

Lakeside Steel Inc. and JMC Steel Group, Inc. Announce Execution of Arrangement Agreement

WELLAND, Ontario – January 25, 2012 – Lakeside Steel Inc. (TSX-V: LS) (“Lakeside” or the “Company”) and JMC Steel Group, Inc. announced today that they have entered into a definitive agreement (the “Arrangement Agreement”) pursuant to which JMC Steel Group, Inc., through a wholly-owned subsidiary (“JMC Steel”), has agreed to acquire all of the issued and outstanding common shares of Lakeside at a price of \$0.2983 per share in cash, which represents a premium of approximately 326% over the closing price of Lakeside’s shares of \$0.07 on December 15, 2011, being the last trading day prior to the date on which Lakeside first announced that it was in exclusive negotiations with a potential purchaser, and a premium of approximately 130% over the volume-weighted average price of Lakeside’s shares of \$0.13 for the 30 trading days prior to and including December 15, 2011. The transaction is proposed to be implemented pursuant to a court-approved statutory plan of arrangement governed by the *Business Corporations Act* (Ontario) (the “Arrangement”). The transaction is subject to the satisfaction or waiver of certain customary closing conditions, and is currently expected to be completed in or prior to the early second quarter of 2012.

Under the Arrangement Agreement, JMC Steel has also agreed to provide Lakeside with a secured loan in the aggregate principal amount of up to US\$50,000,000, such funding to be provided on, and subject to, the terms and conditions of a loan agreement between JMC Steel and Lakeside. Funding under the loan agreement is subject to the satisfaction of certain conditions precedent, including execution of an intercreditor agreement with Lakeside’s existing senior lender. If the Arrangement Agreement is terminated in certain circumstances, including if the Board changes its recommendation or Lakeside terminates the Arrangement Agreement to enter into a superior acquisition proposal, then Lakeside will be required to immediately repay the principal amount outstanding under the loan, together with all accrued and unpaid interest to the date of such repayment, and certain other fees and costs of JMC Steel. The loan would otherwise mature on June 29, 2012.

One of Lakeside’s principal shareholders, Jaguar Financial Corporation, as well as all of the directors and executive officers of Lakeside (collectively, the “Supporting Shareholders”), have entered into voting support agreements with JMC Steel (the “Voting Agreements”) pursuant to which the Supporting Shareholders have irrevocably agreed, subject to the terms thereof, to vote their shares in favour of the Arrangement. The Supporting Shareholders beneficially own or exercise control or direction over, collectively, approximately 14.5% of the outstanding common shares of Lakeside.

The board of directors of Lakeside (the “Board”) has unanimously approved (with two directors having abstained from voting) the entering into of the Arrangement Agreement and has determined that the Arrangement is in the best interests of Lakeside and its shareholders and unanimously recommends that shareholders vote in favour of the Arrangement. The approval by the Board followed the unanimous recommendation of a special committee of independent directors (the “Special Committee”) which was formed, among other things, to review the terms and conditions of the Arrangement. In connection with its work, the Special Committee engaged Blair Franklin Capital Partners as its independent financial advisor. The recommendation of the Special Committee followed an extensive review and analysis of the proposed transaction. In addition, the Board has received a fairness opinion from Blair Franklin Capital Partners to the effect that, as of the date hereof, the consideration payable under the Arrangement is fair, from a financial point of view, to the holders of Lakeside common shares.

The completion of the proposed Arrangement is subject to a number of customary conditions, including the approval of the Ontario Superior Court of Justice and the approval of two-thirds of the votes cast by Lakeside’s shareholders and a simple majority of Lakeside’s disinterested shareholders, in each case, present in person or represented by proxy at a special meeting (the “Meeting”) to be convened for such purpose. It is currently anticipated that the Meeting will be held in March 2012 and that proxy materials providing details of the Arrangement, including Lakeside’s management proxy circular, will be mailed to shareholders in February 2012. Details concerning the record date for the Meeting, the mailing date and Meeting date will be announced in the coming days.

Pursuant to the Arrangement Agreement, Lakeside is subject to customary non-solicitation covenants. In addition, JMC Steel has the right to match any unsolicited superior acquisition proposal. In certain circumstances where the Arrangement Agreement is terminated, including if the Board changes its recommendation or Lakeside terminates

the Arrangement Agreement to enter into a superior acquisition proposal, Lakeside has agreed to pay JMC Steel a termination fee.

A copy of the Arrangement Agreement and the plan of arrangement relating thereto, the management proxy circular of Lakeside, the fairness opinion and other related documents will be filed with the Canadian securities regulatory authorities and will be available for viewing on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

"This strategic acquisition will dramatically increase our capabilities and presence in the energy pipe market," said Barry Zekelman, executive chairman of JMC Steel Group, Inc. "The energy pipe market is a very large market and has significant growth potential. Lakeside Steel is a solid platform for JMC Steel Group, Inc. to grow and expand in this area."

"Lakeside's manufacturing capabilities including the new heat treat and finishing operations in Alabama are a great compliment to our existing pipe business," said Frank Riddick, chief executive officer of JMC Steel Group, Inc. "We are excited about the synergies generated by this acquisition and look forward to leveraging our combined strengths in the market."

Unless otherwise indicated, all dollar amounts in this press release are in Canadian dollars.

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, Thomasville, Alabama, and Corpus Christi, Texas, and two processing 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 end-finishing and heat treat 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.

About JMC Steel Group, Inc.

JMC Steel Group, Inc. is the largest independent steel tubular manufacturer in North America, producing more than 2 million tons of pipe and tubular products a year and employing more than 1,800 people. It operates 12 manufacturing facilities in the U.S. and Canada and is a market leader in steel hollow structural sections (HSS), standard pipe and electrical conduit. Its companies have been recognized for their short production cycle times, in-house coating capabilities and proprietary products. The JMC Steel Group, Inc. is headquartered in Chicago, IL; its two largest companies, Atlas Tube and Wheatland Tube, market products under their brand names.

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, except as required by law.

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