



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 May 2, 2014 (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, 2013 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 18th day of February, 2014.

On behalf of the Board of Directors

J. Wesley Newton
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, CST Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1 or by fax 416-368-2502 or 1-866-781-3111 (toll free in North America), on or before the close of business on April 30, 2014 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 enclosed 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 17, 2014.

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 MAY 2, 2014 (THE "MEETING") FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING. The Information contained herein is given as of February 18, 2014 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 Notice of Meeting, this Management Information Circular, the Form of Proxy, and the 2013 Annual Report are not available using notice-and-access.

The Corporation will 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 CST Trust Company, Attention: Proxy Department, P.O Box 721, Agincourt, Ontario, M1S 0A1 or by fax 416-368- 2502 or 1-866-781-3111 (toll free in North America) and additional copies of the Notice of Annual Meeting, Management Proxy Circular and form of proxy for this purpose. Executed forms of proxy may be mailed or faxed to Canadian Stock Transfer Company Inc. at that address.

MANNER OF VOTING PROXIES

General

Registered 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, CST Trust Company, Attention: Proxy Department, P.O Box 721, Agincourt, Ontario, M1S 0A1 or by fax 416-368-2502 or 1-866-781-3111 (toll free in North America) on or before the close of business on April 30, 2014, or 48 hours prior to the commencement of the adjourned 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 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. As of the date of this circular, 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 AND INSERTING A NEW NAME 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 beneficially 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 statements 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 to the 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 service 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 holder or their designated proxy in the blank space provided, who need not be a shareholder of the Corporation. Non-registered holders should carefully follow the instructions 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 registered 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. Non-registered shareholders wishing to revoke a proxy should contact their intermediary for instructions.

OUTSTANDING SHARES

The Corporation is authorized to issue an unlimited number of Common Shares and preferred shares, of which, there are 38,912,110 Common Shares issued and outstanding and no preferred shares issued and outstanding as at February 18, 2014. 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 17, 2014 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 on such date. A shareholder named in such list will be entitled to vote his share 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 18, 2014.

Shareholder	Number of Common Shares (includes direct or indirect ownership or control)	Percentage of issued Common Shares
Amogla Holdings Limited	11,550,450	29.7%
E-L Financial Corporation Limited	13,504,600	34.7%

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 seven directors until changed by the Board, and seven 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 18, 2014.

Name and place of residence	Present principal occupation, business or employment (8)	First year became a director (5)	Number of common shares (6)
Richard B. Carty (2) (3) Toronto , Ontario, Canada	Vice-President, General Counsel and Corporate Secretary, E-L Financial Corporation Limited	2010	5,500
E. M. Blake Hutcheson (1) Toronto, Ontario, Canada	President and Chief Executive Officer, Oxford Properties Group Inc.	2003	515
Duncan N. R. Jackman (1) (2) (3) (4) Toronto, Ontario, Canada	Chairman, President and Chief Executive Officer, E-L Financial Corporation Limited Economic Investment Trust Limited United Corporations Limited	1997	30,000
Clive P. Rowe (2) (4) New York, New York, U.S.A.	Partner, Oskie Capital	1999	4,500
Harold S. Stephen (1) (2) Mississauga, Ontario, Canada	Chairman and Chief Executive Officer, Stonecrest Capital Inc.	2002	20,000
Eric Stevenson (3) Toronto, Ontario, Canada	Venture Capitalist and Co-Founder, Perseverance Marine	2013	4,531
Greg D. Wight (4) St. Catharines, Ontario, Canada	President and Chief Executive Officer, Algoma Central Corporation	2008	80,710

- (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.

MAJORITY VOTING

The Board of Directors of the Corporation believes that each of its members should carry the confidence and support of the shareholders. To this end, the directors have unanimously adopted a majority voting policy. This policy requires any nominee for election to the Board of Directors for which the number of shares withheld was greater than the number of shares voted in favour of the nominee to submit his or her resignation promptly after the meeting to the Corporate Governance Committee for its consideration. The Committee will make a recommendation to the Board after reviewing the matter and the Board's decision to accept or reject the resignation will be publicly disclosed. The nominee will not participate in any Committee or Board deliberations in considering the resignation. Future nominees for election to the Board will be asked to subscribe to this statement before their names are put forward.

APPOINTMENT OF AUDITORS

The Corporation's current auditors are Deloitte LLP. It is intended to vote proxies received in favour of management nominees in favour of the firm Deloitte 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 2013 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 for 2013 were 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 (see Note 2)	Cash	50% of the award is paid out annually; the other 50% is deferred for three years (see below) 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, comprising five directors, all of whom 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 the 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

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 by tying the ultimate amount of the pay-out of the deferred portion of incentive compensation to the performance of the Corporation's common shares over three year periods.

The key measures in the plan include improving the Adjusted Return on Capital Employed (Adjusted ROCE), achieving operating metrics designed to measure improvement in the long-term profitability of the businesses, and managing controllable expenses. Adjusted 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 by deducting average cash in excess of \$10 million and average deposits on vessels under construction as these assets are not yet generating operating income. Operating earnings net of tax is determined on an annual basis by applying the average effective tax rate to the combined operating earnings of the Corporation's segments, as reported in the Corporation's Segment Disclosures Note in the Notes to the Consolidated Financial Statements. In setting performance goals or measuring achievement of the goals, 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 is 10% to 12% and the Corporation uses this as a benchmark in establishing return on investment (ROI) objectives when assessing new capital investments and new business opportunities. The annual target for Adjusted ROCE for compensation purposes is determined by the Corporate Governance Committee 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 environmental 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 five 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 continuous 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	45%	75%	25%
Other NEOs	35-45%	75%	25%

Under the Annual 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 awarded as Performance Share Units and paid out after three years (see below). The deferred amount is forfeited if the employee terminates his or her 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, 2013, 2012, and 2011.

Name and Principal Position	Year	Salary	Share-based Award(1)	Option-based Awards	Non-equity Incentive Plan Compensation		Pension Value	All Other	Total Compensation
					Annual Incentive Plans (2)	Long-term Incentive Plans			
Greg D. Wight President and Chief Executive Officer	2013	\$454,250	\$134,838	Nil	\$134,838	Nil	\$239,500	Nil	\$963,426
	2012	\$443,250	\$157,590	Nil	\$157,590	Nil	\$330,200	Nil	\$1,088,630
	2011	\$428,250	Nil	Nil	\$435,000	Nil	\$269,800	Nil	\$1,133,050
Peter D. Winkley Vice President, Finance and Chief Financial Officer (3)	2013	\$232,750	\$44,521	Nil	\$44,521	Nil	\$21,000	Nil	\$342,792
	2012	\$224,500	\$40,235	Nil	\$40,235	Nil	\$24,000	Nil	\$328,970
	2011	\$216,875	Nil	Nil	\$115,500	Nil	\$26,000	Nil	\$358,375
Algis J. Vanagas Senior Vice President, Technical	2013	\$266,750	\$49,025	Nil	\$49,025	Nil	\$97,600	Nil	\$462,400
	2012	\$255,250	\$54,671	Nil	\$54,671	Nil	\$81,000	Nil	\$445,592
	2011	\$243,600	Nil	Nil	\$168,750	Nil	\$92,100	Nil	\$504,450
Wayne A. Smith Senior Vice President Commercial	2013	\$266,750	\$51,212	Nil	\$51,212	Nil	\$96,000	Nil	\$465,174
	2012	\$255,250	\$63,456	Nil	\$63,456	Nil	\$88,700	Nil	\$470,862
	2011	\$243,600	Nil	Nil	\$168,750	Nil	\$105,500	Nil	\$517,850
Thomas G. Siklos Vice-President, Real Estate (4)	2013	\$212,500	\$27,579	Nil	\$27,579	Nil	\$18,600	Nil	\$286,258
	2012	\$202,500	\$32,708	Nil	\$32,708	Nil	\$21,400	Nil	\$289,316
	2011	\$192,500	Nil	Nil	\$102,375	Nil	\$23,100	Nil	\$317,975

- (1) Represents the value as of the date of determination of the Annual Incentive award in connection with the fiscal year indicated. Please refer to Deferred Incentive Compensation Plan below for further details.
- (2) Fifty percent of the incentive earned in 2009, 2010 and 2011 was deferred and paid out during 2012. Please refer to Deferred Incentive Compensation Plan below for further information.
- (3) Effective September 21, 2010, 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.
- (4) Effective June 1, 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.

Deferred Incentive Compensation Plan

Effective beginning for the fiscal year 2012, the Corporation implemented a share-based executive incentive compensation plan.

Under the new deferred incentive compensation plan (the "Plan"), fifty percent 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 awarded will be determined by dividing the Eligible Amount for each executive by the average closing share price of common shares of the Corporation for the five days preceding, the day of, and the four days following the date of issue of the PSUs. The PSUs will vest on the third anniversary of the date of award and be paid out in cash based on the average closing share price on the five days preceding, the day of, and the four days following the vesting date. Performance of the shares over the vesting period will determine the ultimate pay-out under this Plan. During the period prior to vesting, the PSUs

will accrue dividends in the form of additional PSUs. The number of dividend PSUs to be issued will be based on the cash dividends paid on the number of PSUs held by the Executive, divided by the average closing share price of common shares of the Corporation for the five days preceding, the day of, and the four days following the date of payment of the cash dividend on common shares. The first grant of PSUs under the Plan occurred in February 2013, based on incentive compensation earned for 2012. The following table summarizes the share-based awards outstanding as a result of this grant:

Executive	Units granted in 2013 for 2012 performance	Total units issued in lieu of dividends	Units granted in 2014 for 2013 performance	Vesting February 22, 2016		Vesting February 18, 2017		Total value of unvested units
				Units	Value	Units	Value	
Greg. D. Wight	10,742	153	8,652	10,895	\$169,799	8,652	\$134,838	\$304,637
Peter D. Winkley	2,742	39	2,857	2,781	43,342	2,857	44,521	87,863
Algis J. Vanagas	3,726	53	3,146	3,779	58,896	3,146	49,025	107,921
Wayne A. Smith	4,325	62	3,286	4,387	68,371	3,286	51,212	119,583
Thomas G. Siklos	2,229	32	1,770	2,261	35,238	1,770	27,579	62,817
Total	23,764	339	19,711	24,103	\$375,646	19,711	\$307,175	\$682,821

Under the plan which existed prior to 2012, fifty percent of the incentive compensation earned in a year was deferred and vested and was paid to executives, including the CEO, CFO, and other NEOs, at the end of three years. Upon implementation of the new plan, the Corporation paid existing deferred incentive compensation amounts to the CEO, CFO, and other NEOs, subject to a commitment by the recipient 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. The amounts of deferred incentives at December 31, 2011 for the CEO, CFO, and other NEOs were as follows: Messrs. Wight \$379,164, Winkley \$57,750, Vanagas \$146,584, Smith \$146,584 and Siklos \$51,188. The payout of these amounts and the agreed share purchases were completed by the end of May 2012.

Retirement Benefit Plans

Pension benefits for Messrs. Wight, Smith and Vanagas are determined primarily by the average of the highest sixty 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 currently require employee contributions equal to 4% of the maximum pension adjustment amount beginning April 1, 2013. Employee contributions will increase to 6% (integrated with Canada Pension Plan deductions) effective on April 1, 2014.

During 2013, the Corporation contributed an amount to the defined contribution plan for eligible senior officers based on 8.5% 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	33.92	\$312,600	\$352,400	\$4,582,200	\$239,500	\$50,300	\$4,872,000
Algis J. Vanagas Senior Vice President, Technical	31.75	\$158,900	\$195,800	\$2,421,300	\$97,600	\$20,800	\$2,539,700
Wayne A. Smith Senior Vice President, Commercial	18.42	\$103,700	\$149,800	\$1,492,600	\$96,000	\$(33,000)	\$1,555,600

Years of credited service - years of service reflected in calculation of pension accrued as of the end of 2013.

Annual benefits payable at year end - the pension that the executive is entitled to receive, payable at age 65, based on credited service and pensionable earnings up to December 31, 2013.

Annual benefits payable at age 65 - the pension that the executive is projected to receive if the executive remained employed until age 65, but only based on pensionable earnings up to December 31, 2013 (no projection of pensionable earnings to retirement).

Accrued obligation at start of year - the liability that the Corporation has accrued in respect of the pension that the executive has earned up to December 31, 2013, based on the assumptions used to determine the pension liabilities as disclosed in the financial statements as of December 31, 2013.

Compensatory change - the increase in the accrued obligation that is attributable to the executive's compensation. The key elements are the cost of the additional benefits accrued in the current year, as well as the impact of changes in the level of executive's projected earnings at retirement on the accrued obligation for benefits accrued in previous years.

Non-compensatory change - the increase in accrued obligation that is not related to the executive's compensation such as changes in the interest rate used to determine the accrued obligation.

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	\$64,400	\$21,000	\$24,400	\$109,800
Thomas G. Siklos Vice President, Real Estate	\$65,400	\$18,600	\$23,600	\$107,600

Normal Retirement Pension – Defined Benefit Members

Named Executive Officers (“NEO’s”) who are members of the Corporation’s defined benefit plan are entitled to an annual pension (the “Annual Pension”) based on the sum of 1.65% of Final Average Pensionable Earnings plus 0.60% of Final Average Pensionable Earnings in excess of Maximum Pensionable Earnings as defined by the Canada Revenue Agency (“CRA”), multiplied by the number of years of pensionable service.

The Annual Pension is paid to NEO’s from the Pension Fund (the “Fund”) of the Pension Plan for Employees of Algoma Central Corporation (the “Plan”) in accordance with the provisions contained in that Plan and from an unfunded non-contributory Supplementary Pension Plan (“SPP”). The amount paid from the SPP is the difference between the Annual Pension and the amount paid under the Corporation’s defined benefit Plan formula up to the limit prescribed by the CRA.

The defined benefit table above reflects the combined amounts payable under both the registered pension plan and the unregistered SPP.

Normal Retirement Pension – Defined Contribution Members

Named Executive Officers who are members of the defined contribution pension plan (the “DC Plan”) accumulate a balance in their DC Plan account based on annual contributions calculated using the current defined contribution formula of 12% of Base Salary up to the maximum annual limits as prescribed by CRA.

In addition, these NEOs accumulate a balance in their unregistered non-contributory SPP account based on annual contributions equal to 12% of Base Salary less amounts contributed to the DC Plan. Amounts accumulated in the SPP accrue additional entitlement annually based on the average return earned by the Fund for the year.

Upon normal retirement, NEO’s who are members of the DC Plan are entitled to a pension that can be purchased with the accumulated funds in the member’s DC Plan account or to receive a lump-sum transfer of an amount equal to the accumulated funds subject to the terms of applicable legislation. Amounts accumulated by the retiring member in the SPP are paid, with interest, over a period of ten years.

The defined contribution table above reflects the accumulated amounts under both the registered pension plan and the unregistered SPP as at December 31, 2013.

Early Retirement Pension

A defined benefit 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 0.5% 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.

There is no limitation on early retirement for defined contribution plan members with respect to their defined contribution plan accumulated funds. For purposes of the SPP, a defined contribution member may take early retirement at any time having attained the minimum age of 55.

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.

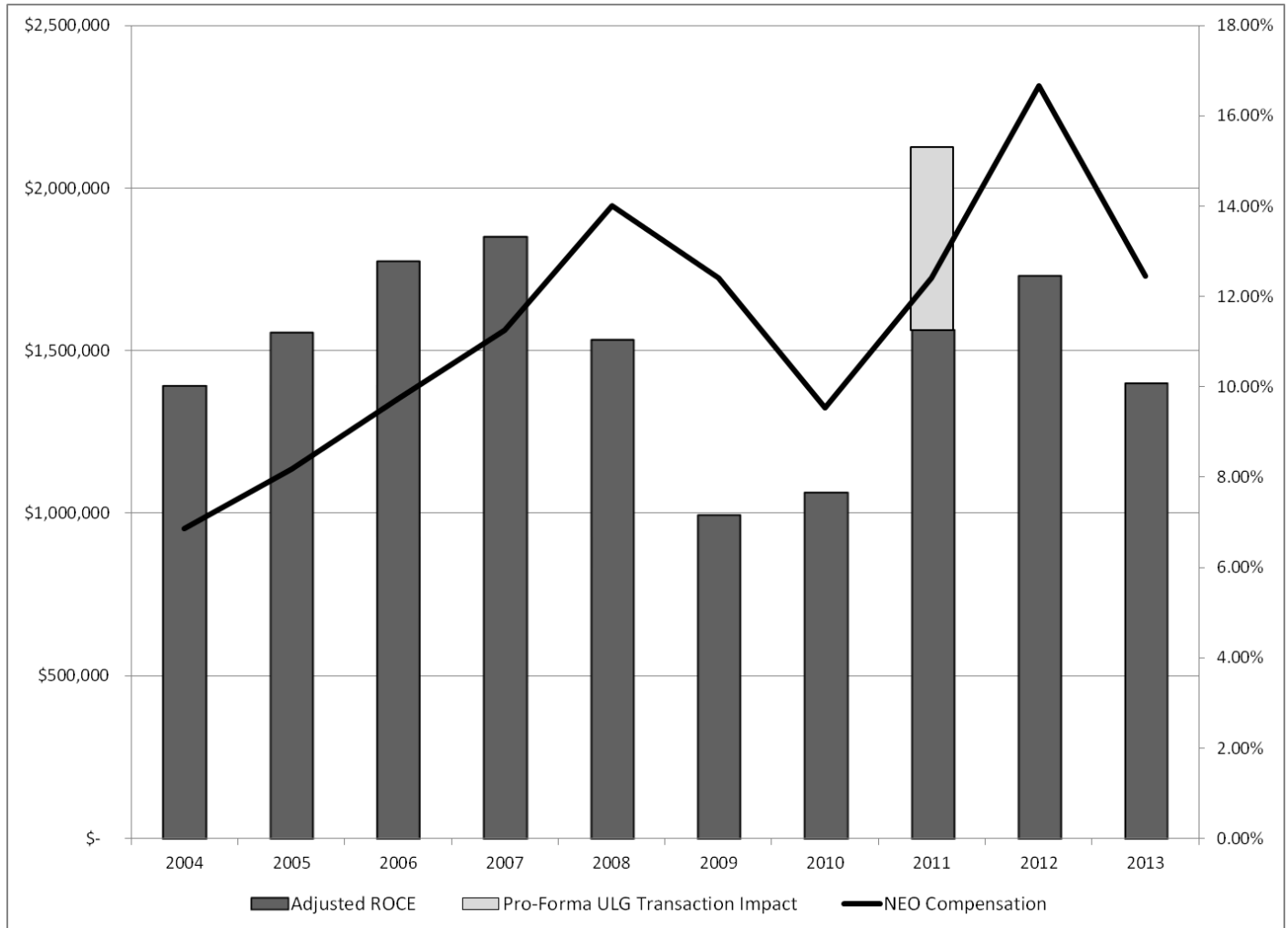
Disclosure of Termination and Change of Control Benefits

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

Performance Graph

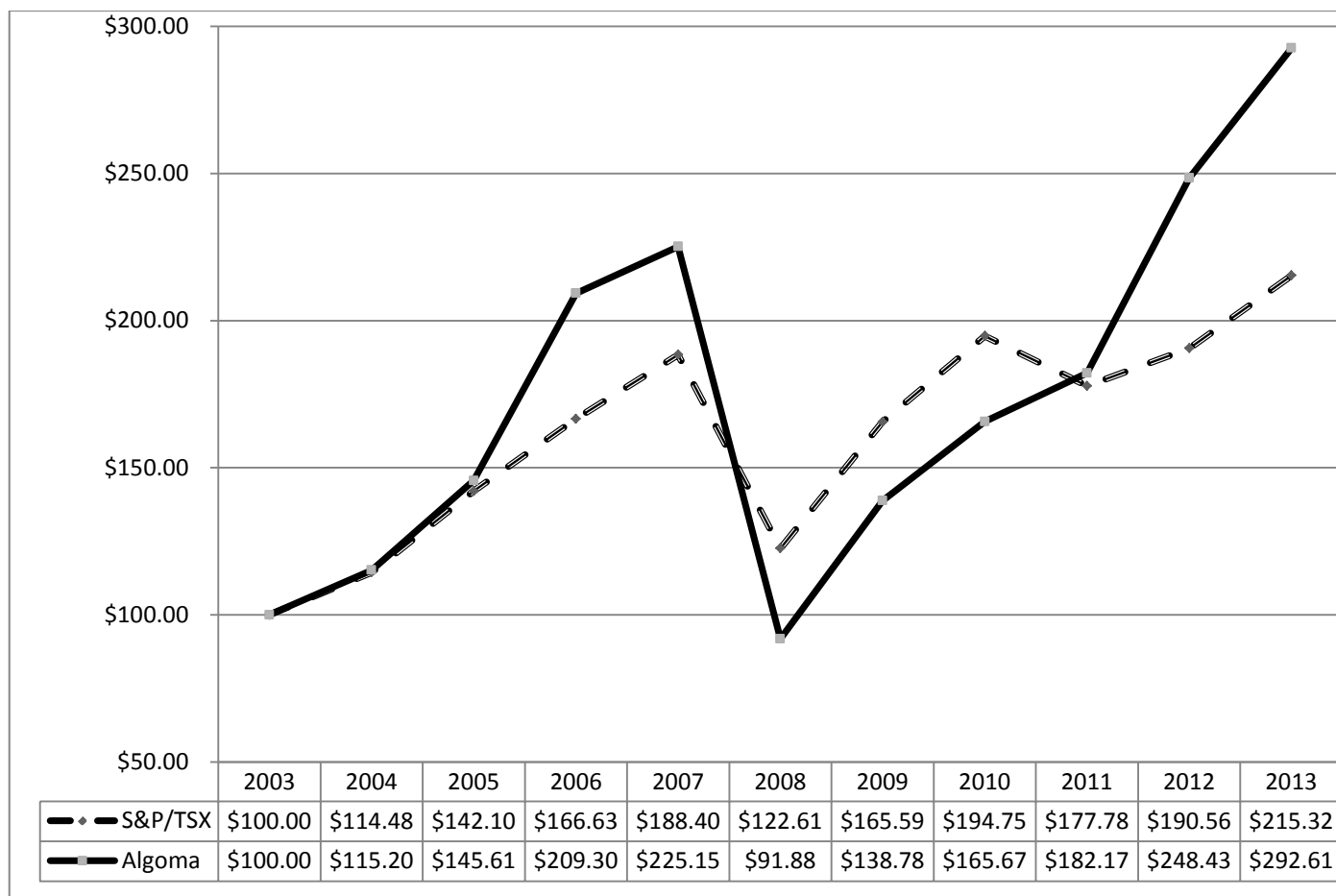
Compensation of the CEO, CFO, and other NEOs includes Base Salaries and Annual Incentive Compensation that is linked to the Adjusted ROCE, as previously described.

The following graph shows the total of Base Salary and Annual Incentive Compensation paid to the CEO, CFO, and other NEOs for the past ten years compared to the Corporation's Adjusted ROCE for that same period. As demonstrated by this graph, total compensation for the CEO, CFO, and other NEOs has a direct and strong correlation to Adjusted ROCE performance. The Corporation believes that achieving superior Adjusted ROCE will drive increases in total shareholder returns over the long term.



The following graph compares changes over the ten years ended December 31, 2013 in the value of \$100 invested at January 1, 2004 in common shares of the Corporation and in the TSX S&P Composite Index assuming reinvestment of dividends. Over this ten-year period, the Total Shareholder Return on the Corporation's common shares has exceeded the Total Shareholder Returns on the S&P/TSX Composite Index.

The total compensation of the CEO, CFO, and other NEOs has generally followed a similar trending to the Total Shareholder Return on the Corporation's common shares over the period except for 2008, when the total compensation did not trend similarly mainly due to the dramatic drop in Corporation's common shares and the overall index in the last quarter of the year. While trending over the ten year period is similar, there is no linkage between Total Shareholder Return and compensation of the CEO, CFO, and other NEOs. During the ten year period ended December 31, 2013, the compound annual growth rate on the Corporation's Total Shareholder Return was 11.3% and compensation for the CEO, CFO, and other NEOs grew 8.0%.



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 2013, each director of the Corporation, was paid \$23,700 per year for serving as a director, \$6,300 per year for each committee of the Board on which the director served, \$5,250 per year for each committee of the Board of which the director served as Chairman and \$1,750 per meeting of the Board or a committee that the director attended in person or by telephone. From time to time, the Corporation invites Board members to attend meetings of management for informational purposes. Members who attend such meetings are paid a fee equal to the per-meeting Board fee.

The President and Chief Executive Officer is not paid for serving as a director. William S. Vaughan, a director of the Corporation and Secretary until May 3, 2013, is a partner in the law firm Heenan Blaikie LLP. In 2013, the Corporation paid Heenan Blaikie LLP fees totalling \$65,239.

Name	Fees Earned	Share-based Awards	Option-based Awards	Non-equity Incentive Plan Compensation	Pension Value	All Other Compensation	Total
H. Michael Burns	\$79,310	Nil	Nil	Nil	Nil	Nil	\$79,310
Richard B. Carty	\$64,300	Nil	Nil	Nil	Nil	Nil	\$64,300
E. M. Blake Hutcheson	\$52,750	Nil	Nil	Nil	Nil	Nil	\$52,750
Duncan N. R. Jackman	\$177,710	Nil	Nil	Nil	Nil	Nil	\$177,710
Clive P. Rowe	\$66,050	Nil	Nil	Nil	Nil	Nil	\$66,050
Harold S. Stephen	\$71,300	Nil	Nil	Nil	Nil	Nil	\$71,300
Eric Stevenson	\$34,000	Nil	Nil	Nil	Nil	Nil	\$34,000
William S. Vaughan	\$32,813	Nil	Nil	Nil	Nil	Nil	\$32,813
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 2014 is \$34,521.

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, Richard B. 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 18, 2014 the majority of directors are independent and the Board is composed of eight independent directors and one non-independent director. The non-independent director during 2013 was Greg D. Wight. William S. Vaughan retired as Secretary of the Corporation effective May 3, 2013. Prior to that date, Mr. Vaughan was also considered by the Board to be a non-independent director.

During 2014, two independent directors, H. Michael Burns and William S. Vaughan, are not standing for re-election.

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 28,704,430 common shares (73.77%) of the Corporation. 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. Apart from Messrs. Jackman and Carty, together with Greg D. Wight, the President and Chief Executive Officer of the Corporation, 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 and seven directors following the annual general meeting. 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

In addition to their principal occupations, 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
Duncan N. R. Jackman	Dundee Real Estate Investment Trust Dundee International Real Estate Investment Trust First National Financial Corporation Labrador Iron Ore Royalty Corporation
Harold S. Stephen	TD Mutual Funds Corporate Class Limited Sherritt International Corporation Labrador Iron Ore Royalty Corporation
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 ten 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	10	9	9
Richard B. Carty	10	5	5
E. M. Blake Hutcheson	9	4	4
Duncan N. R. Jackman	10	9	9
Clive P. Rowe	10	3	3
Harold S. Stephen	10	7	6
William S. Vaughan	9	7	6
Greg D. Wight	9	9	9
Eric Stevenson	7	-	-

Eric Stevenson was appointed to the Board on May 3, 2013 and attended all Board meetings following his appointment.

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, 2013. Additional disclosure respecting the Audit Committee is included in the AIF of the Corporation for the financial year ended December 31, 2013, which is incorporated by reference herein and is filed on SEDAR. Upon request, a copy of the AIF will be provided 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 three independent directors and one non-independent director. 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, 2013 are available on SEDAR or Shareholders may request copies be sent to them free of charge by contacting the Secretary of the Corporation, Suite 600, 63 Church Street, St. Catharines, ON L2R 3C4. 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.

A handwritten signature in black ink, appearing to read "J. Wesley Newton". The signature is written in a cursive, flowing style.

J. Wesley Newton
Secretary

Toronto, Ontario
February 18, 2014



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