



BEAR FACTS

ALGOMA CENTRAL CORPORATION NEWSLETTER • SUMMER 2011

President's Message



It would be an understatement to say that the last nine months have been a very exciting time for the Corporation and its' employees. It would also be fair to say that the course of the Corporation's future has changed significantly and positively as a result of the following events that occurred during this period.

October 1, 2010

Announcement by Minister Flaherty that the 25% import duty was being removed.

December 21, 2010

Announcement by Algoma that it had entered into contracts with Nantong Mingde for the construction of four maximum sized Equinox Class dry-bulk lake freighters.

February 8, 2011

Announcement by the Canadian Wheat Board that it had ordered two additional Equinox Class dry-bulk lake freighters. These vessels to be managed by Algoma Central Corporation.

February 25, 2011

Announcement by Algoma that it had entered into an agreement to acquire from Upper Lakes Group Inc. (ULS) its partnership interest in Seaway Marine Transport (SMT) and the Upper Lakes vessels used in the SMT business.

July 19, 2011

Announcement by Algoma that it has completed its refinancing to support fleet renewal and the acquisition of the ULS interest and vessels in SMT.

Before discussing these events in detail, I would like to acknowledge and celebrate an event that is occurring as I write this article.

Algoma Mariner Arrives

The *Algoma Mariner* arrived in Port Cartier on August 2, 2011 in ballast from Chengxi Shipyard in China. This vessel has the distinction of being the first completely new Canadian flag dry-bulk vessel built by Algoma since 1983. Congratulations to all who have worked on this project and to the crew who sailed the vessel to Canada from China. Please refer to page 12 for a more detailed story on the *Algoma Mariner*.

Duty Removal Starts Ball Rolling

The announcement by Minister Flaherty on October 1, 2010 regarding the elimination of the 25% import duty on cargo vessels and product tankers was the catalyst that enabled fleet renewal to become a reality for Algoma. It is fair to say that the events that I described following this announcement would not likely

have occurred but for this announcement.

Once again I would like to acknowledge and thank Minister Flaherty and our local M.P., Rick Dykstra, for the work they did in making duty removal a reality.

Equinox Class Vessels are Ordered

With duty out of the way, we were able to proceed to finalizing our arrangements with Nantong Mingde Shipyard for the first four maximum Seaway-sized Equinox Class lake freighters.

These Equinox Class vessels, both gearless bulkers and self-unloaders, will be the most efficient and environmentally advanced vessels operating on the Great Lakes and St. Lawrence Waterway. These vessels will carry more cargo at faster speeds while consuming significantly less fuel.

The Corporation has committed \$300 million for the Equinox series, which now consists of two gearless bulk carriers and four self-unloading bulk carriers. The first vessel is expected to arrive by mid 2013. In addition, the Canadian Wheat Board has ordered two Equinox Class gearless bulk carriers bringing the total to eight new vessels that will be crewed and managed by the Corporation. These new Equinox Class vessels will provide much needed improvements in operating efficiency and environmental performance.

President's Message Continued

Enhanced Focus on Domestic Dry-Bulk

We completed the Algoma purchase of the Upper Lakes Group Inc. (ULS) partnership interest in Seaway Marine Transport (SMT) along with the vessels used by SMT in the Great Lakes – St. Lawrence Waterway dry-bulk freight business on April 14, 2011.

With this acquisition our operational domestic dry-bulk fleet increased to 29 vessels, 20 self-unloaders and nine gearless bulkers. This includes the recent arrival in Canada of the new coastal class self-unloader, the *Algoma Mariner*. In addition, as a result of this acquisition, we were able to increase our new Equinox Class order from four to six vessels.

On that day we were pleased to be able to welcome the almost five hundred former Upper Lakes shipboard employees to the Algoma family. This acquisition combined with the Equinox Class order will allow Algoma to enhance its focus on its domestic dry-bulk marine transportation segment and the very important task of fleet renewal. Fleet renewal will allow us to continue our leadership position in domestic dry-bulk transportation and maintain Canadian jobs in this essential sector.

Refinancing Completed

The refinancing of our credit facilities was completed on July 19, 2011. This refinancing completes a process begun in April of this year when the Corporation issued \$69 million of seven-year convertible unsecured subordinated debentures.

This new \$300 million senior secured credit facility includes a \$150 million five-year revolving credit facility to be provided by a syndicate of six banks and ten-year senior secured notes totalling \$150 million, \$75 million US and \$75 million Cdn.

The Corporation took a bold step into the future in late 2010 with the announcement of our order of Equinox Class vessels. This financing is designed to provide the Corporation with access to the funds necessary to complete this significant fleet renewal investment in our domestic dry-bulk fleet and our acquisition of Upper Lakes Inc.'s interest in Seaway Marine Transport including the vessels owned by Upper Lakes Group and by SMT.

These investments and related financing confirms our substantial commitment to the future of our Canadian marine transportation activities on the Great Lakes – St. Lawrence Waterway.

Improving Financial Results

The Corporation reported a 9% increase in segment operating earnings net of income tax in 2010 of \$33.6 million compared to \$30.7 million for the previous year. The increase in the segment operating earnings net of income tax was due primarily to improvements in the Domestic Dry-Bulk and Product Tanker segments due to a combination of increased operating days and a reduction in operating costs. Despite the increase in segment operating earnings net of income tax, net earnings for 2010 decreased by \$6.2 million to \$32.6 million compared to net earnings of \$38.8 million for 2009 due

primarily to increases in financial and income tax expenses and a decrease in net foreign exchange gains on the translation of foreign denominated assets and liabilities.

As a general statement, our overall financial results for 2010 showed an improvement over the results experienced in 2009, although not nearly enough to bring us back to the levels enjoyed before 2009.

Launching New Environmental Report

We are very pleased to have recently released the Corporation's inaugural Environmental Report. With this report, which discusses Algoma's environmental accomplishments, challenges and improvement initiatives, we feel we are launching a new era in environmental leadership.

I would like to commend Mira Hube our Director, Environment for her vision and perseverance in spearheading this major and important initiative.

Please refer to the Corporation's website (www.algonet.com) to view a copy of this report.

The past year has been a time of significant challenges but more importantly, it has been a time of significant accomplishments. We can look to the future with a strong sense of optimism as the Corporation is well positioned with ONE Vision, ONE Purpose, ONE Team.

Safe Sailing and please remember Safety First.



Algoma Central Corporation

Promotions



Congratulations to **Tony Fatona** on his promotion to Chief Engineer in the Algoma Tankers fleet effective March 1, 2011.



Congratulations to **John Fernandes** on his promotion to Chief Engineer in the Dry-Bulk fleet effective March 1, 2011.



Congratulations to **Melvin Ford** on his promotion to Captain in the Dry-Bulk fleet effective March 1, 2011.



Congratulations to **Paul Morrison** on his promotion to Captain in the Dry-Bulk fleet effective March 1, 2011.

Certificate Upgrades

Congratulations to the following employees who have upgraded their certificates.

Michael Barker to First Class Engine, Motor Ship.

Glenn Titford to First Class Engine, Motor Ship.

Retirements

Chief Cook **Marie France Nault** retired on December 21, 2010 after 22 years of service. Marie France had been the Chief Cook on the *Algosar* since 2005 and prior to that, she was the Chief Cook on the *Algofax*. We wish her all the best in her retirement.

Mechanical Assistant (M/A) **Leonard Heggs** retired February 1, 2011 after 23 years of service. Leonard sailed as a relief onboard several Algoma vessels until he was hired as a permanent M/A onboard the *Algosoo*. We would like to thank Leonard for his years of service and wish him all the best in his retirement.

After 27 years of service, Captain **Joseph Fraser** retired on March 1, 2011. Captain

Fraser started his career sailing onboard the *Sauniere* and finished his career onboard the *Algoma Guardian*.

Chief Engineer **Hugo (Robert) Mahler** began his career with Algoma in 1997 onboard the *Agawa Canyon*. He sailed onboard many vessels throughout the years and in 2008, became the Chief Engineer onboard the *Peter R. Cresswell*. He remained onboard this vessel until his retirement on March 1, 2011. We wish Robert all the best in his retirement.

Able Seaman (A/B) **Roy Keeping** retired March 28, 2011. Roy sailed on numerous vessels throughout the fleet but finished his seven year career with Algoma onboard the *Algosoo*. We wish Roy a very happy retirement.

Tunnelman **Ernest (Ernie) Bryan** retired April 8, 2011 after 22 years of service with Algoma. Ernie sailed his entire career onboard the *Algoway*. We thank Ernie for his years of service and wish him all the best in his retirement.

Able Seaman (A/B) **William Hardiman** retired on May 17, 2011 after 22 years of service. William's career began in 1978 where he sailed onboard several Algoma vessels until he was hired as a permanent A/B onboard the *Algowest*. We thank William for his years of service and wish him happiness in his retirement.

On June 7, 2011, after almost 35 years of service, Head Cargo Maintenance Man **Donald Alyward** retired. Donald sailed onboard the *Algoma Olympic* and the *John D. Leitch*. We wish him a very happy retirement.

Algoma Central Corporation

Births



Congratulations to Cadet **Tahir Khan** and his spouse Sarah on the birth of their son Zidan on May 28, 2011.



Congratulations to Ordinary Seaman (O/S) **Duane Evans** and his spouse Kelly on the birth of their son Darren on January 4, 2011.



Congratulations to Chief Engineer **Jean Frederic Lavoie** and his spouse Helena on the birth of their daughter Zeah-Oceanne on June 20, 2011.

Weddings



Congratulations to Ordinary Seaman (O/S) **Christopher Peach** and Agatha on their wedding on March 24, 2011.

Final Sailings

It is with great sadness that we announce the passing of retired Chief Engineer **Simon Van Galen** on January 31, 2011. Simon retired from Algoma in 2008 after almost 20 years of service. He will be missed by many friends and family.

It is with much sympathy that we announce the passing of retired Captain **Douglas Purvis** on February 12, 2011. Captain Purvis sailed on the *Agawa Canyon* prior to his retirement in 1993. He will be greatly missed.

Retired Captain **James Scott** passed away on February 12, 2011. Captain Scott started his career with Algoma as a Third Mate in 1954. He moved up the ranks and was later promoted to Captain. Captain Scott retired in 1999. Our sincere condolences go out to his family.

It is with much sadness that we announce the passing of Able Seaman (A/B) **Theodore (Ted) Johnston** on February 27, 2011. Ted began his career with Algoma in 1989. He will

be greatly missed by his friends, family and shipmates onboard the *Peter R. Cresswell*.

It is with our deepest sympathy that we announce the passing of retired Captain **Maurice Richardson** on March 16, 2011. Captain Richardson retired in 1993 with almost 20 years of service on numerous Algoma vessels. He will be missed by many friends and family.

It is with great sadness that we announce the passing of Third Engineer **Cecil Campbell** on March 17, 2011. Cecil began his career with Algoma in 1991. He will be missed by many friends, family and shipmates he worked with over the years.

It is with much sadness that we announce the passing of **Joseph Cummings**. Joseph worked for Algoma from 1969, where he started as a Mechanical Assistant (M/A) until 1980, where he finished as a Third Engineer. Joseph will be greatly missed.

It is with sympathy that we announce the passing of **Gary McVannel** on May 10, 2011. Gary worked for Algoma from 1977, as a Wheelsman and retired in 2005 as an Able Seaman (A/B). We send his family our sincere condolences.

It is with much sadness that we announce the passing of **Marius Perreault** on May 19, 2011. Marius sailed as a Ordinary Seaman (O/S) on the *Sauniere* from 1997 to 2008. He then worked on the *Algoisle* and then on the *Algoma Guardian*. He will be missed by many fellow ship mates, friends and family.

Algoma Central Corporation

2011 Rankin Run



With over 8,000 people attending, the 2011 Rankin Cancer Run was a success. The run was held on May 28, 2011 at the Grantham Lions Club in St. Catharines, ON.

The Run raised over \$600,000. All monies raised for the

Rankin Cancer Run help with Cancer care in the Niagara Community.

Carson Houston, son of Robert Houston, Director - Technical attends Dalewood school in St. Catharines, ON. Dalewood school had the most participation in the event and raised an incredible \$41,700.

Carson himself raised \$5,600 for the Rankin Run. Carson received one of the Mike VandenDool hero trophy's.

Congratulations to Carson Houston and to Dalewood school for their fundraising efforts.

United Way

Congratulations to the crew members of the *Algosa* for raising a total of \$6,880 during the 2010 United Way Campaign. Captain John Chaffey was presented with the United Way award in February 2011 on behalf of the crew members.



In total, Algoma raised an outstanding \$72,255.52 for last year's campaign. This is an incredible amount and a big **THANK YOU** goes to everyone who participated.

Employee Photo Contest



Vacation...Whether it be camping, on a cruise or sitting on a beach, we all have pictures of a vacation we have taken. Look through your photo albums and send in your favorite photos for a chance to win this year's photo contest.

There will be three winners chosen by Algoma office employees. These winners will be published in the next issue of Bear Facts.

Good Luck!

Contest Rules

1. Pictures can be sent via email in a jpeg format to Bearfacts.ACC@algonet.com or via mail to: Algoma Central Corporation
Attn: BearFacts
20 Corporate Park Drive, Suite 300
St. Catharines, ON L2S 3W2
2. Please include your name, telephone number and a brief description of the photo.
3. Submission is limited to 3 photos per employee. Photos submitted will become the property of Algoma and may also be used in the future.
4. Photos must be received by October 7, 2011 to qualify.



Algoma Central Corporation

Toronto Brigantine Inc. (TBI)

In January 2011, Dan Fournier from Algoma hosted a group of young cadets from TBI on a tour of the self-unloader *Peter R. Cresswell* while the vessel was layed up in the Hamilton Harbour.

These cadets were experienced sailors from TBI's youth sail training program. During the winter lay-up season, these cadets give their time to maintenance on their two brigantines, the *Pathfinder* and the *Playfair*. They took time out of their schedule to learn more about large bulk cargo ships and marine industry careers. During their visit, the cadets saw a presentation on marine careers at Algoma and the Company's safety management systems. They also received a top to bottom tour of the self-unloader.

Algoma has provided a two year grant of \$4,000 to TBI to help fund their safety training and has provided two scholarships of \$500 each to TBI's leading cadets who pursue higher education in marine transportation at a recognized marine institute.



From left to right: Guy Cloutier, Renee Lehnen, Noah Krantz, Jonah Charny, Liam Fraser, Stirling Speed, Aidan Bingham, Dan Fournier, Chief Engineer Harry Wright and Bill Graham.

Coast Guard Presentation

The *James Norris* took part in a Search and Rescue of two canoeists near Colborne in June 2010.

The ship received a Mayday Relay from the Prescott Coast Guard radio about two canoeists in the water near Chubb Point. The ship volunteered to head in the direction of the two missing people, which was about 30 minutes away. The bridge team was on look out from the wheelhouse as they proceeded along the shoreline towards Chubb Point. Further west up the shore, the ship spotted one of the canoeists in their orange lifejacket. The CCGS Cape Mercy was directed to this position as well as the Coast Guard. The other canoeist was then found and the two people were successfully pulled from the water.

The *James N. Norris* was recently presented with a photoplaque of a griffin helicopter with a plate describing last year's rescue.



From left to right: Coast Guard Representative, John Lavery, Chief Engineer Michael Wolny, Karlie Laws, Captain Peter Klaassen and a Coast Guard Representative.

Do you have a story or an announcement to share with fellow employees?

If so, mail your story to:

Algoma Central Corporation

Attention: BearFacts

20 Corporate Park Drive, Suite 300

St. Catharines, ON L2S 3W2

or email us at: Bearfacts.ACC@algonet.com



Quality Corner

Fit out 2011 was indeed a busy time in the domestic Dry-Bulk fleet as regular fit out activities were concluded readying the fleet for another year of service.

On top of these regular activities both shipboard and ashore, was the April 15 announcement of the acquisition of Upper Lakes Group Inc. (ULS) vessels, their respective crews, and ULS's interests in jointly owned vessels and Seaway Marine Transport (SMT). This change resulted in the combining of Algoma and SMT office personnel and Management Systems into one cohesive (One Vision, One Purpose, One Team) effort under the Algoma banner. To ensure this busy time period went smoothly, shore based personnel attended all vessels to deliver an expanded message to that delivered in previous years by SMT Managers.



Fit-Out meeting onboard the Algoma Navigator

The fit out meetings were attended by all levels of shore management in a number of ports throughout the Lakes. It was felt that the Operations Excellence message and communications with our crews, particularly at this important period in the Corporation's history, warranted shipboard attendance by senior Company personnel.

This simple message is designed to be just that...simple. It requires no expounded explanation just the simple message about protecting ourselves and others, not causing harm to equipment or cargo, and not negatively impacting the environment.

During the meeting, the President & CEO or Vice Presidents discussed the acquisition including its impact on personnel, vessel operations and the

management system. The new Equinox Class and the new building program was discussed, identifying all the efficiencies and environmental upgrades being designed into and installed on our new vessels.



Fit-Out meeting onboard the Algosteel

Directors and Managers talked about the Integrated Management System which every team member in the Company interacts with and its importance in providing safe and efficient workplaces. Activities of the previous year were discussed including environmental initiatives and personal injury reductions. The sessions were concluded with a Stop and Think message that must be in the forefront at all times. A feedback session followed each session and shore and shipboard team members alike agreed that this form of communication had been effective and timely.



Fit-Out meeting onboard the Algoma Transfer

Many thanks to all who participated. We look forward to building on this new team and to improving performance in all areas of Operations Excellence.

Don't Hurt Anyone, Don't Damage Anything, Don't Spill Anything.

2011 Service Awards



President & CEO Greg Wight (R) presents Chief Engineer Harley Conrad (L) with his 35 year service award.



President & CEO Greg Wight (R) presents George Morettin (L) with his 35 year service award.



President & CEO Greg Wight (R) presents Captain Bernard Girard (L) with his 30 year service award.



The Algoma Executive Team present President & CEO Greg Wight with his 30 year service award.



President & CEO Greg Wight (L) presents Captain Hugh Bain (R) with his 25 year service award.



President & CEO Greg Wight (L) presents Captain Bruce Chisling (R) with his 25 year service award.



President & CEO Greg Wight (R) presents Captain Brian Durnford (L) with his 25 year service award.



Captain Prakash Rao (L) presents Chief Engineer Francis Brown (R) with his 20 year service award.



President & CEO Greg Wight (R) presents Captain Douglas Parsons (L) with his 20 year service award.

2011 Service Awards



President & CEO Greg Wight (R) presents Captain Dennis Taylor (L) with his 20 year service award.



Chief Engineer Vatssek Janda (R) and Brooke Cameron (L) present Captain Seann O'Donoughe with his 15 year service award.



President & CEO Greg Wight (R) presents Captain Prakash Rao (L) with his 15 year service award.



President & CEO Greg Wight (R) presents Gabrielle Ross (L) with her 15 year service award.



President & CEO Greg Wight (R) presents Wayne Smith (L) with his 15 year service award.



President & CEO Greg Wight (R) presents Chief Engineer Steve Sparling (L) with his 15 year service award.



President & CEO Greg Wight (R) presents Chief Engineer Anthony Coleman (L) with his 10 year service award.



Captain Anders Rasmussen (L) presents Chief Engineer Alexandre Konev (R) with his 10 year service award.



President & CEO Greg Wight (R) presents Barbara McFadyen (L) with her 10 year service award.

2011 Service Awards



President & CEO Greg Wight (R) and Al Vanagas present Edward Chiasson, supported by his wife Marie, with his retirement award.



President & CEO Greg Wight (L) and Kevin Minkoff (R) present Chief Engineer Melvin Kettle with his retirement award.



President & CEO Greg Wight (R) presents Robert Leistner (L) with his retirement award.



President & CEO Greg Wight (L) and Dave Ross (R) present Richard White with his retirement award.

**Congratulations to
all employees
who have reached a
milestone year with Algoma.
Your service to the Company
is greatly appreciated.**

2011 Academic Awards



Brooke Cameron (L) presents Isabelle Rousseau (R) with her scholarship award. Isabelle is in the Nautical Science program at the Institut Maritime du Québec.

For many years, Algoma has supported the marine schools in Canada through cadet placement programs.

The company also supports students in the Nautical Science and the Marine Engineering programs through annual scholarships presented to top performers in each of the courses.

Algoma wishes to congratulate all graduates and scholarship recipients and we wish you all the best in pursuing a new career in your chosen field.



Brooke Cameron (L) presents Mike Bolduc (R) with his scholarship award. Mike is in the Marine Engineering program at the Institut Maritime du Québec.

Environmental

We are pleased to announce that Algoma's first public Environmental Report has been issued and is now available on our website at www.algonet.com.



The report highlights the environmental performance of Algoma's domestic fleet and the environmental commitments that we have made as a Company. Up front and centre is Algoma's commitment to sustainability which, along with

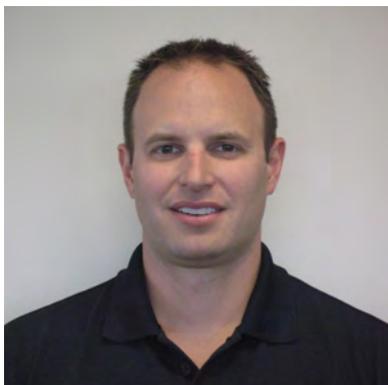
growth and diversification, is one of the stated aims of our corporate strategy. While we are certainly proud of the accomplishments that we have achieved over the last few years, as we move to even greater environmental sustainability we recognize the need to keep pushing ahead on the environmental front.

To that end, we report not only on our inventory of air emissions and greenhouse gases for the domestic fleet, but also include a discussion of how we are acting to reduce these emissions. Also presented is a description of the environmental features and design elements of the seven new Equinox-Class vessels that Algoma will be constructing and which are expected to start arriving in Canada in 2013.

These new vessels will be significantly more fuel efficient than existing Great Lakes vessels and will considerably improve the environmental footprint of our overall fleet of vessels. Algoma's environmental management process and improvement initiatives, such as the comprehensive recycling program available on board our dry-bulk vessels and the substantial investments in new environmental equipment that have been made are also highlighted.

Algoma Central Properties Inc.

New Hire



We are pleased to announce that **Christopher Lazarz** joined ACPI as Controller effective June 20, 2011. Chris will be working out of the St Catharines office. Chris comes to us after a very successful career in both the public and private industry.

We would like to provide a quick update on the renovations taking place at the Station Mall in Sault Ste. Marie, ON.

We have completed all of the work that was required of us for the SportChek store and now SportChek will commence their interior work in the hopes of having the store open by this coming Labour Day.

With this phase completed, ACPI has commenced construction on the balance of renovations planned for the Station Mall. We will be working on various projects throughout 2011 and 2012 and negotiations are also underway with several exciting new retailers.

We hope to have an announcement or two to make regarding those new retailers in the next issue of Bear Facts.

Stay tuned!

The Algoma Mariner

The *Algoma Mariner*, the newest member of the Algoma fleet arrived in Canada on August 2, 2011. The past several months have been an incredible flurry of activity with final systems checks and performance testing, an approximate 15,000 nautical mile voyage from China to Canada and just a few moments of head scratching thrown in to keep things exciting.

Sea trials were a real experience. With over a hundred people on board for four days, it was difficult to move never mind finding a space to sleep! As Owner's representatives, we were all sequestered into the Chief's and Captain's Quarters (all nine of us). It was great to see all the equipment coming to life and being put through its paces, one of the most remarkable things is the new "slow speed" two stroke engine.

The advance in the equipment functions and capabilities since our last new vessel was seen on the great lakes is totally amazing and could be compared to the difference between the Gemini Space program and the space shuttle program. This ship is like no other in our fleet and I think it is certain to not only provide for better profits but also help to move us to new ways of thinking about the existing fleet. The door is open to change and we have only to take advantage of the opportunity.



Chief Engineer Dave Cooke writes "I consider it a great honour to have been chosen to be involved with the commissioning and delivery of the Corporation's newest vessel. The *Algoma Mariner* has the latest in technology and

hopefully will prove to be one of the most efficient vessels under the Canadian flag. I thoroughly enjoyed the sea trials, watching the ship come to life and show us her stuff for the first time. She has already gained my respect in her speed and the level of comfort and safety offered the crew.

With regards to technology, the *Algoma Mariner's* engine room is designed to be run in UMS mode and the bridge as a one man operation while in open water. This will allow us to utilize our manpower to its utmost potential. This will make

the ship all that much more attractive for trading along the Eastern seaboard, for which it was designed. The unloading gear and ballast system is also state of the art and is expected to be very reliable and efficient.

There were two Chief Engineers onboard for the Pacific portion of the voyage from China to Canada to allow for relief rotations to start with an established familiarity to the vessel.



Chief Engineer Todd Walters adds his view of the ship and the sea trial process.

"My first impression of the ship was one of awe with its state of the art automation, modern equipment and spacious accommodations. Sea

trials in the East China Sea reassured my initial impression of the ship. The MAN engine, the heart of the Mariner in my opinion, performed with German precision with ample power to propel the ship at cruising speed."

When asked about his experience so far Captain Ken McKenzie adds that arriving in China on April 10th with the expectations of taking a new ship home was in the least, a sense of adventure.

*"Each step of the process takes you closer to the day of departure. When I first saw the massive Chengxi Shipyard and the ship you realise your dream is coming true. Over the next month little by little the *Algoma Mariner* begins to take on her*



own personality and that of her designer and builders. As the day to set out on sea trials nears the excitement begins to build. Well, that day did arrive on Friday evening of June 12th. As we boarded for an early start Saturday morning of Shipyard crew, Captain, Mate, Engineers, and workers of all types representing most of the different equipment we have aboard. There were 112 in all and for a ship that was built for 25 crew,

The Algoma Mariner

arrangements had to be made for all and we still managed to be quite comfortable.”

Making that first turn and letting go the tugs, she was under her own power for the first time. Being Captain of a new Ship gives you a thrill you wait for all your life... As we sail down the Yangtze River towards open water the ship very smooth and silent. We begin to pick up speed and overtake a ship then a second and a third and still no noise or vibration. Could it be that her skewed propeller blades and the fine lines of the hull will make for this smooth sailing in a river transit? Later that evening as we reach open water and get up to full speed all is going well. The next four days are full of maneuvering, speed and endurance trials on all ship's equipment. With all the check lists, fishing boats, fishing nets, traffic and fog, everyone was busy.”

With the conclusion of the project nearing, from the project team in the office there is the inevitable feelings of excitement and some regret, (it's always hard to see them go), as everyone has given a full measure of themselves in what was a very difficult project. Most of the members of this team will remain with us as we embark on the new

series of “Equinox” vessels and we are all looking forward to this. The *Algoma Mariner* has allowed us to test in real terms many of the concepts contained in the new Equinox design and we have used this to the greatest possible advantage in recognizing the opportunity to make improvements in the application of new technology and add even more innovations as we move forward.

Looking back at how we have arrived at the delivery of the *Algoma Mariner* it certainly represents the power behind the words **“One Vision, One Purpose, One Team”**.

There is little doubt that if everyone involved had not believed and actually “walked the talk”, we would not be taking delivery of a vessel with so much to offer the Company, our customers, and the people who will sail her.

Congratulations to everyone involved in working on the *Algoma Mariner* project and to everyone involved in bringing the *Algoma Mariner* safely home to Canada.



Fraser Marine & Industrial

Service Awards



President & CEO Greg Wight presents Cheryl Brown with her 15 year service award.



Director, Technical Services Dave Ross (R) presents Paul Plamondon (L) with his 15 year service award.

Final Sailing

It is with much sadness that we announce the passing of **Tom Grace** on April 24, 2011. Tom was the former Manager - Human Resources for FMI. He will be missed by many friends and family.

It is with much sadness that we announce the passing of **Robert Cox** on June 22, 2011. Robert was hired in 1966 as Electrical Superintendent and retired 19 years later in 1985. He will be missed by many friends and family.

Winter Work

As usual, this winter was very busy for our FMI employees. The pictures below represent some of the work completed in winter 2010.



The *Algowood* while berthed in Port Colborne, ON, had a number of her hatch covers repaired.



While berthed in Hamilton, ON, three sections of side shell plating on the *Algosoo* were repaired. Also, all the hatch covers for this vessel were removed and sealing channels were repaired and a new sealing rubber was installed.



The *Algomarine*, berthed in Owen Sound, ON, received a new double deck arch between the #1 and the #2 hatch and a single deck arch between the #7 and the #8 hatch. These arches were fabricated in the shop and shipped up to Owen Sound.

Winter Work 2011

While the *Algoma Mariner* nears completion and work moves forward with the Equinox Class vessels, the Operations Group continued their work ensuring the existing fleet is ready for another season.

Again, the fleet wintered in various ports from Montreal, QC to Thunder Bay, ON with some vessels extending the season into the winter months prior to tying up for winter work. The *Algoma Enterprise*, the *Algobay*, the *Algoma Progress* and the *Algomarine* all braved difficult winter conditions in the service of our customers in January and in some cases well into February. The *Algoma Guardian*, the *Algoma Spirit* and the *Algoma Discovery* took advantage of their Ocean Class and were in service for part of the winter season in coastal trade.

The short winter season is typically very busy for office staff and shipboard engineering crews, and this winter was no exception. Vessel and Technical Managers spent most of their time on the road travelling from ship to ship inspecting and monitoring the work. Dry Docks were kept busy with life extension repairs and routine docking survey requirements. The *John B. Aird* wintered in Port Weller while extensive steel repairs were performed along with docking related surveys. Similar work was performed on the *Algoma Provider* and the *Algoma Navigator* in Thunder Bay, ON.



The John B. Aird before bulkhead renewal.

The extensive steel replacement on the *Algoma Navigator* has continued into the operating season. Machinery upgrades included ongoing work to upgrade Oily Water Management systems and replacement of auxiliary machinery that will

improve the performance of these systems. The *Algoma Transport* and the *Algobay* were fitted with advanced fuel consumption and power monitoring systems that will provide very precise real time consumption and power monitoring to assist ongoing efforts towards vessel optimization. The *Algoma Guardian*, the *Algoma Spirit*, and the *Algoma Discovery* as well as the *Algobay*, all received mooring winch upgrades.



The John B. Aird after bulkhead renewal.

The planning for the next winter season begins before the current winter repair season is over and continues into the operating season. With the vessels laid up for the winter, our Naval Architects perform surveys generating specifications for work that will be budgeted and performed next winter. Machinery inspections performed during the winter period are often the basis for work and machinery upgrades that will be performed during the following winter.

Tail Shaft repairs were completed on the *Algorail* in Port Weller, ON. The original wood bearing was replaced with a Thordon bearing.



Tail Shaft inspection and repair on the Algorail.

Algoma Tankers Ltd.



Captain Jim Pound, Vice President of Operations presents Captain Lloyd Smith of the *Algoma Dartmouth* with an Exxon Mobil Marine Fuels plaque for one year of flawless operations.

This plaque signifies that the vessel completed a full year with “zero incidents” and it is a tribute to the hard work and dedication of crew members in achieving this significant milestone. It also exemplifies Algoma Tankers’ commitment to Operations Excellence and the crew of the *Algoma Dartmouth* should be applauded for their efforts.

Congratulations!



Update on Ship Mail

Please note that all letters for Tanker shipboard employees should be addressed as shown below. To ensure prompt delivery of your mail, please make sure that the name of the ship is on your correspondence. Mail with an insufficient address may be returned to the sender.

Letters

Name of Employee

Name of Ship

c/o Algoma Central Corporation

20 Corporate Park Drive

Suite 300

St. Catharines, ON L2S 3W2

Algoma Shipping Inc.

Promotions



Congratulations to **Saif Upadhye** who was promoted to Captain onboard the *Bahama Spirit* effective March 2011.



Congratulations to **Gibu George** who was promoted to Chief Engineer onboard the *Honourable Henry Jackman* effective April 2011.



From left to right: Dave Geiger, Lisa Starr and Brian Lynch onboard the *Honourable Henry Jackman*.

Vessel Update



The *Nelvana* was dry docked at Chengxi Shipyard in China in early 2011. A close to 2.5 million docking with 65 tons of steel replacement and extensive repairs to the Self-Unloading system were completed.



The *Pioneer* is scheduled to dock at Chengxi Shipyard in China the end of June 2011.



The *Ambassador* will be having topside repairs completed in July 2011 in Montreal, QC.

The Inclining Experiment

How would you weigh a ten thousand ton ship and identify the position of its centre of gravity?

Without this information, the mate cannot calculate the total cargo loaded or confirm the ship's stability. Computers certainly have the ability to do this as the design matures to a finished ship, but the human effort involved in tracking every item from huge pieces of machinery and hull structure down to the nuts and bolts make the task impractical. Instead, we look to Archimedes (200 BC), father of naval architecture and scientist.

Archimedes was the first to observe that the weight of a floating object is equal to the weight of the fluid that it displaces, that is the weight of the volume of water that would have been occupied by its underwater hull. The experiment is conducted when the ship is nearly complete, in dead calm conditions. Careful recording of the vessel's drafts, processing of those to displacement (weight of water displaced) using hydrostatic information followed with correction of that value for weights to be deducted from the ship's weight (shipyard equipment, fuel, etc) and to be added (spare parts not present during survey) will give the vessel's lightship weight.

Weight is the easy part; what about centre of gravity?

The centre of gravity is the position through which the force of gravity can be thought to act. It determines the unalterable baseline of trim with which the First Mate must work to load the ship to produce an acceptable sailing condition.

The elevation of the vertical centre of gravity (VCG) is the fundamental determinant of the ship's stability characteristics. The lower the VCG, the more stable the vessel so the more capable she will be of absorbing external disturbances (beam seas and squalls). So, in order to assess this capability, we apply a known external disturbance (shift weights across the deck), observe the response (angle of heel) and invoke Archimedes to interpret the ship's basic stability property.

With the ship upright in calm conditions, ballast water is pumped from port to starboard and back in eight stages. Each transverse shift of these known weights causes the ship to heel, according to Archimedes, the ship finds a new balance point after every shift. The shift of weight is exactly met with an equal and opposite shift of volume of displacement. The size of the angle of heel is proportionate to the height of the centre of gravity - the more the ship heels, the less stable (higher VCG) the finished ship.

In the same fashion used to correct drafts to the lightship weight, the angles of heel for the sequential shifts are processed to derive the vessel's basic stability data. Armed with this information, we can be certain that the ship will have adequate stability margins in all sailing conditions and accurate cargo deadweight information for all operational drafts. Thanks Archimedes – EUREKA.



Training

Winter 2011 was once again busy with employees participating in various training courses. We thank all employees who participated and encourage all employees to consider training courses for next year.

Emergency Ship Handling

This course was conducted at Georgian College in Owen Sound, ON and is designed for Captains and Chief Officers to experience emergency ship handling situations and to practice the judgment required to safely resolve those situations.



ACC Participants:
Kenneth Hamilton
Christopher Kellam
Adam Regular
Michael Sinderly
Clifford Taylor

ADB Participants:
John Ducey
Christopher Leonard

ACC Participants:
Ahmed Chemissa
James Gichard
Simeon Kendall
Joshua Rideout

ADB Participants:
James Smith

ATL Participants:
Michael Parent

Pilotage

This training is based on sophisticated ship simulations that portray both the vessel and the geographic areas in which the vessel is moving. Skilled Georgian College personnel, who were guided by Captain Jim Pound, provided training in the simulator.



Bridge Resource Management (BRM)

This course is comprised of three days of examining, discussing and practicing the skills and knowledge that a ship's bridge team must have to ensure a safe and efficient transit into or out of a port or through a traffic choke point. The BRM course directs the participant's attention to situational awareness, bridge procedures and organization, error trapping and utilization of all resources, technological as well as human.



ACC Participants:
Carolyn Babin
Simon Beaulieu
Wade Bragg
Neil Coleman
Ronald Eavis
John Hewetson
Francis Julien
David Keeping
Douglas Matthews
Brian McAlpine
Adam Regular



Training

Bridge Resource Management (BRM) Refresher

This three day course consists of an introduction to Electronic Chart Display and Information System (ECDIS), refresher training in the principles of Bridge Resource Management (BRM) and emergency ship handling. This course is designed to enhance the navigation skills of Captains, Chief Mates and Officers in charge of the navigation watch. The training will further enhance the bridge team in such areas as situational awareness, error chains, communications and bridge team - pilot relationships.



ACC Participants:

Captain James Wilhelm	Blair King
Wade Bragg	Cecil King
Charles Chouinard	Douglas Matthews
Neil Coleman	Paul Ryan
David Ingram	Clifford Taylor
Francis Julien	Dennis Thayer

ADB Participants:

Captain Raymond Schrempp - Instructor	
Captain Donald Hurlbut	Michael Graham
Captain Trevor James	William Ralph
Captain Robert Loveless	Robert Stavenow
Captain Jeffrey Pink	

ATL Participants:

Captain Brian Durnford	Brook Shipp
Captain Dennis Keating	Derrick Spurrell
Captain Robert Sheldon	
Andre Gushue	
Mathieu Lafortune-Auger	
Paul LeRoy	
Michael Parsons	
Timothy Pitts	
Michael Provost	
Jarrett Rideout	
Robin Riggan	
Duncan Roberts	

Training

Elevator Inspection & Maintenance

This course is designed to familiarize Chief Engineers with regulatory and operational principles, maintenance strategies and evacuation procedures for our vessel elevators.

ACC Participants:

Chief Engineer Dana Andrews
Chief Engineer Clarence D'Souza
Chief Engineer Kazmierz Mankiewicz
Chief Engineer Martin Schoenherr
Chief Engineer Trevor White

Engine Room Resource Management

This course is designed to increase awareness of engineers and deck personnel to potential human errors, which account for 80% or more of major casualties. Simulator training and seminars examine and point to methods to correct poor communications, poor engineering practices, low situational awareness, error chains, stress and poor teamwork procedures.



ACC Participants:

Chief Engineer Vladimir Bershak
Chief Engineer Tony Fatona
Andrew McIlrath
Peter Witty

Manned Model Ship Handling

This course is designed to enable participants to develop their existing skills and understanding of the principles and practices of ship handling with emphasis on slow speed ship control. Training Master Duncan Roberts successfully completed this training at the Warsash Maritime Centre in the UK on May 13, 2011. Congratulations!

Ship Security Officer (SSO)

This course aims to provide knowledge to those who may be designated to perform the duties and responsibilities of an SSO. Particularly the duties and responsibilities of implementing and maintaining a Ship Security Plan and for liaising with the Company Security Officer (CSO) and with Port Facility Security Officers (PFSOs). Those who successfully complete this course should be able to undertake the duties and responsibilities as SSO, as defined in the International Ships and Port Facility Security (ISPS) Code.

ACC Participants:

Captain Douglas Taylor
Training Master Michael Jolliffe
Training Master Ian MacFie
Chief Engineer Peter Pennock
Chief Engineer Jacques Trudel

ATL Participants:

Chief Engineer Vladimir Bershak
Chief Engineer Igor Kondratiev

MaK Engine

This course was conducted at Georgian College in Owen Sound, ON and is designed to increase Engineers' familiarization with modern MaK Engines found onboard the *Algobay*, the *Tim S. Dool* and the *Algosoo*.

ACC Participants:

Chief Engineer Jacques Trudel
Chief Engineer Xiu Yang
Wilfredo Allonar
Daniel Bartlett
Martin Bride
Dennis Courtney
Muazzam Hussain
Sergei Parasenکو

FRAMO Superintendent

This three day course is offered to Chief Engineers to provide them with advanced hands on as well as theoretical experience with the FRAMO cargo system.

ATL Participants:

Chief Engineer Igors Martinenko
Chief Engineer Serguei Morozov

Training

Seafarers Training Institute (STI) Tunnelman

This five day course was held at Georgian College in Owen Sound, ON and focused on three main aspects of the Tunnelman's duties including standards and safe working procedures, self unloading procedures and maintenance and safety inspections.



ACC Participants:

Henry Baggs
Bill Cross
Ed Fitzgerald
Terry Sharron

STI - Mechanical Assistant (MA)

This five day training was held at the Institut Maritime du Québec (IMQ) in Saint-Romuald, QC. The training focused on the development of hands on skills as well as the theoretical components required to be a successful MA.



ACC Participants:

William Brown
Monique Hansen
Dominix Marshall
Bryce Swan

STI - Able Seaman

The course targeted the practical aspects of the Able Seaman's position during this five day course hosted at Georgian College in Owen Sound, ON. Participants navigated various simulated Great Lakes vessels under supervision in the St. Lawrence Seaway in addition to various ports, rivers and canals.



ACC Participants:

Greg Harvey
Patrick Hogan
Leslie King
Michel St. Germain

Advanced Chief Cook

This six day course was designed with a strong emphasis on the key responsibilities of a Chief Cook's role. Following an intensive training of the federal requirements of food handling, the candidates received their Food Handler's certification. Thank you to Chief Cook Paula Morley who assisted with a portion of the training.



ACC Participants:

Connie Anderson
Fred Gagne
Cedric Mohammed
Wanda Pye

Training

Safety Officer

This training is designed to give Ships' Officers a background of the shipping industry's evolving "Safety Culture" and to provide them with the knowledge and tools necessary to effectively perform the role of "Ship Safety Officer" and to meet regulatory and industry requirements. All Third Mates within the ATL fleet are required to attend this training.

ATL Participants:

Ahmed Chemissa	Paul LeRoy
Alexandre Daunais	Stephanie Theoret
James Gichard	
Mathieu Lafortune-Auger	

Specialized Chemical Tanker

This course was offered at Institut Maritime du Quebec (IMQ) in Saint-Romuald, QC. This course provides an in-depth understanding of the chemical cargo trade and proper operating procedures for safe loading, transporting and discharge of chemical cargoes.

ATL Participants:

Captain Hugh Bain	Luc Morneau
Captain Gregory Crewe	Brook Shipp
Captain Bernard Girard	Derrick Spurrell
Captain Denis Saucier	Paul Vande Bunte
Chief Engineer Tony Fatona	
Barry Benoit	
Paul Boudreau	

Inert Gas

This course was offered at the Marine Institute of Memorial University of Newfoundland (MI) in St. John's, NL. This course provides an in-depth understanding of Inert Gas Plants and proper operating procedures for safe use of the system.

ATL Participants:

Captain Hugh Bain	Blair Pike
Captain Douglas Inglis	Timothy Pitts
Captain Gary Munden	Joshua Rideout
Captain Denis Saucier	Brook Shipp
Chief Engineer Tony Fatona	Raymond Symes
Chief Engineer Serguei Morozov	
Julien Delarosbil	Glenn Titford
Terry Holder	Todd Trenholm
Robert Edwards	Paul Vande Bunte
Mathieu Lafortune-Auger	Philip Woodford

Job Observation (JOBS)

The JOBS observation training is a process for positively reinforcing "Safe" behaviour and identifying, discussing and correcting "At Risk" behaviours. All crew members within the ATL fleet have been trained in this safety program, as well as all cadets that will be working on Algoma vessels. The Cadets on the dry-bulk fleet ships have also been introduced to this safety program.



Cadets from Georgian College



Cadets from British Columbia Institute of Technology (BCIT)



Cadets from Nova Scotia Community College (NSCC)

Name The Vessel Contest



Background:

Algoma has contracted with Nantong Mingde Shipyard for the construction of six new Domestic Dry-Bulk vessels (four self-unloaders and two gearless bulkers). These vessels now known as “Equinox Class” will be delivered between mid 2013 and the end of 2014.

The first vessel to be delivered will be called the *Algoma Equinox* to signify the beginning of this new class of highly efficient and environmentally friendly vessels.

One of the challenges we now have is to determine what to name the other five vessels. To assist in this endeavour, we are seeking name suggestions from our employees for the five unnamed “Equinox Class” vessels.

Contest Rules:

1. All Algoma employees are eligible to participate and may submit up to a maximum of 10 vessel names.
2. Each suggestion must consist of two words with the first word always being “*Algoma*”.
3. The cutoff date for names to be submitted is September 30, 2011.
4. If a name is chosen, the employee(s) that suggested the name will be awarded \$100 in Algoma Bear Bucks.
5. Submit your names by email to: [Bearfacts.ACC@algonet.com](mailto: Bearfacts.ACC@algonet.com) or by mail to:
Algoma Central Corporation
Attention: Bearfacts
20 Corporate Park Drive, Suite 300
St. Catharines, ON L2S 3W2

Good luck and be creative.