

January 17, 2005

ALGOMA CENTRAL CORPORATION

The Corporation has entered into a Memorandum of Agreement to purchase the M.T. Aggersborg, a 1998 built double-hulled petroleum products tanker, from Borg Tankers II Limited, Bermuda and operated by Dannebrog Rederi AS of Copenhagen, Denmark. The expected delivered cost to Canada is approximately \$42 million.

The transaction is expected to close late in the 1st quarter or early in the 2nd quarter of 2005. The vessel is currently trading in the Arabian Gulf/Indian Ocean area and will be repositioned to the East Coast of Canada to join the Algoma Tanker fleet once the transaction is completed.

In addition, the M.T. Gemini will also be joining the Algoma Tanker fleet shortly. The U.S. flagged Gemini is owned by Cleveland Tankers (1991) Inc. of which the Corporation has a 25% ownership interest. Our 100% wholly-owned subsidiary, Algoma Tankers (USA) Inc., employs the vessel under a long-term time charter arrangement and also has an option to purchase the vessel.. This purchase option has been exercised and the vessel will be purchased and transferred to Canadian flag in the 1st quarter of 2005 under ownership of Algoma Tankers Limited, a wholly owned subsidiary of the Corporation.

Algoma Tankers, a division of Algoma Central Corporation, located in St. Catharines, Ontario, manages the commercial and technical operations of the tanker fleet, which, once these two transactions are completed will consist of four modern double-hulled tankers and a smaller single-hulled tanker. Algoma Tankers' core business is the transportation of refinery production including heavy fuel oil, gasoline and other petroleum distillates throughout the Great Lakes/St. Lawrence Waterway and Atlantic Canada region.

Algoma Central Corporation (TSE:ALC) owns and operates the largest Canadian marine transportation fleet. The Algoma Central fleet includes 14 self-unloaders and five bulk carriers, all of which are managed by the Seaway Marine Transport partnership, and five petroleum product tankers. In addition, the Corporation owns one ocean-going self-unloader directly and five others jointly through its 50% interest in Marbulk Canada Inc. The above fleet composition reflects the sale of a 1968 built bulk carrier and a 1974 built single hull-tanker to offshore interest in early January 2005 for total proceeds of \$2,600,000.

The Corporation, through a subsidiary, Algoma Central Properties Inc., also owns and manages commercial real estate in Sault Ste. Marie, St. Catharines and Waterloo, Ontario.

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