



Lakeside Announces Fiscal 2012 Second Quarter Results and Proposed Financings

WELLAND, Ont. November 30, 2011 – Lakeside Steel Inc. (TSX-V: LS) (“Lakeside” or the “Company”) yesterday reported its financial results for its fiscal 2012 second quarter ended September 30, 2011 (“Q2 2012”). For Q2 2012, the Company’s revenue was \$47,771,086, which represents a decrease of \$18,714,773 or 28.1% from revenue of \$66,485,859 for the fiscal 2011 second quarter ended September 30, 2010 (“Q2 2011”). For the six months ended September 30, 2012 (“YTD 2012”), the Company’s revenue was \$100,799,032, which represents a decrease of \$27,889,682 or 21.7% from revenue of \$128,688,724 for the six months ended September 30, 2010 (“YTD 2011”).

The Company recorded a net loss of \$7,601,420 during Q2 2012, a decrease of \$8,801,171 from net income of \$1,199,751 for Q2 2011. The Company reported a loss of \$0.04 per share for Q2 2012, compared to earnings of \$0.02 per share for Q2 2011. For YTD 2012, the Company had a net loss of \$8,694,479, a decrease of \$9,085,568 from net income of \$391,089 for YTD 2011. The Company reported a loss of \$0.05 per share for YTD 2012, compared to earnings of \$0.01 per share for YTD 2011.

The Company’s adjusted EBITDA was (\$6,274,060) in Q2 2012, a decrease of \$9,870,625 from adjusted EBITDA of \$3,596,565 for Q2 2011. For YTD 2012, the Company’s adjusted EBITDA was (\$6,290,129), which represents a decrease of \$10,455,453 from adjusted EBITDA of \$4,165,324 for YTD 2011.

The Company noted several factors that contributed to the \$7.6 million loss in Q2 2012, including:

- (i) \$3.0 million margin erosion due to low priced imports and the sale of plain end pipe at higher raw material costs;
- (ii) \$1.4 million start-up costs for the U.S. sites in Alabama, Corpus Christi and Houston;
- (iii) \$1.3 million lost absorption of fixed overhead due to the shutdown of the Welland plant for nine days;
- (iv) \$1.1 million foreign exchange loss; and
- (v) \$0.3 million valuation allowance on taxes recoverable.

During fiscal 2012, customer demand for oil country tubular goods ("OCTG") shifted from plain end pipe to thermally treated and end finished products. This shift resulted in customer demand that substantially exceeded available capacity among third party thermal treatment and end-finishing processors, leading to extended wait times.

Ron Bedard, President and Chief Operating Officer, commented: "The first half of this fiscal year has been a challenge for the Company as the rapid and sustained shift in customer demand towards fully finished OCTG products, the constraints in thermal treatment and end finishing capacity in the market, higher cost of goods sold and the presence of low cost overseas imports of plain end products all contributed to an erosion of the Company's margins.

"The current lack of sufficient thermal treatment and end finishing capacity in the market illustrates the importance of Lakeside's vertical integration strategy. This strategy will enable Lakeside to become a full-service provider of thermally treated and end finished OCTG products."

In Alabama, the Company's new casing mill, with an estimated capacity of 192,000 annual tons, will begin production in December 2011. The thermal treatment and end finishing facility for tubing products will be completed in January 2012. This facility will add 67,000 annual tons of thermal treatment capacity and 55,000 annual tons of end finishing capacity for tubing products. The thermal treatment and end finishing facility for casing products will be completed in June 2012. This facility will add 150,000 annual tons of thermal treatment capacity and 110,000 annual tons of end finishing capacity for casing products. The total remaining capital expenditures for the Alabama facilities are \$17.8 million.

By moving towards self-sufficiency in thermal treatment and end finishing, Lakeside anticipates a return to profitability with fully finished products to meet customer demand.

As a result of the Company's recent losses and increased wait times at third party processors, which have resulted in higher working capital requirements, the Company will require additional financing to complete the Alabama and Corpus Christi thermal treatment and end finishing facilities and to ramp up production. The Company proposes to complete the following financing arrangements:

- (i) The Company has agreed in principle with Romspen Investment Corporation on the terms of a \$22.5 million term debt facility (the "Term Debt Facility") which will provide the Company with net proceeds of \$13.0 million after repayment of a \$7.5 million term loan with the Company's working capital lender, repayment of \$1.3 million owing to Bennett Environmental Inc. and fees and expenses. The Term Debt Facility will carry an interest rate of 15%, have a term of 12 months, result in the issue of warrants equal to 10% of the outstanding shares of the Company after completion of the \$7.5 million equity financing noted below at an exercise price equal to a 20% premium above the issue price of the equity financing, have a term of three years, and will be secured by a first charge on the fixed assets of the Company.
- (ii) The Company also entered into an agreement with Northern Securities Inc., on behalf of a syndicate (the "Agents") and Northern Financial Corporation ("NFC") to raise \$7.5 million, in a private placement of common shares, to be priced in the context of the market, with a firm commitment on the financing from NFC, subject to certain conditions (the "Private Placement"). The Agents will be paid a commission equal to 6% of the gross proceeds of the Private Placement.

The Term Debt Facility and Private Placement financing are scheduled to close prior to December 23, 2011. The Private Placement and Term Debt Facility are subject to receipt by the Company of all required regulatory approvals.

Mr. Bedard stated, "The Term Debt Facility and Private Placement will provide the Company with the remaining capital it requires to complete the construction phase of its U.S. facilities. This additional capital will allow the Company to complete its vertical integration strategy and provide its customers with fully finished OCTG products."

Northern Securities Inc. (“NSI”) is an agent of the Company. The Company is a connected issuer of NSI under applicable securities laws. Northern Financial Corporation (“NFC”), which wholly owns NSI, owns approximately 13.0% of the common shares of Jaguar Financial Corporation (“Jaguar”), which in turn owns approximately 8.7% of the Company’s common shares. Further, Vic Alboini is the Chairman and Chief Executive Officer of each of the Company and NFC. Mr. Alboini is also the Chairman and Chief Executive Officer of Jaguar and owns approximately 3.4% of the Company’s common shares. In total, Mr. Alboini owns or has control or direction over approximately 12.1% of the Company’s common shares and owns or has control or direction over approximately 20.0% of the common shares of NFC.

Wes Roitman, a director of the Company, is also a principal of Romspen Investment Corporation.

This news release does not constitute an offer of securities for sale in the United States. The securities being issued under the Private Placement have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

About Lakeside Steel Inc.

Lakeside is a 2011 TSX Venture Exchange 50 company and the parent company of Lakeside Steel Corporation, Lakeside Steel Alabama Inc. and Lakeside Steel Texas Inc. Lakeside has operating facilities located in Welland, Ontario, and Corpus Christi, Texas, and three facilities currently being constructed in Thomasville, Alabama. Lakeside is a diversified steel pipe and tubing manufacturer with a focus on manufacturing and upgrading Oil Country Tubular Goods. Lakeside's list of customers includes large oil and gas end users as well as distributors across North America.

Lakeside Steel Alabama will be a diversified steel pipe manufacturer with thermal treatment and end-finishing capabilities strategically situated in the southern United States on successful completion of construction of the new facilities in Thomasville, Alabama. Construction of the Alabama facilities is currently underway.

This press release may contain forward-looking statements with respect to the Company, its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of the Company discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and the factors described under "Risk Factors" in the Management's Discussion, and Analysis, Annual Information Form and Filing Statement of the Company which are available at www.sedar.com. The cautionary statements qualify all forward-looking statements attributable to the Company and persons acting on their behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and the Company has no obligation to update such statements.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. Lakeside was recognized as a TSX Venture 50® company in 2010 and 2011. TSX Venture 50 is a trade-mark of TSX Inc. and is used under license.

Further contact information:

Ron Bedard

President and Chief Operating Officer
Lakeside Steel Inc.

FAX: (905)735-9069

e-mail: ron.bedard@lakesidesteelcorp.ca

Ken Hunter

Chief Financial Officer
Lakeside Steel Inc

FAX: (905)735-9069

e-mail: ken.hunter@lakesidesteelcorp.ca