ALGOMA CENTRAL CORPORATION

ANNUAL INFORMATION FORM

For The Year Ended December 31, 2007

Unless otherwise specified, herein, the information in this
Annual Information Form is presented as at February 29, 2008

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In this Annual Information Form, all dollar amounts quoted are in Canadian dollars and in thousands except for per share data unless otherwise noted.

Copies of the Annual Information Form, as well as copies of the Corporation's 2007 Annual Report and Management Information Circular, may be obtained at www.algonet.com and www.sedar.com.

This Annual Information Form may include forward-looking statements concerning the future results of the Corporation. These forward-looking statements are based on current expectations. The Corporation cautions that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information, and that actual future results could be affected by a number of factors, many of which are beyond the Corporation's control, including economic circumstances, technological changes ,weather conditions and the material risks and uncertainties identified by the Corporation and discussed on pages 9 to 12 in this report.

1. CORPORATE STRUCTURE

Name, Address and Incorporation of Algoma Central Corporation ("Corporation")

The Corporation was incorporated in 1899 by Special Act of the Parliament of Canada as Algoma Central Railway Company and was continued under the Canada Business Corporations Act in 1986.

The name of the Corporation was changed to The Algoma Central and Hudson Bay Railway Company in 1901, Algoma Central Railway in 1965 and Algoma Central Corporation in 1990.

The Corporation's registered head office is located at 421 Bay Street, Sault Ste. Marie, ON, P6A 1W7. The Corporation's executive offices are located at 63 Church Street, Suite 600, St. Catharines, ON, L2R 3C4.

Intercorporate Relationships

The following are the subsidiaries and joint ventures of the Corporation:

Subsidiaries	Jurisdiction of incorporation	Percentage of voting securities beneficially owned or over which control or direction is exercised	Percentage of non-voting securities owned
Algoma Central Properties Inc.	Ontario	100%	N/A
EnerChem Transport Inc.	Ontario	100%	N/A
Algoma Tankers Limited	Canada	100%	N/A
Algoma Tankers International Inc.	Barbados	100%	N/A
Algoma Shipping Inc.	Barbados	100%	N/A
Algoma Tankers (Denmark) Aps	Denmark	100%	N/A
Joint Ventures			
Marbulk Canada Inc.	Canada	50%	N/A
75 Corporate Park Drive Limited	Ontario	50%	N/A

The Corporation also has other interests through a partnership arrangement with Upper Lakes Shipping Inc. The Corporation has a 58.67% interest in SMT Services ("SMTS"), which in turn has a 99% interest in Seaway Marine Transport ("SMT"), another partnership. Both SMTS and SMT have interests in foreign corporations. SMTS has a 25% interest in Laken Shipping Corporation and SMT has a 100% interest in SMT (USA) Inc., both of which have been incorporated in the State of Delaware.

2. GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Algoma Central Corporation operates through four segments, domestic dry-bulk, product tankers, ocean shipping and real estate.

The domestic dry-bulk marine transportation segment includes the Corporation's domestic dry-bulk fleet, an interest in one tug/barge unit and a ship repair and marine engineering business. The domestic dry-bulk fleet operates primarily through the Seaway Marine Transport partnership, which is fully consolidated as a variable interest entity in the Corporation's consolidated financial statements. The operational and commercial activities of the domestic dry-bulk fleet are combined with those of Upper Lakes Shipping Inc., another Canadian ship owner, in the partnership. Each partner owns its vessels separately from the other partner. The partnership includes a total of 34 Canadian flagged vessels, 19 of which are owned by the Corporation. The dry-bulk vessels carry cargoes of raw materials such as coal, grain, iron ore, salt and aggregates and operate throughout the Great Lakes – St. Lawrence Waterway, from the Gulf of St. Lawrence through all five Great Lakes. Twenty two vessels have self-unloading gear, which enables them to deliver cargoes at locations where there is no shore-side unloading equipment, and twelve bulker vessels, which unload by means of shore-side equipment.

The product tanker marine transportation segment includes ownership and management of the operational and commercial activities of four Canadian flag tanker vessels. The tankers carry petroleum products on the Great Lakes, the St. Lawrence Seaway and the east coast of North America. It also includes the ownership of one product tanker through a wholly-owned foreign subsidiary engaged in world-wide trades.

The ocean marine transportation shipping segment includes ownership of two ocean-going self-unloaders through a wholly owned subsidiary and a 50% interest through a joint venture in an ocean-going fleet of five self-unloaders. The ocean vessels are engaged in the carriage of dry-bulk commodities in world-wide ocean trades. CSL Group Inc. owns the other 50% interest in the joint venture, Marbulk Canada Inc.

The real estate segment includes the ownership and management of commercial real estate in Sault Ste. Marie, St. Catharines, and Waterloo, Ontario. In Sault Ste. Marie, it manages a retail mall, two office buildings, and a residential apartment building and owns a hotel building operated by the Holiday Inn. In St. Catharines, properties include two commercial plazas, two light industrial buildings, three office buildings, and a 50% interest of another office building and vacant land for future development. In Waterloo, the Corporation owns and manages three commercial office buildings.

2. GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The following is a detailed description of the significant events that have influenced the general development of the business over the course of the last three years.

2005

The composition of the domestic product tanker fleet continued to change in 2005 with the purchase of the *Algosea,* a 1998 built double hulled petroleum product tanker, and the transfer to Canadian flag of the *Algosar*, a double hulled petroleum product tanker.

The *Algosea* was purchased in April 2005 with delivery of the vessel in South Africa*.* It entered service as a Canadian flag tanker in July 2005 after undergoing modifications in order to comply with Transport Canada and St. Lawrence Seaway requirements. The delivered cost was $36,027.

The *Algosar*, a former US flag double hulled petroleum product tanker was transferred to Canadian flag in February 2005 from Cleveland Tankers (1991) Inc. Prior to February 2005, the Corporation had a 25% legal interest in Cleveland Tankers (1991) Inc. and had employed the *Algosar* under a long-term charter arrangement through Algoma Tankers (USA) Inc., a 100% wholly-owned subsidiary. Coincident with the transfer to Canadian flag, the vessel underwent modifications to comply with Transport Canada regulations. These modifications, which cost $1,860, were completed on March 15, 2005 and the *Algosar* entered service immediately and operated almost continuously for the balance of the season.

The construction of the commercial office development known as 412 Albert Street which commenced in early 2005 was substantially completed in September 2005. This 27,000 square foot building was 50% owned with a joint venture partner. In 2006, the remaining 50% of the building not owned by the Corporation was purchased from the joint venture partner.

2006

The Corporation purchased the *Amalienborg,* a 1998 built double-hulled petroleum product tanker at a cost of $30,557. The Corporation assumed ownership of the vessel in April and is trading worldwide.

The Corporation purchased a used ocean tanker and constructed a new self-unloading forebody to attach to the aft-end of the tanker. Spending in 2006 totaled approximately $26 million, half of the expected $53 million investment. The vessel , named the *Honourable Henry Jackman*, joined the ocean-going fleet in the third quarter of 2007.

The Corporation purchased the remaining 50% interest of the 412 Albert Street property it did not own from its joint venture partner for $2,481.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2007

The Corporation made a number of significant announcements during the year related to the construction of new vessels, a new business venture and a new office building.

The Corporation currently has nine vessels on order or under construction and a new office building nearing completion. The total capital committed to these projects is approximately $340 million.

A summary of each of these projects follows:

- Construction of a three story office building in Henley Corporate Park. This building, 25 Corporate Park Drive in St. Catharines, Ontario will be occupied by the end of the first quarter of 2008 and the final construction cost is expected to be $5.9 million.
- Construction of two 11,240 deadweight petroleum product tankers at Eregli Shipyard in Turkey. These vessels, the *Algonova* and *AlgoCanada*, are expected to join the Canadian flag tanker fleet in mid 2008 and are expected to cost $41.3 million each.
- Construction of three 16,500 deadweight petroleum product tankers at Jiangxi Jiangzhou Union Shipbuilding Ltd. in China. These vessels are expected to be delivered in late 2010 and early 2011 and are expected to cost $32.6 million each.
- Construction of two maximum Seaway sized self-unloading forebodies which will be attached to the refurbished and upgraded aft-ends of the *Algobay* and *Algoport* at Chengxi Shipyard in China. The completed vessels, which will be jointly owned with our partner in Seaway Marine Transport, are expected to be delivered in late 2009 and the third quarter of 2010, respectively. The Corporation's share of the total cost for these vessels is approximately $64.7 million.
- Construction of two 25,000 deadweight petroleum product tankers at Nangtong Mingde Shipyard in China. These vessels are expected to be delivered in August 2010 and April 2011 and are expected to cost $44.7 million each.

The three 16,500 deadweight product tankers and the two 25,000 deadweight product tankers will be operated and employed jointly with Bernhard Schulte, a German shipowner based in Hamburg, Germany, Sloman Neptun, a German shipowner based in Bremen, Germany and Intrepid Shipping, an American shipowner based in Stamford, Connecticut, as Hanseatic Tankers. The other partners of Hanseatic Tankers have ordered a series of sister ships from the same shipyards.

In addition to the foregoing announced projects, the Corporation took delivery of the *Honourable Henry Jackman* from Chengxi Shipyard in China on July 19, 2007. Since its delivery and return to North America, the vessel has been trading as part of the ocean –going commercial arrangement.

2. GENERAL DEVELOPMENT OF THE BUSINESS

Safety and Environmental Matters

The Corporation strives to be an exemplary leader in safety and environmental management, and is committed to the protection of the environment, particularly the marine environment, the prevention of human injury and loss of life and the protection of property.

To achieve and sustain these goals our operations are guided by the following seven basic principles:

1. Management, operating, maintenance, health, safety and emergency response practices will be conducted in accordance with documented procedures that meet or exceed the highest national and international standards for the marine industry and ensure compliance with all applicable regulations and legislation.

2. Risks to the safety of ships, health of employees and preservation of the environment, will be constantly evaluated and managed.

3. Specific resources will be dedicated to the continual management of safety, health and environmental protection programs, and to communication and co-operation in that respect with Government Agencies, customers and industry associations.

4. All management systems will be subject to periodical internal and external audit, with specific emphasis on health, safety and environmental protection.

5. New projects will be evaluated for potential risks to employees, customers, the general public and the environment.

6. Education and training will ensure personnel familiarize themselves with all applicable procedures and conduct themselves conscientiously with respect to health, safety and environmental protection.

7. Safety and environmental management will be subject to regular review by the Environmental Health and Safety Committee of the Corporation.

The Corporation, in an effort to ensure that it remains proactive on the environmental front, commenced two new environmental initiatives in 2007.

The first initiative is the implementation of an ISO 14001 compliant Environmental Management System on our domestic product tanker fleet which is expected to be completed during 2008. This Environmental Management System will provide the framework for a structured approach to understanding and managing Algoma’s impact on the environment. Through this process we can systematically identify environmental laws and other requirements that are relevant to us and manage aspects of our business that impact on the environment. We will be able to produce objectives for improvement and a management program to achieve them with regular reviews to measure continual improvement.

2. GENERAL DEVELOPMENT OF THE BUSINESS

Both our domestic dry-bulk and product tanker fleets are involved in the second initiative called the “Green Marine” program. This initiative’s objective is to implement a voluntary environmental improvement program in the areas of aquatic invasive species, pollutant air emissions (SOx and NOx), greenhouse gases, cargo residue and oily waters. The “Green Marine” program requires water transportation companies to implement specific best practices that will contribute to reducing the environmental impact of their business activities. Each company’s performance will be rated on a scale of one to five, beginning with regulatory compliance and culminating in excellence and leadership. The results will be communicated annually to the general public in a “Green Marine” annual report.

3. NARRATIVE DESCRIPTION OF THE BUSINESS

Principal Services

The principal services provided by the Corporation are as follows:

1. Domestic dry-bulk which consists of 34 Canadian flagged dry-bulk lake vessels (19 of which are owned by the Corporation), an interest in a tug/barge unit that is under a charter arrangement to the Corporation and a ship repair and marine engineering business. The dry- bulk vessels and the tug/barge unit operate within the Great Lakes, St. Lawrence Seaway and Atlantic Canada. The vessels are designed to carry a variety of dry-bulk products including grain, coal and coke, iron ore and salt.

2. Product tankers consist of four Canadian flagged vessels which operate within the Great Lakes, St. Lawrence Seaway and Atlantic Canada. A fifth, foreign flagged, product tanker operates world-wide.

3. Ocean shipping consists of the ownership of two ocean-going dry-bulk self-unloading vessels and an interest in five others that trade world-wide.

4. The real estate segment consists of development, rental, and management of shopping centres, commercial plazas, a hotel, office buildings and an apartment building in Sault Ste. Marie, St. Catharines and Waterloo, Ontario.

Revenues

Revenue from continuing operations from third-party customers by industry segment and class of service for the two years ending December 31, 2007 and 2006 are as follows:

		2007		2006
Domestic Dry-Bulk	**$**	**413,398**	$	400,461
Product Tankers		**78,719**		79,832
Ocean Shipping		**64,793**		44,813
Real Estate		**23,636**		22,887
	$	**580,546**	$	547,993

In 2007, revenue from two customers totaled 25% (2006 – 26%) of consolidated revenue and approximately 72% (2006 - 72%) of revenue was earned in the geographic segment of Canada. The three marine operating segments in 2007 include export sales, primarily to the United States, of $162,704 (2006 - $153,821).

3. NARRATIVE DESCRIPTION OF THE BUSINESS

Seasonality

The nature of the Corporation's business is such that the earnings in the first quarter of each year are not indicative of the results for the other three quarters in a year. Due to the closing of the canal system and the winter weather conditions in the Great Lakes –St. Lawrence Waterway, the majority of the domestic dry-bulk fleet does not operate for much of the first quarter and significant repair and maintenance costs are incurred in the first quarter to prepare the domestic dry-bulk fleet for the upcoming navigation season. As a result, the first quarter revenues and earnings are significantly lower than the remaining quarters in the year.

With the exception of the significant repair and maintenance costs incurred in the first quarter, the fluctuations and seasonality of the quarterly earnings has become less of a factor in recent years due to the product tanker and ocean-going fleets operating year round, a somewhat longer season for the domestic dry-bulk fleet and the increase in our real estate portfolio.

Foreign Operations

The Corporation has interests which carry on most of their operations in foreign jurisdictions. The Corporation's proportionate share of the assets in foreign jurisdictions at December 31, 2007 and 2006 were $156,808 and $128,101, respectively.

The Corporation's share of revenues in foreign jurisdiction for the years ended December 31, 2007 and 2006 were $74,944 and $53,187, respectively.

Sales outside of Canada, primarily to the United States, were $162,704 in 2007 and $153,821 in 2006.

Locations

The domestic dry-bulk segment has offices in St. Catharines, Ontario, Winnipeg, Manitoba and Cleveland, Ohio. It also has vessel repair facilities in Port Colborne, Ontario.

The product tanker segment has offices in St. Catharines, Ontario, Bridgetown, Barbados and Copenhagen, Denmark.

The ocean shipping segment has offices in Beverly, Massachusetts and Bridgetown, Barbados.

The real estate segment has office and real estate complexes in Sault Ste. Marie, St. Catharines and Waterloo, Ontario. The complex at Sault Ste. Marie consists of a regional shopping centre, a hotel, two office buildings and an apartment building. In St. Catharines, the Corporation owns three office buildings, two commercial properties, two light industrial buildings, and a 50% interest of another office building and vacant land for future development. In Waterloo, the Corporation owns and manages three commercial office buildings.

Banking

Certain assets of the Corporation have been pledged to the Corporation's bankers as security for borrowings of the Corporation.

3. NARRATIVE DESCRIPTION OF THE BUSINESS

Employees

The normal complement of employees is about 1,400, the majority of which are unionized. The Corporation's labour agreements with the collective bargaining units representing the officers and unlicensed crew of the domestic dry-bulk fleet expire on May 31, 2011.

The Canadian flagged vessels in the SMT fleet have labour agreements with various unions representing the officers and seamen. The three labour unions representing the shipboard employees on the Corporation's vessels, including the Canadian Merchant Service Guild, Canadian Marine Officers Union and the Seafarers International Union expire on May 31, 2011. A renewal agreement was reached with the mates on the vessels owned by Upper Lakes Shipping Inc. which will now expire on May 31, 2010. Discussions are ongoing with the engineer's union and Upper Lakes Shipping Inc. with respect to their labour agreement which expired on May 31, 2007. No labour disruptions are anticipated with this group. The labour contract for unlicensed crew on Upper Lakes' vessels expires on May 31, 2008.

The ship repair business has one labour agreement which expires on May 31, 2009.

The domestic product tanker fleet has labour agreements with three bargaining units which expire on July 31, 2010.

4. RISKS AND UNCERTAINTIES

The following section describes both general and specific risks that could affect the Corporation's financial performance. The risks described below are not the only risks facing the Corporation. Additional risks and uncertainties that are not currently known or that are currently considered to be immaterial may also materially and adversely affect the Corporation's business operations.

Shipboard Personnel

Staff availability on vessels is a concern in the marine industry as skilled personnel take a significant amount of time to develop and it is predicted there will be a global shortage of skilled personnel in the coming years due to significant attrition occurring. There are a limited number of training schools available to the industry and the industry faces competition from other sectors to attract and maintain good employees. A lack of shipboard staff could lead to service delays and outages. The Corporation is working with the industry and educators to enhance training programs to ensure an adequate supply of labour will be available to meet its future needs.

Unions

A majority of the crew on each of its domestic vessels belong to a union. Collective agreements are in good standing with each of the unions the Corporation is associated with. The collective agreements expire July 31, 2010 for the domestic product tanker group and May 31, 2011 for the domestic dry-bulk fleet. Certain employees of the ship repair business are employed under a collective agreement expiring May 31, 2009. Failure to enter into new collective agreements with each of the unions representing its workers could result in service outages. The Corporation believes relations are strong with each of the unions and does not expect any service interruptions.

4. RISKS AND UNCERTAINTIES

Partnering

The Corporation operates a significant portion of its capital assets jointly with third parties. Partnerships are seen by the Corporation as an effective tool to expand the business on a global basis. The expanded service capacity a partnership can offer provides additional stability and flexibility to its customer base. The success of its partnerships depends on the on-going cooperation and liquidity of its partners. The Corporation believes it has chosen partners who have similar goals and values and the financial strength to execute the strategies set out by the partnerships.

Outsourcing

The Corporation contracts certain of its technical ship management activities to third parties. The selection of the proper service providers is important to ensure the Corporation’s high performance standards are applied consistently. Agents not acting in the best interests of the Corporation could have a significant impact on the reputation of the Corporation. The Corporation takes great care in ensuring the performance of parties selected to perform outsourced services on its behalf match its high quality standards. Currently the Corporation deals with the two largest ship management companies in the world.

Service Failure

The Corporation’s customers demand a high standard of operational excellence in order to ensure timely and safe delivery of its cargos to their destination. Incomplete or non-performance of services could expose the Corporation to customer complaints, penalties, litigation or loss of reputation. Failure to manage its fleet maintenance and capital improvements could impact the ability to generate revenue. The Corporation maintains stringent operational and maintenance plans to ensure assets perform to the maximum capability, and “Operational Excellence” is a high priority for each business unit.

Capital Assets

The non-performance of a shipyard to complete the construction of a vessel under development would impact on the Corporation’s ability to replace existing assets and expand the business. The Corporation has committed approximately $340 million for the construction of nine new vessels with delivery dates extending to April 2011. These vessels are important to the modernization and service capacity of its fleet and to the business strategy of the Corporation. The shipbuilders have been carefully selected and a knowledgeable supervision team will be in place at each shipyard to ensure successful completion. In addition, the Corporation receives refund guarantees from the shipyards’ bankers for installments made by the Corporation.

Competition

The marine shipping and real estate businesses are highly competitive on domestic and international fronts. The marine shipping business is subject to competition from other forms of transportation such as road and rail freight. Such competition may decrease the profitability associated with any contract and may increase the cost of acquisitions. The Corporation strives to differentiate itself from the competition with superior customer service, having vessels suited to each customer’s needs and maintaining a compliant, safe, efficient and reliable fleet.

4. RISKS AND UNCERTAINTIES

The Corporation believes the effect on earnings due to inflation or specific price changes will be insignificant.

Real estate assets are well maintained to provide long-term capacity to tenants and their users. The geographic and operational diversity of the Corporation will help to mitigate negative economic impact to the sectors in which it operates.

Regulatory

The Corporation is focused on the protection of the environment throughout its operations. Environmental protection is a dominant topic on the world legislative agenda. A change in legislation could have a significant impact on the Corporation's future operations and profitability. Domestically the Corporation is a member of the industry's "Green Marine" initiative to communicate and demonstrate its commitment to playing a leading role in environmental management. The product tanker fleet is preparing for ISO 14001 Environmental Management System certification in addition to its current compliance with International Safety Management Code and ISO 9001 Quality Management Systems. The Corporation's business segments are all in compliance with all applicable environmental laws and regulations.

A change in governmental policy could impact the ability to transport certain cargos. A policy change could threaten the Corporation's competitive position and its capacity to efficiently offer programs or services. The Corporation expects sufficient warning of a policy change providing it time to adjust and minimize the impact on the organization. Any such regulatory change would have a similar impact on our waterborne competitors.

Corporation employees participate in a number of industry associations that advise and provide feedback on potential regulatory change to ensure current knowledge of the regulatory environment.

Water Levels

The Corporation's domestic dry-bulk vessels and product tankers operate primarily in the Great Lakes and the St. Lawrence Seaway. The water levels in ports which the vessels load and unload have the effect of reducing cargo sizes and therefore reducing the profitability of these vessels. Water levels have generally been decreasing the last number of years.
Further drops in water levels in the Great Lakes and the St. Lawrence Seaway, which the Corporation has no control over, could have a significant impact on the future operations and profitability of the domestic dry-bulk vessels and product tankers.

The geographic diversity of the Corporation helps to mitigate the potential impact that could result from adverse affects due to lowering water levels and, in addition, a significant number of the domestic dry-bulk and product tanker customer contracts have freight rate adjustment clauses that provide financial protection for decreasing water levels.

Catastrophic Loss

A major disaster could impact the Corporation's ability to sustain operations and provide essential programs and services. The Corporation's assets may be subject to factors external to its control. .The Corporation has emergency response and security plans for each fleet and vessel that are tested annually in accordance with statutory requirements. The Corporation

4. RISKS AND UNCERTAINTIES

maintains comprehensive insurance coverage on its assets and assesses the adequacy of this coverage annually.

Foreign Exchange

The Corporation operates internationally and is exposed to risk from changes in foreign currency rates. The foreign currency exchange risk to the Corporation results primarily from changes in exchange rates between the Corporation's reporting currency, the Canadian dollar, and the U.S. dollar. The Corporation's exchange risk on earnings of foreign subsidiaries is largely diminished due to both cash inflows and outflows being denominated in the same currency.

The Corporation has significant commitments due for payment in both U.S. dollars and in Euros. The Corporation mitigates the risk associated with the U.S. dollar payments principally through U.S. dollar cash inflows and foreign-denominated debt. The risk associated with the payments due in Euros is largely mitigated through foreign exchange forward contracts.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The table below provides summarized consolidated financial data for the last three years.

	2007	2006	2005
Revenue	$ 580,546	$ 547,993	$ 508,993
Net earnings	$ 52,443	$ 42,059	$ 31,476
Earnings per share	$ 13.48	$ 10.81	$ 8.09
Total assets	$ 533,508	$ 514,299	$ 469,801
Total long-term financial liabilities	$ 30,208	$ 48,343	$ 56,120
Cash dividends declared per share	$ 1.40	$ 1.30	$ 1.00
Earnings from continuing operations	$ 52,443	$ 41,575	$ 30,856
Earnings per share from continuing operations	$ 13.48	$ 10.69	$ 7.93

Factors affecting the comparability of financial data presented above are as follows:

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

In 2005, the Corporation added a tanker in July 2005 and the real estate segment expanded with a 50% interest in a commercial office building in Waterloo, Ontario.

During 2006, the Corporation purchased and entered into service a product tanker that trades worldwide. The Corporation purchased the remaining 50% interest it did not own of a property in Waterloo, Ontario from its joint venture partner. The Corporation commenced construction of a new vessel, spending one-half of the estimated $53 million investment.

In January 2007, the Corporation sold one of the domestic product tankers, the *Algonova.* The Corporation took delivery of the *Honourable Henry Jackman* from Chengxi Shipyard in China on July 19, 2007. Since its deliver and return to North America, the vessel has been trading as part of the CSL International consortium.

The Corporation made a number of significant announcements during the year related to the construction of new vessels, a new business venture and a new office building.
The Corporation has nine vessels on order or under construction and a new office building nearing completion. The total capital committed to these projects is approximately $340 million. Please refer to page four of this report for further information.

Dividends

The declaration of future dividends is subject to the discretion of the Board of Directors after consideration of earnings available for dividends, financial requirements and other conditions prevailing from time to time.

The credit agreement the Corporation currently has with one of its bankers contains a restriction on the amount the Corporation may pay in annual dividends. At this time, the restriction does not practically limit the payment of dividends by the Corporation.

6. MANAGEMENTS' DISCUSSION AND ANALYSIS

The Corporation's Management s Discussion and Analysis is available at www.algonet.com and www.sedar.com.

7. MARKET FOR SECURITIES

The common shares of the Corporation are listed on The Toronto Stock Exchange under the symbol of ALC.

The price ranges and volume of common chares of the Corporation traded on the TSX on a monthly basis for 2007 were as follows:

Month	High	Low	Volume Traded
January	$ 135.00	$ 122.00	6,387
February	$ 132.00	$ 125.00	19,356
March	$ 129.45	$ 125.00	18,556
April	$ 132.17	$ 127.60	7,190
May	$ 135.50	$ 128.75	4,887
June	$ 138.00	$ 133.00	8,399
July	$ 145.00	$ 136.01	5,399
August	$ 148.00	$ 133.02	7,418
September	$ 142.73	$ 137.00	5,573
October	$ 148.00	$ 136.07	4,349
November	$ 145.50	$ 136.30	5,340
December	$ 146.00	$ 136.00	11,067

8. CAPITAL STRUCTURE

Capital Structure

Authorized share capital consists of an unlimited number of common and preferred shares. At December 31, 2007 there were 3,891,211 common shares and no preferred shares issued and outstanding.

The holders of common shares of the Corporation are entitled to vote on the election of directors at the annual meeting of shareholders of the Corporation, on the appointment of auditors, and on any other business that may come before the meeting. Each common share carries one voting right.

9. DIRECTORS AND OFFICERS

The following are the names and municipalities of residence of the directors and officers of the Corporation, their positions and principal occupations within the past five years and the period during which each director has served as director of the Corporation. The bylaws of the Corporation provide that all of the directors hold office until the next annual meeting of shareholders or until their respective successor is elected.

Directors

H. Michael Burns, Vaughan, Ontario
During the last five years Mr. Burns has been a Corporate Director.
He has served as a director of the Corporation since 1981.

William J. Corcoran, Kleinburg, Ontario
During the last five years Mr. Corcoran has been Vice Chairman, Jarislowsky Fraser Limited
He has served as a director of the Corporation since 1992.

Peter R. Cresswell, Sault Ste. Marie, Ontario
During the last five years, Mr. Cresswell has been a Corporate Director.
He has served as a director of the Corporation since 1978

Tim S. Dool, St. Catharines, Ontario
During the last five years, Mr. Dool has been President and Chief Executive Officer of the Corporation.
He has served as a director of the Corporation since 2001.

E. M. Blake Hutcheson, Toronto, Ontario
During the last five years, Mr. Hutcheson has been Chairman and President of CB Richard Ellis Limited.
He has served as a director of the Corporation since 2003.

Duncan N. R. Jackman, Toronto, Ontario
Mr. Jackman has been Chairman, President and Chief Executive Officer, E-L Financial Corporation Limited since September 7, 2004 and prior to that was Managing Director, The Fulcrum Investment Company Limited.
He has served as a director of the Corporation since 1997.

The Honourable Henry N. R. Jackman, Toronto, Ontario
The Honourable Henry N. R. Jackman has been the Honourary Chair, The Empire Life Insurance Company since September 7, 2004 and prior to that was President and Chairman, E-L Financial Corporation Limited.
He has served as a director of the Corporation since 1997. Previously, he served as a director from 1971 to 1991.

Bruce J. Jodrey, Windsor, Nova Scotia
During the last five years, Mr. Jodrey has been Chairman, President and Chief Executive Officer CKF Inc.
He has served as a director of the Corporation since 1990.

9. DIRECTORS AND OFFICERS

Radcliffe R. Latimer, Toronto, Ontario
During the last five years, Mr. Latimer has been Chairman of the Corporation and a Corporate Director.
He has served as a director of the Corporation since 1982.

The Honourable Roy MacLaren, Toronto, Ontario
During the last five years, Mr. MacLaren has been a Corporate Director.
He has served as a director of the Corporation since 2000.

Clive P. Rowe, New York, New York
During the last five years, Mr. Rowe has been a partner in the firm SLS Capital.
He has served as a director of the Corporation since 1999.

Harold S. Stephen, Mississauga, Ontario
During the last five years, Mr. Stephen has been the Chairman and Chief Executive Officer, Stonecrest Capital Inc.
He has served as a director of the Corporation since 2002.

William S. Vaughan, Toronto, Ontario
During the last five years, Mr. Vaughan has been a partner in the firm Heenan Blaikie LLP and McMillan Binch Mendelsohn, LLP.
He has served as a director of the Corporation since 2000.

9. DIRECTORS AND OFFICERS

Officers

Radcliffe R. Latimer, Toronto, Ontario
Chairman

Tim S. Dool, St. Catharines, Ontario
President and Chief Executive Officer

Greg D. Wight, St. Catharines, Ontario
Executive Vice President and Chief Financial Officer
During the last five years, Mr. Wight has been Executive Vice President and Chief Financial Officer, and Vice President, Finance of Algoma Central Corporation.

Robert E. Leistner, St. Catharines, Ontario
Vice President, Algoma Central Properties Inc.
During the last five years, Mr. Leistner has been Vice President, Algoma Central Properties Inc.

Al J. Vanagas, St. Catharines, Ontario
Vice President, Marine
During the last five years, Mr. Vanagas has been Vice President – Marine and General Manager – Ship Management of Algoma Central Corporation.

William S. Vaughan, Toronto, Ontario
Secretary

David G. Allen, Oakville, Ontario
Vice President, Finance
During the last five years Mr. Allen has been Vice President, Finance of Algoma Central Corporation, Group Financial Controller of Norbord Inc. and Assistant Controller of Nexfor Inc.

Shareholdings of Directors and Officers

The directors and senior officers of the Corporation as a group beneficially own, directly or indirectly, or exercise control or direction over 2,234,661 or 57.4% of the common shares of the Corporation.

Committees of the Board of Directors

Executive Committee

The members of the Executive Committee are William J. Corcoran, Tim S. Dool, Radcliffe R. Latimer and Duncan N. R. Jackman.

Audit Committee

The Corporation is required to have an Audit Committee of the Board of Directors.
Please refer to pages 19 to 22 of this Annual Information Form for additional information on the Audit Committee.

9. DIRECTORS AND OFFICERS

Corporate Governance Committee

The members of the Corporate Governance Committee are Duncan N. R. Jackman (Chair), H. Michael Burns, William J. Corcoran, , Radcliffe R. Latimer, The Honourable Roy MacLaren and Clive P. Rowe.

Environmental Health and Safety Committee

The members of the Environmental Health and Safety Committee are William S. Vaughan (Chair), H. Michael Burns, Peter R. Cresswell, Duncan N. R. Jackman, Radcliffe R. Latimer and The Honourable Roy MacLaren.

Seaway Marine Transport Committee

The members of the Seaway Marine Transport Committee are William J. Corcoran, Tim S. Dool, Radcliffe R. Latimer and The Honourable Roy MacLaren.

10. LEGAL PROCEEDINGS

There are no legal proceedings involving a material amount outstanding against the Corporation. For information on contingencies, please refer to Note 12 of the consolidated financial statements.

11. TRANSFER AGENT AND REGISTRAR

CIBC Mellon Trust Company ("CIBC Mellon") is the registrar and transfer agent for the common chares of the Corporation. CIBC Mellon keeps the Register of Holders and the Register of Transfers for the common shares at its principal stock transfer office in the City of Toronto.

12. INTERESTS OF EXPERTS

Deloitte & Touche LLP is the auditor of the Corporation and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

13. AUDIT COMMITTEE

Mandate of the Audit Committee

The purpose of the Audit Committee is to augment and improve financial disclosure by the Corporation and to ensure compliance by the Corporation with all applicable legal requirements in this connection.

In fulfilling this role, the Committee reviews quarterly and annual financial statements prior to Board approval. As part of this process, the Committee reviews all financial statements to satisfy itself with the fairness and consistency of the accounting practices used in creating the statements, ensuring that the Corporation's financial statements comply with Canadian GAAP and present the approved financial statements to the Board for final approval. The Committee is also required to review all news releases containing financial information prior to their release.

The Committee also has responsibility for ensuring the integrity of the external audit process. The Committee is mandated to act as an independent liaison between external auditors and the Corporation. Additionally, the Committee is to ensure that its Auditors are independent and ultimately accountable to the Committee and the Board as representatives of the shareholders. Similarly, the Committee is expected to monitor external audits to ensure sufficient managerial independence and reporting.

The Committee is also responsible for administering the policy regarding employee complaints on accounting and auditing matters. This process allows for confidential employee submissions concerning any accounting or auditing matters.

Composition of the Audit Committee

The Audit Committee is to be composed of only independent directors. The Chair of this Committee must have significant accounting or related financial experience and should not hold more than 20% of the Corporation's issued and outstanding shares. Similarly, current corporate governance standards would require that any member of the Committee holding more than 20% of the issued and outstanding shares of the Corporation cannot be permitted to vote on any matter within the Committee's mandate. There are no members of the current Audit Committee which this restriction applies to.

The members of the Audit Committee are Harold S. Stephen (Chair), William J. Corcoran, E. M. Blake Hutcheson, Duncan N. R. Jackman, Bruce J. Jodrey and Radcliffe R. Latimer.

Each member of the Audit Committee is financially literate and independent.

According to Multilateral Instrument 52-110 – Audit Committees ("MI 52-110"), an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. According to MI 52-110, a member of an audit committee is independent if the member has no direct or indirect material relationship with the Corporation.

13. AUDIT COMMITTEE

Relevant Education and Experience

The education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is described below:

Audit Committee Member	*Education and Experience*
Harold S. Stephen - Chairman	Mr. Stephen is a Chartered Accountant, a Licensed Trustee in Bankruptcy, and a former partner in the accounting firm of Ernst and Young. He has over 35 years experience advising companies in financing and capital restructuring in court supervised and informal reorganization proceedings.
William J. Corcoran	Mr. Corcoran is Vice Chairman of Jarislowsky Fraser. He has a legal background and over 40 years experience in the investment industry which requires working knowledge of accounting principles.
E. M. Blake Hutcheson	Mr. Hutcheson has over 20 years of experience in the real estate investment and finance business. For the last seven years he has been the Chairman and President of CB Richard Ellis in Canada, a large fully integrated commercial real estate services company with over 1,000 employees and has led the finance team of the company on all day-to-day matters and through several acquisitions and mergers. He also sits on several Boards of Directors and has been actively involved in the finance aspects of those businesses. One of those Boards is the parent company's Americas Operating Management Board that oversees the operations of a US$1.7 billion services company. He also has a strong academic background and holds a Graduate Diploma from the London School of Economics (Award of Distinction) and a Masters Degree in Real Estate Development and Finance from Columbia University in New York.

13. AUDIT COMMITTEE

Duncan N. R. Jackman	Mr. Jackman has over 15 years in the investment and finance industries. He has been a corporate director since 1997. He has been employed as a financial analyst with a corporate banking group and a portfolio manager for an investment manager.
Bruce J. Jodrey	Mr. Jodrey has been a corporate director since 1970 serving on many corporate boards across the country. He has over 45 years of experience in manufacturing operations and in financial institutions. During this time Mr. Jodrey has served and is still serving on audit committees in both “for profit” and “not-for-profit” organizations. He is Chairman, President and Chief Executive Officer of a major multimillion dollar Canadian wide manufacturing business with extensive exports to the U.S. Mr. Jodrey is Vice-Chairman of a leading Canadian holding company. He continues to maintain corporate directorships where he is Chair, Vice Chair and President of a number of these companies.
Radcliffe R. Latimer	Mr. Latimer has been a corporate director since 1979. He has served as the Chief Executive Officer of a major corporation for seven years. He has also served on the audit committee of several companies including a major bank, and in each case has been chair of the audit committee for a number of years.

13. AUDIT COMMITTEE

Pre-Approval Policies and Procedures

The Audit Committee has a process for approval of all audit and non-audit services to be provided by its current external auditor.

The process for the audit services requires that an annual client services plan be provided to and pre-approved by the Audit Committee prior to the commencement of services by the auditor.

All requests for non-audit services must be submitted in writing and must provide adequate details as to the particular services to be provided by the external auditor. The Audit Committee must be informed about each non-audit service provided and may not delegate its approval authority to management. Services may be approved by the Chairman of the Audit Committee for non-audit services up to $25 and the Chairman of the Audit Committee advises the Audit Committee of any such pre-approved services at its next meeting.

External Auditor Service Fees

The aggregate fees for services provided by the external auditor in each of the last two years are as follows:

	2007	2006
Audit fees	$ 419	$ 346
Audit-related fees	$ 122	$ 91
Related to other statutory requirements and corporate governace issues		
Tax fees	$ 125	$ 100
Primarily related to fees for commodoity tax revuiews, research and development claims and various tax advise in connection with foreign corporations		
Other	$ 58	$ 203
Primarily related to Bill 198 CEO CFO certification and enterprise risk management assessment		

14. ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Corporation's management information circular for its most recent annual meeting of shareholders which involved the election of directors. Additional financial information is provided in the Corporation's comparative financial statements for its most recently completed financial year.

Requests for additional information should be directed to the Executive Vice President & Chief Financial Officer, Algoma Central Corporation at 63 Church Street, Suite 600, St. Catharines, Ontario, L2R 3C4.

Additional information relating to the Corporation is available on their website at www.algonet.com and with SEDAR at www.sedar.com.

Algoma Central Corporation
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