



Lakeside Provides Update on Non-Binding Transaction Proposal

WELLAND, Ont. January 10, 2012 – Lakeside Steel Inc. (TSX-V: LS) (“Lakeside” or the “Company”) today announced that the previously announced period in which the Company has agreed to negotiate exclusively with the potential purchaser regarding an acquisition or similar transaction has been extended for 10 days in order to allow the potential strategic purchaser to complete its due diligence and finalize definitive transaction agreements with the Company. Since the previous announcement by the Company, the potential purchaser’s proposed price at which it would offer to acquire all of the Company’s common shares has been amended to \$0.30 per share from the previously disclosed \$0.40 per share. The proposed acquisition remains subject to certain conditions including the completion of due diligence by no later than January 19, 2012, the execution of a definitive transaction agreement between the Company and the Purchaser as well as the execution of support agreements with directors of the Company and certain significant shareholders. There is no assurance that definitive transaction agreements will be executed by the parties or that the proposed acquisition will be consummated.

Lakeside’s Board of Directors has appointed a special committee of independent directors to review the proposed offer referred to in the Company’s press release of December 20, 2011 and make recommendations to the Board. The Special Committee members are Norm Findlay (Chair), Tony Meti and Bob Milbourne. The Special Committee has retained the services of Blair Franklin Capital Partners Inc. to provide independent financial advice and has engaged the law firm of Osler, Hoskin & Harcourt LLP as independent legal advisor to the Special Committee.

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.

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.

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