ALGOMA CENTRAL CORPORATION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual Meeting of Shareholders of Algoma Central Corporation (the "Corporation") will be held at the St. Catharines Golf and Country Club, 70 Westchester Avenue, St. Catharines, Ontario on Friday, April 27, 2012 (the "Meeting"), at the hour of 11:30 o'clock a.m., locally, for the purposes of:

1. Receiving and considering the annual report and financial statements for the year ended December 31, 2011 and the report of the auditors thereon;

2. Electing directors;

3. Appointing auditors, and authorizing the directors of the Corporation to fix their remuneration and the terms of their engagement; and,

4. Transacting such further and other business as may properly come before the Meeting or any adjournment thereof.

A description of the business to be submitted to the Meeting is contained in the accompanying Management Proxy Circular.

Dated at Toronto, Ontario the 15th day of February, 2012.

On behalf of the Board of Directors

William S. Vaughan
Secretary

A Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit a duly executed form of proxy with (i) the Corporation's transfer agent and registrar, CIBC Mellon Trust Company, Attention: Proxy Department, P.O Box 721, Agincourt, Ontario, M1S 0A1 (fax 416-368-0825 or 1-866-781-3111), on or before the close of business on April 25, 2012 or 48 hours prior to the commencement of the Meeting, if the Meeting is adjourned; or (ii) the chairman of the Meeting on the day of the Meeting or any adjournments thereof prior to the time of voting.

Shareholders who are unable to be present personally at the Meeting are urged to sign, date, and return the enclose form of proxy in the envelope provided for that purpose. If you plan to be present personally at the Meeting, you are requested to bring the enclosed form of proxy for identification. The record date for the determination of those Shareholders entitled to receive the Notice of Meeting is the close of business on March 19, 2012.

ALGOMA CENTRAL CORPORATION

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES

THIS MANAGEMENT PROXY CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY AND ON BEHALF OF THE MANAGEMENT OF ALGOMA CENTRAL CORPORATION (THE “CORPORATION”) FOR USE AT THE ANNUAL MEETING OF SHAREHOLDERS OF COMMON SHARES IN THE CAPITAL OF THE CORPORATION (“THE COMMON SHARES OR THE SHARES”) TO BE HELD ON FRIDAY APRIL 27, 2012 (THE “MEETING”) FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING. The Information contained herein is given as of February 15, 2012 except as otherwise noted. It is expected that solicitation of proxies will be primarily by mail, but proxies may also be solicited personally or by telephone by employees of the Corporation or by persons retained by the Corporation for that purpose. The total cost of such solicitation will be borne by the Corporation.

The Corporation may pay reasonable costs incurred by persons who are registered but not beneficial owners of Common Shares (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of the Notice of Meeting, Management Proxy Circular and form of proxy to beneficial owners of such shares. The Corporation will furnish to such persons, without cost, upon request to CIBC Mellon Trust Company, Attention: Proxy Department, P.O Box 721, Agincourt, Ontario, M1S 0A1 (fax 416-368-0825 or 1-866-781-3111), and additional copies of the Notice of Annual Meeting, Management Proxy Circular and form of proxy for this purpose. Executed proxy forms may be mailed or faxed to CIBC Mellon Trust Company at that address.

MANNER OF VOTING PROXIES

General

Shareholders who are unable to attend the Meeting in person and who wish to have their shares voted at the Meeting are requested to date, sign, and return, in the envelope provided for that purpose, the enclosed form of proxy. Proxies must be deposited: (i) with the Corporation’s transfer agent and registrar, CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1 (fax 416-368-0825 or 1-866-781-3111), on or before the close of business on April 25, 2012 or 48 hours prior to the commencement of the Meeting, if the Meeting is adjourned; or (ii) with the chairman of the Meeting prior to the commencement of the Meeting or any adjournments thereof prior in order for the shares represented thereby to be voted at the Meeting or any adjournment thereof.

The shares represented by any proxy in favour of management nominees will be voted or withheld from voting in accordance with the instruction of the shareholder and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. Where no choice is specified, the shares represented by such proxy will be VOTED in favour of those matters set out in the enclosed proxy and at the discretion of the proxy holder with respect to other matters that may properly come before the Meeting. Management knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the foregoing notice of meeting. However, if any amendments, variations or other matters which are not known to management should properly come before the Meeting or any adjournment(s) or postponement(s) thereof, the share represented by the proxies in favour of management nominees will be voted on such amendments, variations or other matters in accordance with the best judgment of the proxy nominee.

THE PERSONS NAMED IN THE ENCLOSED PROXY ARE MEMBERS OF THE CORPORATION’S MANAGEMENT. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION, TO REPRESENT THE SHAREHOLDER AT THE MEETING MAY DO SO EITHER BY INSERTING SUCH OTHER PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE ENCLOSED PROXY AND DELETING THE NAMES PRINTED OR BY COMPLETING ANOTHER PROXY FORM.

Voting by Non-Registered Shareholders

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares owned by a person (a “non-registered holder”) are registered to either (a) in the name of an intermediary (an "Intermediary") that the non-registered holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, registered retirement income funds, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as, The Clearing and Depository Services Inc. ("CDS")) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101, the Corporation has distributed copies of the Management Proxy Circular and the accompanying Notice of Meeting, together with the form of proxy, and annual report which contains the financial statement of the Corporation (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to non-registered holder of common shares.

Intermediaries are required to forward the Meeting Materials to non-registered holders unless a non-registered holder has waived the right to receive them. Very often, intermediaries will use service companies to forward the Meeting Materials to non-registered holders. Generally, non-registered holders who have not waived the right to receive Meeting Materials will either:

a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the non-registered holder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered holder when submitting the proxy. In this case, the non-registered holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified above under "Appointment and Revocation of Proxies", or

b) be given a form of proxy which has already been signed by the Intermediary and which, when properly completed and signed by the non-registered holder and returned other Intermediary or its service company, will constitute voting instructions (often called a "Voting Instruction Form") which the Intermediary must follow. Typically the non-registered holder will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the non-registered holder must remove the label from the instruction and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its services company in accordance with the instruction of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the common shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons designated as proxy holders by Management of the Corporation in the form of proxy and insert the name of the non-registered holders in the blank space provided, who need not be a shareholder of the Corporation. Non-registered holder should carefully follow the instruction of the Intermediary including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.

REVOCATION OF PROXIES

Any shareholder who has given a proxy may revoke such proxy by depositing an instrument in writing executed by such shareholder or by his attorney authorized in writing at the office of the Corporation at 63 Church Street, Suite 600, St. Catharines, Ontario, L2R 3C4, on or before the last business day preceding the day of the Meeting or any adjournment thereof or, as to any matter upon which a vote has not already been cast pursuant to the authority conferred by such proxy, with the Chairman of the Meeting of the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

OUTSTANDING SHARES

The Corporation is authorized to issue an unlimited number of Common Shares and preferred shares, of which, there are 3,891,211 Common Shares issued and outstanding and no preferred shares issued and outstanding as at February 15, 2012. The Common Shares, which will carry one vote each, may be voted at the Meeting. In accordance with the provisions of the Canada Business Corporations Act, the Corporation has fixed March 19, 2012 as the record date (the "Record Date") and will prepare a list of the holders of its Common Shares as of the close of business such date. A shareholder named in such list will be entitled to vote his share at the Meeting except to the extent that (a) the shareholder has transferred ownership of any such shares after the date on which the list is prepared, and (b) and the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he owns the shares and demands, not later than 10 days before the Meeting, that his name be included in the list, in which case the transferee is entitled to vote such shares at the Meeting.

PRINCIPAL HOLDERS OF COMMON SHARES

To the knowledge of the directors and officers of the Corporation, the following table indicates the holding of shareholders who beneficially own, or exercise control or direction over, more than 10% of the outstanding Common Shares of the Corporation on February 15, 2012.

Shareholder	Number of Common Shares (includes direct or indirect ownership or control)	Percentage of issued Common Shares
Amogla Holdings Limited	1,155, 045	29.7%
E-L Financial Corporation Limited	987,892	25.4%

MATTERS REQUIRING APPROVAL BY SHAREHOLDERS

ELECTION OF DIRECTORS

The Board of Directors of the Corporation (the "Board") consists of such number, not being less than five or more than 15, as shall be determined by the directors from time to time. The Board has passed a resolution determining that the Board shall consist of eight directors until changed by the Board, and eight directors shall be elected at the Meeting. Directors elected at the Meeting will serve until the next annual meeting of shareholders or until their respective successors are elected or appointed. Management does not contemplate that any of the proposed nominees will be unable to serve as a director. If for any reason any proposed nominee is unable to serve as such, the representatives of management, if so named as proxy, reserve the right to vote for any other nominee in their sole discretion. The following information relating to the nominees as directors is based partly on the Corporation's records and partly on information received by the Corporation from such persons and is given as at February 15, 2012.

Name and place of residence	Present principal occupation, business or employment (8)	First year became a director (5)	Number of common shares (6)
H. Michael Burns (1) (2) (3) Vaughan, Ontario, Canada	Corporate Director	1981	600
Richard B. Carty (2) Toronto , Ontario, Canada	Vice-President, General Counsel and Corporate Secretary, E-L Financial Corporation Limited	2010	450
E. M. Blake Hutcheson (1) Toronto, Ontario, Canada	President and Chief Executive Officer, Oxford Properties Group Inc.	2003	-
Duncan N. R. Jackman (1) (2) (3) (4) Toronto, Ontario, Canada	Chairman, President and Chief Executive Officer, E-L Financial Corporation Limited	1997	3,000
Clive P. Rowe (2) (4) New York, New York, U.S.A.	Partner, Oskie Capital	1999	450
Harold S. Stephen (1) (2) Mississauga, Ontario, Canada	Chairman and Chief Executive Officer, Stonecrest Capital Inc.	2002	2,000
William S. Vaughan (3) (8) Toronto, Ontario, Canada	Partner, Heenan Blaikie LLP	2000	400
Greg D. Wight (4) St. Catharines, Ontario, Canada	President and Chief Executive Officer, Algoma Central Corporation	2008	4,000

(1) Member of the Audit Committee

(2) Member of the Corporate Governance Committee

(3) Member of the Environmental, Health and Safety Committee

(4) Member of the Executive Committee

(5) Each proposed nominee who is stated to have first become a director in a specified year has served continuously as a director from the year indicated.

(6) Represents the number of common shares beneficially owned, directly or indirectly, or over which control or direction is exercised.

(7) Each of the above-mentioned directors has had the same occupational status for the past five years, with the exception of Blake Hutcheson who, prior to February 1, 2010, was a partner of Mount Kellet Capital Management LLC and prior to April 18, 2008, was President and Chairman, CB Richard Ellis Limited, and Greg D. Wight whom during the last five years has been President and Chief Executive Officer, Executive Vice President and Chief Financial Officer of the Corporation.

(8) William. S. Vaughan was a director and the secretary of Windy Mountain Mineral Explorations Ltd. from June 28, 1990 to May 5, 2003. The shares of Windy Mountain Mineral Explorations Ltd. were subject to a cease trade order issued by the Ontario Securities Commission on June 26, 2003. Windy Mountain Mineral Explorations Ltd. subsequently filed for voluntary bankruptcy on July 3, 2003. William S. Vaughan was a director of Copper Mesa Mining Corporation which was subject to a cease trading order issued by the British Columbia Securities Commission on April 8, 2009 with respect to the company's failure to file the December 31, 2008 audited financial statements and Management's Discussion and Analysis, which order was rescinded on June 3, 2009. The cease trading order was subsequently re-instated and Copper Mesa Mining Corporation eventually ceased doing business.

APPOINTMENT OF AUDITORS

The Corporation's current auditors are Deloitte & Touche, LLP. It is intended to vote proxies received in favour of management nominees in favour of the firm Deloitte & Touche, LLP, the present auditors, as auditors of the Corporation for an additional one year term. A majority of votes cast is required to re-appoint the auditors.

REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

COMPENSATION DISCUSSION & ANALYSIS

This section provides information regarding the compensation program in effect in 2011 for the Chief Executive Officer (the "CEO"), Chief Financial Officer (the "CFO"), and the three other most highly compensated executive officers, collectively the Named Executive Officers (the "NEO"s).

The Corporate Governance Committee of the Board recommends to the Board compensation of directors and senior officers. The members of the Corporate Governance Committee are Clive P. Rowe (Chairman), H. Michael Burns, Richard B. Carty, Duncan N. R. Jackman and Harold S. Stephen.

Executive Summary

The compensation program for the senior officers comprises base salary and a non-equity incentive compensation plan. In establishing base salary, both length of service and individual performance are considered. The incentive compensation plan is a hybrid plan, which offers both short term and longer term incentive and is based on corporate financial and individual performance.

Compensation Philosophy and Objectives

The compensation program has the following objectives:

1. To provide a compensation program that is fair and competitive, in order to attract and retain well-qualified and experienced executives within the Corporation;

2. To focus executives efforts on business performance by providing an incentive program that directly links both short term and longer term compensation to business results; and,

3. To recognize individual performance by providing clear and measurable objectives for executive performance.

Elements of Executive Compensation

The compensation program for senior officers is composed of two main elements: base salary and incentive program.

Compensation Element	**Form**	**Performance Period**	**Determination**
Base Salary (see Note 1)	Cash	Annual	See Note 1
Annual Incentive Program – Hybrid Short/Long Term Plan (see Note 2)	Cash	50% of the award is paid out annually; the other 50% is deferred for three years. Deferred portion is forfeited if executive terminates his or her employment prior to retirement.	Target awards are based on executive level and actual payouts are based on the achievement of corporate financial targets and individual objectives.

Note 1. Base Salary

The Corporate Governance Committee, of whom all five directors are independent, recommends to the Board of the Corporation the base salaries of the senior officers. Actual individual salaries are based on a number of factors including the individual's experience, level of responsibility within the Corporation and performance. The Board takes into account the compensation practices of other Canadian public companies so that executive compensation is competitive, both in terms of the individual components and in aggregate. Compensation surveys and management recommendations may be used by the Board as part of this process. The Board does not benchmark to any particular company or companies, but they Board may use as a resource informal compensation surveys and compensation information through more formal compensation surveys performed by human resource consulting companies.

Note 2. Annual Incentive Program – Hybrid Short/Long Term Plan

The incentive program for senior officers has been designed to support the achievement of key business goals and focus the Corporation's senior officers on the long-term success of the organization.

The plan has been designed to:

- Attract, retain, and reward senior officers in both the short and long-term;
- Recognize senior officers for corporate, business unit and individual performance, and;
- Align senior officer and stakeholder interests.

The key measures in the plan include improving the Return on Capital Employed (ROCE) and managing controllable expenses. ROCE is determined by dividing operating earnings net of tax of the Corporation by adjusted capital employed. Adjusted capital employed is equal to the average equity and debt of the Corporation during the year, adjusted for excess cash and deposits on vessels under construction, as determined by the Directors of the Corporation. Operating earnings is determined on an annual basis by applying an average effective tax rate to the combined operating earnings of the Corporation's segments, as reported in the Corporation's Segment Disclosures note. The Corporate Governance Committee exercises judgment from time to time to exclude or include items from both of these calculations that are determined not to be indicative of management's performance during the year. The Corporation uses ROCE as a measure of management's efficient and effective use of the capital resources entrusted to them. The

Corporation's long-term target for ROCE for internal investment approval is 10% to 12% and annual target for compensation purposes is determined by the Corporate Governance Committee based on expected results for the year in the context of this long-term target.

On an annual basis, key performance targets are established by the Corporate Governance Committee. Senior officer individual performance targets are recommended by the CEO and approved by the Corporate Governance Committee. In the case of the CEO, individual performance targets are developed and approved by the Corporate Governance Committee. The actual incentive for the CEO can vary between 0% and 100% of base salary, and can vary between 0% and 67.5% for the other senior officers, depending on the level of achievement of the performance and individual targets.

The Corporation understands the importance of effective risk management and regulatory compliance, both generally and in the context of compensation policies. Risk management and regulatory compliance activities are integrated into management's decision making processes and these activities are regularly reported to the Board or to committees of the Board. The Board does not have compensation practices which, for example, reward or incent excessive risk taking, or in which short term results are much more heavily weighted than longer term results.

The Corporation's policy is as follows:

1. To be managed to meet its balanced responsibilities to its shareholders, employees, customers and to other stakeholders.
2. To strive to be an exemplary employer and corporate citizen in environment management by carrying out sound operational and management practices to ensure its operations and facilities are in compliance with all applicable legislation providing for the protection of the environment, employees and the public.
3. In the absence of legislation, to minimize the environmental impact on the public, employees, customers and property within the limitations of technology and economic viability.
4. To constantly aspire to a safe, clean, healthy workplace within the context of a clean, healthy, sustainable natural environment.
5. To manage renewable and non-renewable resources for the benefit of future generations and to seek methods to improve the wise use of resources through such methods as renewal and recycling.

To achieve this policy 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 industries in which we operate 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.

As stated above, the compensation programs have discretionary bonuses which are largely dependent on the corporate performance and individual contribution to corporate performance. The compensation programs do not reward risk taking but are designed to achieve the appropriate balance of achievement of both shorter term and longer term goals, in accordance with the business plans approved by the Board and in the context of the management principles set out above. The Corporate Governance Committee of the Board has a high degree of involvement with the compensation programs and annual incentive awards for executives, and these awards are reviewed annually with the Board in the context of the Board's oversight of senior management.

The weighting of the corporate and individual components of the incentive plan is dependent upon the employee's level within the organization.

Level	Target Award as a % of Base Salary	Corporate Component Weighting	Individual Component Weighting
Chief Executive Officer	70%	75%	25%
Chief Financial Officer	35%	75%	25%
Other NEOs	35-45%	75%	25%

Under the hybrid incentive program, 50% of the current year's incentive is paid out in cash after the fiscal year end and the balance is deferred and paid out after three years. The deferred amount is forfeited if the employee terminates their employment prior to retirement. On retirement of the NEO, the deferred amount is paid out in full.

Summary Compensation Table

The following table sets forth the compensation earned by the CEO, CFO, and by each of the other NEOs for the years ended December 31, 2011, 2010, and 2009.

Name and Principal Position	Year	Salary	Share-based Award	Option-based Awards	Non-equity Incentive Plan Compensation		Pension Value	All Other Compensation	Total Compensation
					Annual Incentive Plans (1)	Long-term Incentive Plans			
Greg D. Wight President and Chief Executive Officer (2)	2011 2010 2009	$428,250 $406,000 $381,250	Nil Nil Nil	Nil Nil Nil	$435,000 $253,327 $70,000	Nil Nil Nil	$269,800 $102,100 $276,500	Nil Nil Nil	$1,133,050 $761,427 $727,750
Peter D. Winkley Vice President, Finance and Chief Financial Officer (3)	2011 2010	$216,875 $59,058	Nil Nil	Nil Nil	$115,500 $18,821	Nil Nil	$26,000 $7,200	Nil Nil	$358,375 $85,079
Algis J. Vanagas Senior Vice President, Technical	2011 2010 2009	$243,600 $223,300 $216,250	Nil Nil Nil	Nil Nil Nil	$168,750 $99,667 $24,750	Nil Nil Nil	$92,100 $45,100 $88,400	Nil Nil Nil	$504,450 $368,067 $329,400
Wayne A. Smith Senior Vice President Commercial (4)	2011 2010 2009	$243,600 $223,300 $216,250	Nil Nil Nil	Nil Nil Nil	$168,750 $99,667 $24,750	Nil Nil Nil	$105,500 $41,900 $81,000	Nil Nil Nil	$517,850 $364,867 $322,000
Thomas G. Siklos Vice-President, Real Estate (5)	2011 2010	$192,500 $107,917	Nil Nil	Nil Nil	$102,375 $16,166	Nil Nil	$23,100 $13,400	Nil Nil	$317,975 $137,483

(1) Fifty percent of the incentive earned in a year is deferred. Please refer to the Compensation Discussion and Analysis for further information. The amount of deferred incentives at December 31, 2011 for the CEO, CFO. and other NEOs are as follows: Messrs. Wight $379,164, Winkley $57,750, Vanagas $146,584, Smith $146,584 and Siklos $51,188.

(2) Effective May 1, 2008, Mr. Wight was appointed President and Chief Executive Officer. Prior to May 1, 2008, Mr. Wight was Executive Vice President and Chief Financial Officer.

(3) Effective September 21, 2011, Mr. Winkley was appointed Vice President, Finance and Chief Financial Officer, Prior to joining the Corporation, Mr. Winkley was Vice President, Finance and Chief Financial Officer of Therapure Biopharma Inc. Prior to June, 2008, Mr. Winkley was Vice President, Corporate Finance of MDS Inc.

(4) Effective May 1, 2008, Mr. Smith was appointed Senior Vice President- Commercial. Prior to May 1, 2008, Mr. Smith was Vice President, Marketing and Traffic with Seaway Marine Transport, a partnership in which the Corporation had an interest in.

(5) Effective June1, 2010, Mr Siklos was appointed Vice President Real Estate. From December 1, 2006 to June 1, 2010, Mr. Siklos was Chief Operating Officer of Resort Owners Group Inc. Prior to December 1, 2006, Mr. Siklos was Director of Leasing for Blackwood Partners.

New Deferred Incentive Compensation Plan

The Corporation is planning to implement a revised non-equity executive incentive compensation plan for its fiscal 2012 year. Under the existing plan, fifty percent of the incentive compensation earned in a year is deferred and vests and is paid to executives, including the CEO, CFO, and other NEOs, at the end of three years. Under the proposed plan (the “New Plan”), fifty percentage of the incentive compensation earned in a year (the “Eligible Amount”) will be in the form of Performance Share Units (“PSUs”). The number of PSUs granted will be determined by dividing the Eligible Amount for each executive by the average closing share price of common shares of the Corporation on the five days preceding and the five days following the date of issue of the PSUs. The PSUs will vest on the third anniversary of the date of grant and paid out in cash based on the average closing share price on the five days preceding and the five days following the vesting date. The first grant of PSUs under the New Plan is expected to occur in February 2013, based on incentive compensation earned for 2012.

In anticipation of the implementation of the New Plan, the Corporation is proposing to pay existing deferred incentive compensation amounts to the CEO, CFO, and other NEOs, provided the recipient agrees to invest the after-tax proceeds of these payouts in common shares of the Corporation and to hold the acquired shares for a period at least equal to the deferral period under the existing plan.

Retirement Benefit Plans

Pension benefits for Messrs. Wight, Smith and Vanagas are determined primarily by the average of the highest sixty consecutive months of pensionable salary in the last ten years of plan service and years of pensionable service. Effective January 1, 2010, the Corporation closed its defined benefit plan to new members. All employees who joined the Corporation subsequent to the date became members of a defined contribution plan. For Messrs. Siklos and Winkley, pension benefits are based on the defined contribution formula.

The following tables sets out the estimated pension benefits for the CEO and the NEOs. Remuneration covered by the pension plan is based on salary only. Defined benefit pensions are paid as a life annuity to retired employees and continue at 60% thereof to surviving eligible spouses. The pension table excludes any amount payable by the Canada Pension Plan.

Employee Contributions

The defined benefit and the defined contribution components of the Plan are currently non-contributory. During 2011, the Corporation contributed an amount to the defined contribution plan for eligible senior officers based on 12% of the senior officer’s Base Salary, up to Canada Revenue Agency (“CRA”) maximum contribution limits.

The disclosures in these tables are based on the same assumptions used to prepare the Corporation’s financial statements.

Defined Benefit Table

Name and Principal Position	Number of Years Credited Service	Annual Benefits Payable		Accrued Obligation At Start of Year	Compensatory	Non-compensatory	Accrued Obligation at Year End
		At Year End	At Age 65				
Greg D. Wight President and Chief Executive Officer	31.92	$243,800	$336,700	$2,904,200	$269,800	$616,600	$3,790,600
Algis J. Vanagas Senior Vice President, Technical	29.75	$134,500	$178,600	$1,656,800	$92,100	$339,300	$2,088,200
Wayne A. Smith Senior Vice President, Commercial	16.42	$85,000	$136,300	$854,600	$105,500	$257,300	$1,217,400

Defined Contribution Table

Name and Principal Position	Accumulated Value At Start of Year	Compensatory	Non-compensatory	Accumulated Value at End of Year
Peter D. Winkley Vice President, Finance and Chief Financial Officer	$7,200	$26,000	$200	$33,400
Thomas G. Siklos Vice President, Real Estate	$13,400	$23,100	$300	$36,800

Normal Retirement Pension

Named Executive Officers that are members of the Corporation’s defined benefit plan are entitled to an annual pension based on 2.25% of final average pensionable earnings multiplied by the number of years of pensionable service.

Named Executive Officers that are members of the defined contribution plan are entitled to pension benefits based on the current defined contribution formula of 12% of Base Salary.

The pensions are paid to Named Executive Officers from the Corporation’s Pension Fund in accordance with the provisions contained in that plan and from an unfunded Supplementary Employee Retirement Plan (“SERP”). The amount paid from the SERP provides a benefit based on the difference between the annual pension obligation as calculated less amounts paid under the Corporation’s defined benefit and defined contribution Plan formulas and the CRA maximum pension payable under the Plan.

The tables above reflect the combined amounts payable under both the registered pension plans and the unregistered SERP. During 2011, the Corporation made all required employee contributions for the defined benefit plan and the defined contribution plan on behalf of the Named Executive Officers.

Early Retirement Pension

A member may retire within 10 years of the earliest age at which an unreduced pension is payable. The accrued defined benefit pension is reduced by ½% for each month by which the executive's early retirement date precedes his normal retirement date (or age 60 if the member has a minimum of 25 years of service). A member who has a minimum of 25 years of service, and attained age 60 or whose attained age (minimum of 55) plus years of service total a minimum of 85, may retire without any reduction.

Transfer Provision

A transfer provision exists within the Plan, subject to applicable legislation and at the sole discretion of the Corporation, to allow amounts to be transferred into the Plan from a registered pension plan of a Member's previous employer. At the time of transfer, the Corporation shall determine the actuarial equivalent lifetime pension provided by the amount of transfer based on the Plan provisions then in effect.

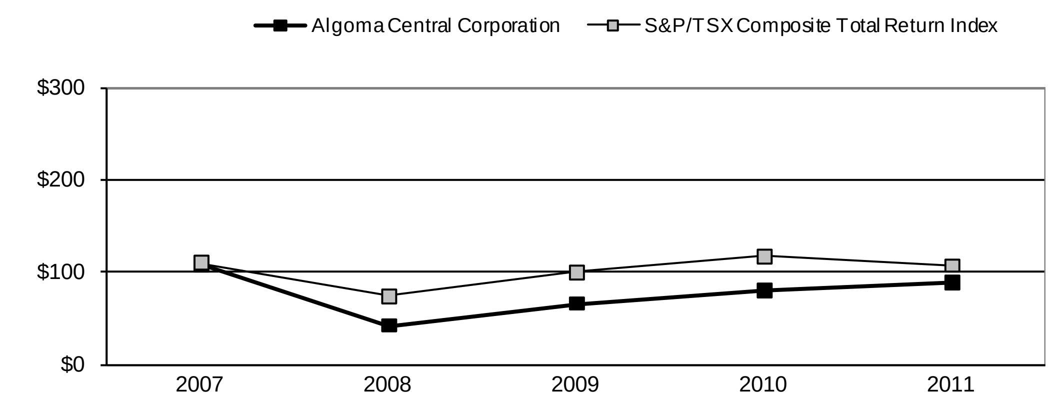
Disclosure of Termination and Change of Control Benefits

The Corporation has not entered into any termination or change of control agreements with the CEO, CFO or other NEOs.

Performance Graph

The following graph compares changes over the five years ended December 31, 2011 in the value of $100 invested at January 1, 2007 in common shares of the Corporation and in the TSX Composite Index assuming reinvestment of dividends.

In general, the total average compensation of the CEO, CFO, and other NEOs has generally followed a similar trending to the S&P/TSX Composite Total Return Index over the period 2007-2011 except for 2008, when the total average compensation did not trend similarly to the S&P/TSX Composite Total Return Index mainly due to the dramatic drop in this index in the last quarter of the year. The total compensation of the CEO, CFO and other NEOs is more generally linked to the increase in the Corporation's earnings over this same period.



	2007	2008	2009	2010	2011
Algoma Central Corporation	$107.74	$41.75	$65.76	$79.84	$88.64
S&P/TSX Composite Total Return Index	$109.83	$73.58	$99.38	$116.87	$106.69

Compensation Consultant – 2011

The Corporate Governance Committee of the Corporation engaged Hugessen Consulting Inc. in April, 2011 to act as its independent advisor to assess the appropriateness of its executive compensation, and to provide it with guidance and advice on compensation issues. Hugessen provides no other services to the Company. Hugessen was directly retained and instructed by and reports to the Corporate Governance Committee. There is no expectation that management would independently retain Hugessen. The decisions made by the Corporate Governance Committee are the responsibility of the Committee and may reflect factors and considerations in addition to the information and recommendations from Hugessen.

Executive Compensation – Related Fees

The aggregate fees paid to Hugessen for the services described above were $66,627 (2010 – Nil).

All Other Fees

There were no other fees paid to any other compensation consultant.

Compensation of Directors

Members of the Board of Directors are compensated by way of annual retainer, a fee for sitting as a member on or a chair of a committee of the Board, and meeting attendance fees. The Corporate Governance Committee of the Board reviews the compensation of directors annually, recognizing the need for competitive compensation, as well as the risk, workload and time involved in being a director. Typically these Director fees will increase annually by a similar percentage as general staff salary increases for the Corporation.

During 2011, each director of the Corporation, was paid $22,500 per year for serving as a director, $6,000 per year for each committee of the Board on which the director served, $5,000 per year for each committee of the Board of which the director served as Chairman and $1,670 per meeting of the Board or a committee that the director attended in person or by telephone. The President and Chief Executive Officer is not paid for serving as a director. The Secretary is a partner in the law firm Heenan Blaikie LLP . In 2011, the Corporation paid Heenan Blaikie LLP fees totalling $113,629.

Name	Fees Earned	Share-based Awards	Option-based Awards	Non-equity Incentive Plan Compensation	Pensi on Value	All Other Compensation	Total
H. Michael Burns	$70,560	Nil	Nil	Nil	Nil	Nil	$70,560
Richard B. Carty	$55,220	Nil	Nil	Nil	Nil	Nil	$55,220
Tim S. Dool	$55,220	Nil	Nil	Nil	Nil	Nil	$55,220
E. M. Blake Hutcheson	$55,220	Nil	Nil	Nil	Nil	Nil	$55,220
Duncan N. R. Jackman	$175,710	Nil	Nil	Nil	Nil	Nil	$175,710
Clive P. Rowe	$69,390	Nil	Nil	Nil	Nil	Nil	$69,390
Harold S. Stephen	$76,070	Nil	Nil	Nil	Nil	Nil	$76,070
William S. Vaughan	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Greg D. Wight	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Directors' and Officers' Insurance

The Corporation maintains directors' and officers' liability insurance with a policy limit of $10 million in the aggregate subject to certain exclusions and subject to deductibles as follows: there is no deductible payable in respect of directors and officers; and $75,000 for each loss in respect of corporate reimbursement. Generally, under this insurance the Corporation is reimbursed for payments made under corporate indemnity provisions on behalf of its directors and officers, and individual directors and officers are reimbursed for losses arising during the performance of their duties for which they are not indemnified by the Corporation. The annual premium in respect of such insurance for 2012 is $42,750 of which $40,612 is payable by the Corporation and $1,546 is payable by directors and officers.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

General

Primary responsibility for managing the Corporation lies with the Board, although day-to-day management of the business of the Corporation is carried out by the Corporation's officers and employees, the Board sets policies and goals for management of the Corporation and supervises the implementation of those policies and goals. Certain duties, more effectively carried out by a smaller number of directors, are delegated to various committees of the Board, which report to the Board with their recommendations.

The Corporation's Board and its Corporate Governance Committee have carried out a study of the current corporate governance initiatives of Canadian regulators (including National Instrument 58-101) in order to ensure that the Corporation's approach to corporate governance is current, appropriate and effective. The Board and said committee are satisfied that the Corporation's corporate governance practices meet these tests. Specifically, the Corporate Governance Committee is charged with the responsibility of at least annually assessing the effectiveness and contribution of the Board and its committees and the competencies and skills of the Directors and reporting the results of that assessment to the Board of Directors.

Mandate of the Board of Directors

The mandate of the Board is to enhance shareholder value by careful management of the Corporation's core businesses and by continuously assessing long-range opportunities to expand these businesses.

To this end, the Board sets long-term goals and approves strategic planning and policies established by senior management. At least yearly, the Chief Executive Officer reviews the Corporation's business plan and makes submissions to the Board. The Board reviews the business plan and management submissions and approves if appropriate.

As part of the annual audit process and the preparation of management's discussions and analysis of financial condition and results of operations contained in the Annual Report to Shareholders, the Audit Committee, in conjunction with management and the auditors appointed by the shareholders of the Corporation, reviews business risks and how the Corporation addresses those risks. In addition, the auditors assess, as part of their annual audit, the Corporation's internal control systems and make recommendations to the Audit Committee for its consideration and review. Given the nature of the Corporation's businesses, no internal auditor has been appointed because the size of the Corporation would not justify the cost.

The Board, relying on its various committees, appoints and monitors senior management and determines compensation to be paid to senior management. The Corporate Governance Committee on several occasions has considered the issue of succession planning for senior management and will continue to do so in the current fiscal year. As part of these deliberations, a written mandate for the Chief Executive Officer was also considered. Currently there is no such written mandate, however the Corporate Governance Committee sets and reviews objectives relating to management of the Corporation, including asset management, fiscal performance and effective use of human resources with the overall objective of maximizing shareholder value. The Board approves and develops the corporate objectives that the Chief Executive Officer is responsible for meeting. Salaries and bonus allocation to senior management are based in large part on these deliberations.

By establishing and maintaining proper communication channels, the Corporation ensures that the Board, its committees and management of the Corporation can carry out their respective functions. Shareholder concerns are addressed by the President and Chief Executive Officer or the appropriate person in the organization. Major corporate decisions are disclosed to the public through timely press releases. The Corporation has a Policy on Disclosure Controls which is reviewed and approved annually by the Board, through the Audit Committee, to ensure compliance with regulatory requirements.

Position Descriptions

Descriptions for the Chairman of the Board and the Chairman of each Committee have been established.

The Chairman of the Board is responsible for the administration of the Board and overall corporate governance of the Corporation, including providing leadership to the Board; setting the agenda and schedules for meetings; chairing Board meetings and the annual meeting of shareholders; and working with the Chief Executive Officer to achieve the goals of the Corporation.

The primary responsibility of the chair of each Committee is to ensure that the Committee carries out its duties as set out in its mandate, including providing leadership to the Committee; setting the agenda and scheduling meetings; chairing committee meetings; and reporting the deliberations and recommendations of the Committee to the Board of Directors.

Ethical Business Conduct

The Board has adopted a Code of Conduct (the "Code") for the directors, officers and employees which is available on the Corporation's website and is available to the public. The Code and compliance therewith is reviewed and approved regularly by the Board, through the Corporate Governance Committee. The Corporation also has in place a policy for Employee Complaints on Accounting and Auditing Matters.

Nomination of Directors

The Corporate Governance Committee serves as the Corporation's nominating committee. All five directors on the Corporate Governance Committee are independent.

The Corporate Governance Committee is required to at least annually review the size, conduct, composition and structure of the Board and its various committees. The Corporate Governance Committee is responsible for establishing the criteria for selection of new or additional Board members and will identify and recommend potential candidates for such election. The actual decision as to who should be nominated is the responsibility of the full Board after considering the recommendations of the Corporate Governance Committee.

Compensation

The Corporate Governance Committee serves as the Corporation's compensation committee. The Corporate Governance Committee reviews and makes recommendations to the Board respecting compensation of directors and senior officers. Compensation of individual directors reflects attendance at Board meetings and participation on committees. The Board reviews from time to time the adequacy and form of compensation of directors to ensure that the compensation realistically reflects the responsibility and risk involved in being an effective director. See Compensation of Directors on page eleven.

Members of the Corporate Governance Committee have broad business experience in business and have dealt with compensation matters in the course of that experience. In addition, Mr. Carty served as a vice-president of human resources in a previous role.

See also the Statement of Executive Compensation.

Assessments

The Board monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the Board and its committees. The Board, its committees and individual directors are not regularly assessed, but any individual concerns are raised with the Chairman.

Composition of the Board

The Board makes a determination of the status of each director as an independent or non-independent director. Each Board member is required annually to complete a questionnaire which is designed to assist the Board as a whole in making this determination. A director is "independent" if he or she has no direct or indirect material relationship with the issuer. A "material relationship" is a relationship which could, in the view of an issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

The Board and each director, having individually considered their respective interests and relationship and having received and considered professional advice, have determined that as of February 15, 2012 the majority of directors are independent and the Board is composed of six independent directors and three non-independent directors. The three non-independent directors during 2011 were William S. Vaughan, Greg D. Wight and Tim S. Dool.

The independent directors do not hold regularly scheduled meetings at which the non-independent directors and members of management are not in attendance.

E-L Financial Corporation Limited ("E-L") and companies acting in concert with it (the "Significant Shareholder") control in the aggregate 2,870,443 common shares (73.77%) of the Corporation. Messrs. Duncan N. R. Jackman, a director of the Corporation, is a director of E-L and an officer of E-L and Richard B. Carty, a director of the Corporation, is an officer of E-L Financial Corporation Limited. Apart from Messrs. Jackman and Carty, together with William S. Vaughan and Greg D. Wight, the Secretary and the President and Chief Executive Officer of the Corporation respectively, none of the other directors have interest in or relationships with either the Corporation or the Significant Shareholder.

The Board and the Corporate Governance Committee have structured the Board and all of its Committees to have a majority of Directors who do not have such interests in or relationships with the Corporation or the Significant Shareholder and, accordingly, the composition of the Board fairly reflect the investment in the Corporation by shareholders other than the Significant Shareholder.

Independence of the Board from management is achieved by separating the functions of the Chief Executive Officer and the Chairman of the Board. The Board has not felt it necessary to exclude the President and Chief Executive Officer, a non-independent director, from deliberation other than in respect to personal remuneration matters.

The Chairman of the Board is an independent director.

The Board currently consists of nine directors. All directors serve on at least one committee. All directors are able to devote as much time as a director of the Corporation as is necessary to fulfill the obligations as such. Board members are selected on the basis of the skill and experience they bring to the Corporation. The Corporation has not historically provided an orientation or education program for new directors as there is little turnover of members of the Board and all the current Directors have a history of directorship in other public corporations. Instead, the Corporation provides necessary education (through management and outside professional advisers) on specific issues as they arise. The Board has on several occasions considered the question of whether the Corporation should have a formal policy on permitting directors to obtain independent legal advice at the Corporation's expense should the same be necessary. The Board has decided against having a formal policy in this connection.

Directorships

The following directors of the Corporation are currently directors of the following other reporting issuers:

Name of Director	**Name of Reporting Issuer**
H. Michael Burns	Landmark Global Financial Corporation Crown Hill Capital Corporation
Duncan N. R. Jackman	E-L Financial Corporation Limited Economic Investment Trust Limited United Corporations Limited Dundee Real Estate Investment Trust First National Financial Corporation Labrador Iron Ore Royalty Corporation
Harold S. Stephen	TD Mutual Funds Corporate Class Limited
William S. Vaughan	Consolidated Tanager Limited Pure Nickel, Inc. Solomon Resources Limited Western Troy Capital Resources Inc., and its subsidiary Canadian Remote Power Corporation Transition Metals Corp.

Attendance

The attendance for each director for the eleven board meetings and for the committee meetings shown in the table since the beginning of the most recently completed financial year is as follows:

Name	Board Meetings Attended	Committee Meetings Held	Committee Meetings Attended
H. Michael Burns	8	9	7
Richard B. Carty	11	3	3
Tim S. Dool	11	2	2
E. M. Blake Hutcheson	9	4	4
Duncan N. R. Jackman	11	9	9
Clive P. Rowe	10	3	3
Harold S. Stephen	10	7	7
William S. Vaughan	9	9	7
Greg D. Wight	11	9	9

Board Committees

Some duties of the Board are carried out by various committees. This permits individual directors with specific expertise to focus their energies on the tasks that these committees have undertaken. However, ultimate decision-making remains with the full Board on all important matters. Committees report and make recommendations to the Board. Only where the Board feels that it must defer to the special expertise of committee members, or where required by practical considerations, will the Board delegate decision-making on specific issues to a committee. Each Board committee has a charter which is reviewed annually.

Executive Committee

The Executive Committee is composed of two independent directors and one non-independent director. The Executive Committee acts as an important link between management and the Board. The main function of the Committee is to review major issues affecting the Corporation and recommend to the Board actions to be taken in respect to those issues. The Committee decides directly on actions only with respect to issues, if any, which require immediate decision. Such decisions are reviewed at the next meeting of the Board.

Audit Committee

The Corporation is required to have an Audit Committee. The Audit Committee of the Board is composed of four independent directors. The mandate of the Audit Committee is to do all things required by applicable securities laws of an audit committee, including the review of annual financial statements of the Corporation and acting as liaison between the Corporation and the external auditors. For further information concerning the role of the Audit Committee, see the applicable sections of the Corporation's Annual Information Form ("AIF") for the financial year ending December 31, 2011. Additional disclosure respecting the Audit Committee is included in the AIF of the Corporation for the financial year ended December 31, 2011, which is incorporated by reference herein and is filed on SEDAR. Upon request, a copy of the AIF will be provide free of charge to any Shareholder or other interested party.

Environmental Health and Safety Committee

The Environmental, Health and Safety Committee of the Board (the "EH&S Committee") is composed of two non-independent directors and two independent directors. This EH&S Committee receives regular reports from management and meets with management twice each year to review environmental matters. This committee also addresses health and safety issues regarding Corporation employees.

Corporate Governance Committee

The Corporate Governance Committee is composed of five independent directors. This Committee meets at least three times per year to review corporate governance issues. Frequently at meetings of this Committee, discussions are held as to how to come up with a satisfactory process to determine the Board's, its Committees' and individual directors' effectiveness, but the discussions have failed to identify an effective, cost-efficient process to adequately measure such effectiveness. Until such time, the Board and the Corporate Governance Committee will continue to monitor corporate governance issues and implement any processes that promote good corporate governance.

In addition to the foregoing, the Corporate Governance Committee function is to review and make recommendations to the Board respecting compensation of directors and senior officers, set criteria for selection of new directors and recommend nominees to the Board. This Committee also ensures that all regulatory requirements under pension legislation are met by the Corporation.

The Corporate Governance Committee reviews at least annually the size and composition of the Board and its committees to ensure that their respective mandates can be, and are, carried out effectively.

The Corporate Governance Committee has general responsibility for developing, analyzing and reporting to the Board the Corporation's approach to governance issues. This Committee works closely with the Chief Executive Officer of the Corporation to consider and develop position descriptions for directors, the Chairman, the Chair of each committee, and the Chief Executive Officer and to define the limits of management responsibilities. The Corporate Governance Committee has been instrumental in the preparation of this statement on the system of corporate governance and will continue to monitor the effectiveness of such practices.

OTHER MATTERS

Management knows of no matters to come before the Meeting other than the matters referred to in the notice of Meeting. If any matters which are not now known should properly come before the Meeting or if amendments or variations to the matters referred to in the Notice of Meeting are presented for action at the Meeting, the proxy will be voted on such matters, amendments and variations in accordance with the best judgement of the person voting the proxy, which confers such discretionary authority.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Copies of the Corporation's comparative financial statements and accompanying management discussion and analysis for the fiscal year ended December 31, 2011 are available on SEDAR or Shareholders may request copies be sent to them free of charge by contacting the Secretary of the Corporation, Suite 2900, 333 Bay Street, Toronto, Ontario, M5H 2T4 (facsimile: 1-866-220-8838). Financial information with respect to the Corporation is provided in the Corporation's comparative financial statements and accompanying management discussion and analysis for the most recently completed financial year.

APPROVAL

The contents and the sending of this Management Proxy Circular have been approved by the Board.

William S. Vaughan
Secretary

Toronto, Ontario
February 15, 2012

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