Annual Meeting
April 29, 2011

Slide #1 – Annual Meeting

Thank you, Mr. Chairman.

One year ago today at our 2010 Annual Meeting, I made the statement that our fleet renewal initiatives appeared to be coming together. Knowing how much work remained, I did not appreciate how quickly things would happen once the ball started rolling.

Slide #2 – Design Specification

At the time, I said that our New Build team had completed the innovative new vessel design for both a domestic self-unloader and a gearless bulk carrier and that these specifications were being shown to shipyards around the world.

In conjunction with BRS, our international new vessel broker, our team initially approached 20 shipyards located in China, South Korea and Croatia. Based on initial expressions of interest this was narrowed down to a short list of five. Further discussions, evaluation and negotiations were undertaken with these yards.

This portion of the process was completed with a Letter of Intent for ten new vessels being signed with Nantong Mingde Shipyard on July 24, 2010. Nantong Mingde is located in China on the Yangtze River Delta.

Slide #3 – Contract Signing

Over the next almost two months, the New Build team worked with Nantong Mingde negotiating the Contract Specifications, the Equipment List and the Construction Contract. This process culminated with conditional contracts being signed on September 14, 2010.

Slide #4 – NMD Shipyard

At this time the pieces of this very complex puzzle were almost all in place. Our New Build team in conjunction with Delta Marin, a leading international vessel designer, had developed a vessel with an innovative hull form resulting in compelling efficiencies and economics, the lull in the world shipbuilding markets resulted in attractive U.S. dollar shipyard pricing and the Canadian dollar had strengthened significantly.

I say almost all in place because one key element was still missing in order for these contracts to receive final approval from the Algoma Board.

Slide #5 - Duty Removal Announcement

As most of you are aware, the last piece of the puzzle was put in place last October 1st by Minister of Finance, Jim Flaherty, when he came to St. Catharines to announce that retroactive to January 1, 2010 the 25% import duty was being removed for cargo vessels and tankers.

I would like to once again thank Minister Flaherty for his vision to see beyond the short-term tax effect of this change and to thank Rick Dykstra, our local Member of Parliament, for his tireless efforts in making duty removal and the remission of $15.3 million for duty already paid on our two newest Product Tankers a reality.

With this announcement we started the process of making the signed contracts effective. This involved various approvals and the receipt of performance security from the Shipyard's Bank.

Slide #6 – Equinox Class Vessels

The process was completed on December 21st when we made our down payment on four maximum Seaway-size Lakes vessels, now called Equinox Class vessels. These vessels, one gearless bulk carrier and three self-unloaders, are scheduled for delivery commencing in mid 2013.

Concurrently we were working with the Canadian Wheat Board to facilitate their ordering of two additional Equinox Class gearless bulk carriers and we were also in discussions with Upper Lakes Group Inc.

regarding the acquisition of their partnership interest in Seaway Marine Transport and the vessels used in this trade.

In February of this year both these projects came to fruition. On February 8th we announced that the Canadian Wheat Board had ordered two Equinox Class bulkers as part of our larger order from Nantong Mingde. Once delivered, these vessels will be chartered to Algoma who will serve as both the commercial and technical manager.

We are very pleased to have formed this partnership with the Canadian Wheat Board representing Western Canadian grain producers. With this commitment, the Wheat Board has signalled its confidence in the long-term future of the movement of grain through the Great Lakes – St. Lawrence Waterway.

Slide #7 – February 25th Announcement

Following on February 25th, we announced that we had entered into a definitive agreement to acquire the Upper Lakes interest in Seaway Marine Transport.

With this acquisition, which closed on April 14th, we have acquired 11 vessels outright, five vessels that were jointly owned with Algoma and an additional Equinox Class gearless bulk carrier on order from Nantong Mingde.

Slide # 8 - *Algoma Mariner* Under Construction

One of the jointly owned vessels is the *Algoma Mariner* which is currently under construction in China. This vessel is expected to be completed in mid May and arrive in Canada by mid July.

The combination of this significant investment in the Equinox Class vessels and the Upper Lakes acquisition will allow us to enhance our focus on the domestic dry-bulk marine transportation segment and the very important task of fleet renewal. These new Equinox Class vessels will provide much needed improvements in operating efficiency and environmental performance. Fleet renewal will allow us to continue our leadership position in domestic dry-bulk transportation and maintain Canadian jobs in this essential sector.

Slide #9 - Equinox Class Video

Slide #10 - 2010 Financial Results

I am now going to move on to review our 2010 results.

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 prior to 2009.

Slide #11 - Revenue

Our consolidated revenue increased to $534 million, up 3% from 2009. The main factors contributing to this improvement were increased operating days and fuel surcharge recoveries from our Domestic Dry-bulk segment and our hotel property re-opening and operating for the majority of the year. These increases were offset somewhat by the reduction of Ocean Shipping revenue due mainly to the impact of the strengthening of the Canadian dollar compared to the U.S. dollar.

Slide #12 – Operating Earnings Net of Tax

We enjoyed a 9% increase in segment Operating Earnings net of income tax in 2010 to $33.6 million compared to $30.7 million for 2009. This increase was due primarily to improvements in the Domestic Dry-bulk and Product Tanker segments from a combination of increased operating days and a reduction in operating costs.

Slide #13 – Earnings Per Share

Despite the increase in segment operating earnings, net earnings for 2010 decreased by $6.2 million to $32.6 million or $8.38 per share compared to net earnings of $38.8 million or $9.98 per share for 2009. This decrease was due mainly to increases in financial and income tax expense and a decrease in net foreign exchange gains on the translation of foreign denominated assets and liabilities.

Slide #14 – Cash Flow from Operations Per Share

Cash flow from operations increased to $74.0 million or $19.02 per share compared to $60.3 million or $15.51 per share. This 23% increase can be mainly attributed to the improvements in operating earnings of the business segments. This cash flow was used to fund dividends of $6.9 million, re-pay term debt of $6.0 million and fund the $32.8 million of capital expenditure incurred in the year.

Slide #15 – Return on Capital Employed

We use Return on Capital Employed or ROCE to measure how effectively management utilizes the capital it has been provided and the value that has been created for shareholders. Our ROCE result decreased slightly from 6.0% in 2009 to 5.9% in 2010.

Slide #16 – Adjusted ROCE

The result for both years is well below our stated ROCE target range of between 10 to 12 percent. A portion of this underperformance can be attributed to the significant progress payments that have been made on capital assets under construction.

If the opening progress payment amount of $123 million and the closing amount of $108 million are excluded from capital, the ROCE result would increase to 7.2% for 2009 and 7.7% in 2010.

Slide #17 – ROCE Improvement Plan

The ROCE results are clearly not acceptable. Management is working on an improvement plan that should result in ROCE reaching the target band by 2014.

This Plan includes three elements. The first being the re-organization and integration of our domestic operations into one entity with a streamlined management team. The second involves an intensified focus on our strategic priority of Operations Excellence. Operations Excellence incorporates cost control, reduced incidents, minimized unproductive time and improved vessel utilization. The third initiative is our domestic dry-bulk fleet renewal program. The Equinox Class vessels will be significantly more efficient as they will carry more cargo at faster speeds with significantly less fuel consumed.

Slide #18 – Share Price vs. Net Book Value

This slide shows a comparison of the Corporation's share price to Shareholders' Equity or Book Value.

For the first time since 2007 our share price exceeds Book Value. This is due to a combination of the continued improvement in our share price (it has doubled since the end of 2008) and due to the IFRS adjustments that have reduced pre 2011 Shareholders' Equity by $13.10 per share.

Slide #19 – 2011 First Quarter Results

The Board of Directors, at a meeting held earlier today, approved the Corporation's 2011 first quarter results and the appropriate press release has been issued.

Slide #20 – 2011 Q1 Dividend

I am pleased to note the Board of Directors also declared a quarterly dividend of $.45 per share. This dividend represents the Corporation's 65th consecutive quarterly dividend and over this same period the quarterly amount has more than doubled.

Slide #21 - 2011 First Quarter Results

As this quarter includes the transition of our accounting standards from Canadian GAAP to International Financial Reporting Standards or IFRS, I am going to ask Peter Winkley, our CFO, to lead us through this part of the presentation.

I have also asked Peter to provide a brief update on our recent financing initiatives.

Thank you, Greg.

Slide #22 - 2011 Q1 Highlights

As with most other Canadian public companies, Q1 is the first quarter that Algoma is reporting under International Financial Reporting

Standards. Our financial report for the quarter is quite a bit longer than usual as a result of this transition so I would like to share some highlights with you today.

Revenues for the quarter increased 4.4% to just over $57 million dollars. Stronger revenues in 2011 from domestic dry-bulk were the primary driver of the improvement in revenues, although this was partially offset by somewhat lower revenues in Ocean Shipping as we had a vessel in dry-dock for part of the quarter.

I should point out that one of the more significant impacts from the transition to IFRS is on our reported revenues. For Q1, we are reporting only our proportionate share of the revenues generated by SMT. Although the revenues included in this year's financial reports for Q1 2010 are adjusted to reflect this same method of accounting for SMT, these 2010 revenues are about $4 million lower than what you would find if you were to look at a report published in 2010 under the former Canadian GAAP rules. There is no impact on reported earnings from this change.

As you are aware, the seasonality of our domestic dry-bulk business results in Algoma reporting a loss in its first quarter. The loss we are reporting for 2011 is about 1.1% lower than for 2010. Strong results in our Product Tanker business were offset by higher operating costs in domestic dry-bulk where we operated our three Salties during the winter. Two non-cash items also impact the 2011 quarter: a mark-to-market adjustment on some foreign exchange hedges and a reduction in a valuation provision. Please see our full reports for further details.

Slide #23 – Impact of IFRS

As I noted, all figures for 2010 and 2011 reflect IFRS as our basis of accounting. IFRS impacted our financial statements in a number of key areas. As noted, our financial statements for Q1 2011 and earlier periods no longer reflect SMT on a fully consolidated basis, and instead reflect our 59% interest in the partnership. Of course, as a result of the acquisition of the remaining interest in SMT, we will fully consolidate it once again beginning in Q2. In addition, we will also report all of the income associated with the vessels we acquired from Upper Lakes, which was not previously included in our earnings at all.

IFRS also produced some significant changes in the closing equity balance at December 31, 2010. The three most important areas impacted by the change are the testing of long-lived assets for impairment, the method of accounting for the significant dry-dock costs that we incur, and the treatment of pension plan net surplus and deficit positions. Combined, these non-cash adjustments resulted in a $51 million reduction in closing equity; however, a portion of this reversed in Q1 as a result of a non-cash impairment adjustment. The impact of the restatement on Q1 of 2010 is less than $0.5 million. Our Q1 reports contains detailed explanations of all of the IFRS transition adjustments we have recorded.

Slide #24 - Financing Activities

Aside from the acquisition that Greg discussed earlier, the other major financial project underway is preparing for the expiry of our current bank financing agreement. The existing agreement was signed in November 2009 and expires later this year. Financial markets are certainly far more attractive than they were in 2009. Our refinancing objectives focus on obtaining access to sufficient funding to support our long-term capital program. In addition, we will achieve a better matching of the debt term to the long-lived nature of our assets and do so at today's attractive borrowing rates.

Slide #25 - Convertible Debenture

Another of our objectives is to broaden our sources of capital away from the traditional bank market. Our first step in this regard was the issuance of convertible debentures in early April. We issued a total of $69 million of debentures at 6% for 7 years. Aside from providing attractive financing that fits nicely in our overall strategy, this issue also introduces the Algoma name to a new category of retail investor and we are hopeful this will help to raise the visibility of Algoma within the retail investor marketplace.

I will now turn the podium back over to Greg for some concluding remarks.

Slide #26 – Challenges for 2011 and Beyond (placeholder)

Thank you, Peter.

Slide #27 -- Challenges for 2011 and Beyond

As is to be expected, we continue to be challenged by the uncertainty of our customers' future volume requirements. This uncertainty, although mainly related to the state of the North American economy, is also impacted by the winter weather conditions around the Great Lakes one year to the next; spring, summer and fall growing and harvesting conditions on the Canadian and U.S. prairies; and the household heating and cooling requirements in Southern Ontario.

That being said, we are building on the improvements we have experienced in 2010 and we do share the cautious optimism of leading experts and forecasters for continued economic recovery and growth in 2011 and beyond.

With the recent acquisition of the SMT partnership arrangement and the Upper Lakes fleet, we are challenged with a re-organization and integration process to achieve significant synergies while at the same time continuing to provide our customers with the same level of reliable service they have come to expect from SMT.

We commenced this process on April 14th and expect it to be fully completed before the end of this year.

We are challenged by the inconsistent and uncertain air emissions and ballast water treatment regulatory initiatives undertaken by Canadian and United States federal, state and provincial governments.

We continue to work with our industry associations and Canadian government agencies to ensure that the final regulations relating to these two issues are both uniform and achievable.

In addition, we have undertaken a number of proactive initiatives over the past several years to ensure that Algoma takes a leadership role in implementing environmental improvements.

To this end we were a founding member of Green Marine which is a voluntary, industry led program designed to encourage continuous improvement in environmental performance.

We have implemented a comprehensive environmental management program on both our domestic product tanker and dry-bulk fleets. These environmental management programs are certified to the ISO 14001 standard.

Our recently announced Equinox Class vessels will also be significant contributors to our reduced environmental footprint as a result of their improved fuel consumption along with the installation of exhaust gas scrubbing equipment and ballast water treatment equipment.

Slide #28 - Environmental Report

And finally, we are pleased to announce that we have published our first formal Environmental Report which spells out in detail our environmental challenges, our current performance and our improvement initiatives.

In keeping with the Environmental theme, we have posted this report on our website instead of bringing copies here today to distribute. I urge everyone to go to our website and read this report.

Slide # 29 - Challenges for 2011 and Beyond

This seven vessel Equinox Class new build order also presents a challenge to our technical department. In order for this project to be considered a success, we need to translate our state of the art Equinox Class design into seven vessels all delivered back to Canada on spec, on time and on budget.

In order to accomplish this we are in the process of assembling a dedicated on-site supervision team. This team will consist of a combination of third party supervision professionals familiar with the Shipyard and its processes and the Algoma New Build team.

We are confident that with the number of skilled resources we will have in place, our Equinox Class vessels will arrive in Canada meeting all objectives.

Slide # 30 – Concluding Remarks

I truly believe we are entering a new era in our domestic water transportation business.

We have developed a strong and committed customer base.

We have announced a significant game changing new vessel order for our domestic dry-bulk segment.

We have previously added new and nearly new vessels to our Product Tanker fleet and we have a supportive Board of Directors who believe in the long-term viability of this business.

That being said, the industry and the Corporation are facing many challenges over the foreseeable future. As a single and unified organization, we are now in a much stronger position to be able to meet these challenges.

Slide # 31 - ONE Vision, ONE Purpose, ONE Team

We are committed to ONE Vision, ONE Purpose, ONE Team.

Thank you.