining a highly skilled core workforce. In the first quarter of 2001, the Company's share of CAL's pre-operating costs was $4.6 million on a pre-tax basis.

In the near term, the market for ferrous metallics products continues to be weak, but demand and pricing are expected to improve as the global cost

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The Company is under no obligation to publi´ no o≥ÉInnn ĎĎÛÛ b Î Ď I

Exhi

Empire Royal Pellets [illegible] (y) in [illegible] rf*
(x) in the first year they are provided by Cliffs, the percentage specified by
Cliffs in good faith, and (y) in [illegible] tclirinfClfs, the peand if [illegible] for any kind of Oty

</TABLE>

CONFILC..... BL A.....E..BB

Pellets are supplied to Algoma hereunder, they will cg

(b) Algoma shall have the right to modify, based upon Algoma's good faith estimate, its Annual Requirements for any year:

<S>
<C>
<C>

Tilden Mag Flux	Railcar at Partridge	[* * * *]
Tilden Mag Flux	Vessel at Port Marquette	[* * * *]
Tilden Hem Flux	Railcar at Partridge	[* * * *]
Tilden Hem Flux	Vessel at Port Marquette	[* * * *]

</TABLE>

(A) The numbe

correct the total amount paid by Algoma to Cliffs for the prior year (a3 ĎY

the pellets from the load ¥ de e to the ltsel or rr haa

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þr haa ¥ l of lad ¥⦻e ht detlac ld ¥ rr road thale⦻e htsĪ ¥

(b) [* * * *].

(c) During the term of this Agreement, Algoma shall not: (i) sell, transfer or otherwise permit any other Person to use any pellets purchased hereunder, other than as security for a bona fide extension of credit in the ordinary course of business; (ii) use any pellets purchased hereunder in any facility other than the Sault Ste

All notices, consents, reports and other documents authorized and required to be given pursuant to this Agreement shall be given in writing and either personally served on an off

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[* * * *]

CONFIDENTIAL MATERIAL HAS BEEN
OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION.
ASTERISKS DENOTE SUCH OMISSIONS.

SCHEDULE 5(a)

ALGOMA STEEL INC.
105 West Street
Sault Ste. Marie, Ontario, Canada
P6A 7B4

EDWARD M. BUMBACCO
Manager Corporate Logistics,
Purchasing and Stores
Telephone: (705) 945-2472

[* * * *]

	AIM	FREQUENCY
<S>	<C>	<C>

P	S
S	Q
TiO(2)	Q
Na(2)O	Q
K(2)O	Q

CaO/ SiO(2)	[* * * *]
B/A	
MgO/ SiO(2)	

B. PH

% -3/8" x + 1/4"
% - 1/4"

C. POROS

Al2O3
CaO
MgO
Mn
P
S
TiO2
Na2O
K2O

[* * * *]

CaO / SiO2 (L/S)
B/A
MgO / SiO2

B. SIZING (BT)
% + 1/2"
% + 3/8"
% - 1/4"
% - 28 Mesh

C. POROSITY, % VOIDS

D. REDUCIBILITY (R40)

E. LTB (% + 1/4")

F. COMPRESSION (L

D. REDUCIBILITY (R40)

E. LTB (% + 1/4")

F. COMPRESSION (LBS)

G. HIGH TEMP UNDER LOAD (% RED.)

H. SWELLING (% VOLUME CHANGE)

I. SOFTENING TEMP ([deμ(R4

[* * * *]

(3) No later than June

share of first quarter production was 2.5 million tons versus 2.8 million tons in 2001. Following is a summary of production tonnage by mine for the first quarter of 2002 and 2001:

<TABLE>
<CAPTION>

	(TONS IN MILLIONS)	
	TOTAL	F

NET LOSS	$(12.8)	$ (.3)
NET LOSS PER COMMON SHARE		
Basic and Diluted		
Before cumulative effect of accounting change	$(1.27)	$ (.95)
Cumulative effect of accounting change - net of tax		.92
Net loss	$(1.27)	$ (.03)
AVERAGE NUMBER OF SHARES		
Basic	10.2	10.1
Diluted	10.2	

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