ALGOMA CENTRAL CORPORATION

ANNUAL INFORMATION FORM

For The Year Ended December 31, 2014

Unless otherwise specified , all amounts are in thousands of Canadian dollars and the information in this Annual Information Form is presented as at February 20, 2015

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

Copies of the Annual Information Form, as well as copies of the Corporation's 2014 Annual Report and Management Information Circular, may be obtained at *www.algonet.com* and *www.sedar.com*.

This Annual Information Form may include forward-looking statements concerning the future results of the Corporation. These forward-looking statements are based on current expectations. The Corporation cautions that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information, and that actual future results could be affected by a number of factors, many of which are beyond the Corporation’s control, including economic circumstances, technological changes, weather conditions and the material risks and uncertainties identified by the Corporation and discussed on pages 12 to 16 in this report.

1. CORPORATE STRUCTURE

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

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

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

The Corporation's registered head office is located at 421 Bay Street, Sault Ste. Marie, ON, P6A 5P6. The Corporation's executive offices are located at 63 Church Street, Suite 600, St. Catharines, ON, L2R 3C4.

Intercorporate Relationships

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

Subsidiaries	Jurisdiction of incorporation	Percentage of voting securities beneficially owned or over which control or direction is exercised	Percentage of non-voting securities owned
Algoma Central Properties Inc.	Ontario	100%	N/A
Algoma Central Hotels Ltd.	Ontario	100%	N/A
Algoma Dartmouth Ltd.	Canada	100%	N/A
Algoma Dry-Bulk Inc.	Ontario	100%	N/A
Algoma Great Lakes Shipping Inc.	Ontario	100%	N/A
Algoma Shipping Ltd.	Bermuda	100%	N/A
Algoma Tankers Limited	Canada	100%	N/A
Algoma Tankers International Inc.	Barbados	100%	N/A
SMT (USA) Inc.	Delaware	100%	N/A
Enerchem Transport Inc.	Ontario	100%	N/A
Partnerships			
Seaway Marine Transport	Ontario	100%	N/A
SMT Services	Ontario	100%	N/A
Joint Ventures			
Marbulk Canada Inc.	Canada	50%	N/A
75 Corporate Park Drive Limited	Ontario	50%	N/A

2. GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Algoma Central Corporation owns and operates Canada's largest domestic fleet of vessels operating on the Great Lakes - St. Lawrence Waterway. At year-end the fleet consisted of 18 self-unloading bulk carriers, seven gearless bulk carriers, and eight product tankers. Subsequent to the year-end the Corporation retired a self-unloading bulk carrier, a gearless bulk carrier, and a product tanker.

In addition to its own vessels, the Corporation provides operational management for three vessels owned by two third parties and both commercial and operational management for a vessel owned by another third party.

The Corporation has interests in both gearless and self-unloading dry-bulk vessels operating in domestic and international markets, domestic product tankers, and an ocean-class product tanker that is currently operating as part of the domestic product tanker fleet. The Corporation owns Algoma Ship Repair, a diversified ship repair and steel fabrication facility active in the Great Lakes and St. Lawrence regions of Canada. In addition, the Corporation owns Algoma Central Properties Inc. and Algoma Central Hotels Ltd., which own and manage commercial real estate properties in Ontario.

The Corporation's origins trace back to its creation as a railway in Sault Ste. Marie, Ontario in 1899. The Corporation's executive offices are located in St. Catharines, Ontario. The Corporation employs approximately 2,100 people worldwide. The Corporation has assets of $974 million and revenues of $504 million.

The Corporation reports the results of its operations for four business units or segments. The largest is the Domestic Dry-Bulk segment, which includes the Corporation's domestic dry-bulk carriers and Algoma Ship Repair.

In 2014 and prior years, the Product Tanker segment served both domestic and international markets. The domestic fleet of seven product tankers is owned and operated through a wholly owned subsidiary, Algoma Tankers Limited (ATL). The Corporation's wholly-owned international subsidiary, Algoma Tankers International Inc. (ATI) owns one product tanker that was active in international markets through the Brizo8 Pool managed by Navig8 Chemical Pools Inc. until mid-2014. In July of 2014 this tanker joined the domestic tanker fleet, where it continues to operate.

The Corporation's international Ocean Shipping segment consists of two entities. Marbulk Canada Inc. (MCI) is jointly owned by the Corporation and CSL Group Inc. and owns two ocean self-unloaders. Algoma Shipping Ltd. (ASL), a wholly owned subsidiary of the Corporation, owns two ocean self-unloading vessels. The four MCI and ASL ocean self-unloaders are combined with 22 other ocean self-unloaders owned by others to form the CSL International (CSLI) commercial arrangement. A third MCI-owned self-unloader is jointly owned with Bernhard Schulte and operates under a long-term time charter in Europe.

2. GENERAL DEVELOPMENT OF THE BUSINESS

The Real Estate segment owns and manages commercial real estate in Sault Ste. Marie, Waterloo and St. Catharines, Ontario.

Three Year History

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

2012

By the end of 2012, the Equinox ship building project (begun in 2011) was well advanced and steel cutting had taken place for all eight vessels and keels had been laid for five vessels. The first vessel, the *Algoma Equinox,* was launched on December 24, 2012.

On December 14, 2012 the Corporation issued a stock dividend of nine shares for every one share held (in effect, a 10 for 1 split). This share split was done to make the Corporation's shares more accessible to a broader group of retail investors. There had been considerable interest in the Corporation over the last few years and the Corporation wanted to take steps to make an investment in the common shares affordable to smaller investors, including its employees.

The arbitration hearing relating to the Corporation's cancellation (through a wholly-owned subsidiary) of three shipbuilding contracts with Jiangxi Jiangzhou Union Shipbuilding Co. Ltd. (JZU) took place in London, England in September 2012. The Corporation's right to demand payment on the refund guarantees was stayed pending the outcome of the arbitration.

2013

In October of 2013, the Corporation took delivery of the *Algoma Equinox.* The second ship in the class was launched at the shipyard in China on December 25, 2013 and three additional ships of the class (two of which will be owned by a third party but managed as part of the Corporation's dry-bulk fleet) were well advanced.

In December of 2013, the Corporation settled a tax dispute that had been outstanding with the Canada Revenue Agency since 2002. Settlement of the dispute resulted in additional income tax and net interest expense totaling $4,707 and the refund of $5,602 of excess instalments paid.

Also in December of 2013, the Corporation received payments totaling US$38.9 million from two Chinese banks on refund guarantees and interest related to the 2010 cancellation of three ocean tanker shipbuilding contracts.

2014

2. GENERAL DEVELOPMENT OF THE BUSINESS

In May of 2014, the Corporation took delivery of the second of its new ships, named the *Algoma Harvester,* and the vessel completed its voyage home from China, entering Canadian service in July. The third ship in the series, owned by the Canadian Wheat Board and managed by the Corporation, was delivered on October 31, 2014 and completing it voyage to Canada on January 1, 2015. This ship will join the two Algoma-owned Equinox Class ships and four other Algoma-owned gearless dry-bulk vessels to form the Algoma Bulker Pool beginning in 2015. With three vessels now delivered and a combined 24 months operating experience with the vessels, the Corporation is pleased with the quality of construction and that the vessels have met all significant design specifications.

Although work continued on the Equinox Class project, financial problems being experienced by the Chinese shipyard have resulted in significant delays. Shortly before year-end, the shipyard, Nantong Mingde Heavy Industries, announced it is seeking protection from creditors and had entered into a period of financial restructuring. The Corporation is monitoring the situation and has had discussion with various parties involved in the restructuring with the objective of completing construction of the ships. The Corporation has also taken the steps it believes to be necessary to trigger existing refund guarantees that secure instalments paid to date on the project.

In July 2014, the Corporation moved the *Algoma Hansa*, an ocean class product tanker that was until then foreign flagged, from an ocean-going tanker pool into domestic service. This step was taken in anticipation of the upcoming retirement of one of the Corporation’s existing domestic product tankers.

Safety and Environmental Matters

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

The Corporation’s Environmental Protection Policy stipulates the principles to which Algoma Central Corporation and its subsidiaries will adhere, the environmental commitment of the Board of Directors and Corporate Officers, the environmental management system, which underlies the compliance program, and the communications that are expected in the commitment to the preservation of the environment for health, safety, recreation and renewal.

The policy of the Corporation is as follows:

1. To be managed to meet its balanced responsibilities to its shareholders, employees, customers and to society.
2. To strive to be an exemplary employer and corporate citizen in environment management by carrying out sound operational and management practices to

2. GENERAL DEVELOPMENT OF THE BUSINESS

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.

2. GENERAL DEVELOPMENT OF THE BUSINESS

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, the health of employees and the preservation of the environment, will be constantly evaluated and managed.
3. Specific resources will be dedicated to the continual management of safety, health and environmental protection programs, and to communication and co-operation in that respect with government agencies, customers and industry associations.
4. All management systems will be subject to periodical internal and external audit, with specific emphasis on health, safety and environmental protection.
5. New projects will be evaluated for potential risks to employees, customers, the general public and the environment.
6. Education and training will ensure personnel familiarize themselves with all applicable procedures and conduct themselves conscientiously with respect to health, safety and environmental protection.
7. Safety and environmental management will be subject to regular review by the Environmental Health and Safety Committee of the Corporation.

The Corporation publishes a Sustainability Report. The most recent report was published in 2013. In this report we highlighted our sustainability initiatives and achievements. This report, which provides a detailed report card on all aspects of our sustainability performance, highlights performance against metrics for safety, environmental impact, community involvement and governance.The Corporation files its Sustainability Reports on SEDAR and the report is also available for viewing on the Corporation's website at www.algonet.com.

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

2. GENERAL DEVELOPMENT OF THE BUSINESS

During 2012, the Corporation announced that it is investing $12,000 to install scrubbers to reduce emissions of sulphur oxides on its Equinox Class vessels. The scrubbers are designed to clean the exhaust gases of the vessels' main and auxiliary engines, as well as the oil-fired boiler and will meet more stringent environmental regulations taking effect over the next three years. These scrubber systems will allow Algoma to use lower cost, heavy fuel oils while, at the same time, meet the new Emission Control Area sulphur limits established by the International Maritime Organization (IMO) and adopted by Canada and the United States for the Great Lakes and coastal waters. Without scrubber technology, we will be forced to convert vessels to burn more expensive diesel oil.

During 2014, the Corporation completed the certification of the first scrubber, which is installed on the *Algoma Equinox*. The certification effort confirmed that the equipment meets design specifications and it is now operational on that vessel. The Corporation expects that scrubbers installed on each of the remaining Equinox Class vessels will be certified in conjunction with their entry into domestic service.

3. NARRATIVE DESCRIPTION OF THE BUSINESS

Principal Services

The principal services provided by the Corporation are as follows:

1. Domestic Dry-Bulk consists of Canadian flagged dry-bulk lake vessels, ship management services, and a ship repair and steel fabrication business. The dry-bulk vessels operate within the Great Lakes, St. Lawrence Seaway and Atlantic Canada. The vessels are designed to carry a variety of dry-bulk products including grain, coal and coke, iron ore, salt and aggregates.

2. Product Tankers consist of Canadian flagged vessels which operate within the Great Lakes, St. Lawrence Seaway and Atlantic Canada. One vessel, previously foreign-flagged and operating world-wide, joined the domestic fleet in 2014.

3. Ocean Shipping consists of direct ownership of ocean-going dry-bulk self-unloading vessels and interests in other self- unloaders that trade world-wide.

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

Revenues

Revenue from continuing operations from third-party customers by industry segment for the two years ending December 31, 2014 and 2013 are as follows:

		2014		2013
Domestic Dry-Bulk	**$**	**337,244**	$	323,023
Product Tankers		**95,152**		100,635
Ocean Shipping		**61,119**		64,112
Real Estate		**31,001**		29,146
	$	**524,516**	$	516,916
Revenues from the joint ventures		**(20,833)**		(25,417)
	$	**503,683**	$	491,499

Approximately 88% (2013 - 87%) of revenue was earned in the geographic segment of Canada. The three marine operating segments in 2014 include export sales, primarily to the United States, of $152,030 (2013 - $164,822).

3. NARRATIVE DESCRIPTION OF THE BUSINESS

The Corporation has two customers in 2014 and 2013 whose revenues exceeded 10% of consolidated revenues. Sales to these two customers are as follows:

	2014	2012
Domestic Dry-Bulk	$ 123,141	$ 103,612
Product Tankers	$ 85,780	$ 94,094

Seasonality

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

The seasonality is largely limited to the domestic dry-bulk business. Earnings fluctuations and seasonality of the product tanker and ocean-going fleets, as well as the real estate portfolio, are not significant.

Foreign Operations

The Corporation has interests which carry on most of their operations in foreign jurisdictions. The Corporation’s proportionate share of the property, plant and equipment in foreign jurisdictions at December 31, 2014 and 2013 were $ 76,451 and $70,248, respectively.

The Corporation’s share of revenues in foreign jurisdiction for the years ended December 31, 2014 and 2013 were $64,055 and $67,258, respectively.

Locations

The Domestic Dry-Bulk segment has offices in St. Catharines, Ontario and Winnipeg, Manitoba. It also has vessel repair facilities in Port Colborne, Ontario.

The Product Tanker segment has offices in St. Catharines, Ontario, and Bridgetown, Barbados.

The Ocean Shipping segment has offices in Beverly, Massachusetts, and Hamilton, Bermuda.

3. NARRATIVE DESCRIPTION OF THE BUSINESS

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

Banking

Effective July 19, 2011, the Corporation completed a refinancing of its existing bank credit facilities (the “Bank Facility”) and issued senior secured notes payable (the “Notes”) in order to secure long-term financing to support its investment in Great Lakes fleet renewal and the buy-out of its domestic dry-bulk partner.

The Bank Facility consists of a $150,000 senior secured revolving bank credit facility due July 19, 2016 provided by a syndicate of six banks. The Bank Facility bears interest at rates that are based on the Corporation’s ratio of senior debt to earnings before interest, taxes and amortization and ranges from 175 to 275 basis points above bankers’ acceptance or LIBOR rates.

Employees and Unions

The normal complement of employees is approximately 2,100, the majority of whom are unionized. The negotiation status of the Corporation’s labour agreements with the collective bargaining units is as follows:

Shipboard Managers

Certain Captains and Chief Engineers are represented by the Canadian Masters and Chiefs Association. Their current collective agreement expires on February 28, 2015.

All other Captains and Chief Engineers of the Corporation are non-unionized.

Navigation and engineering officers are represented by six separate bargaining units of the Canadian Merchant Service Guild. Four of these agreements will expire on May 31, 2016 and the other two agreements will expire on July 31, 2016.

Unlicensed Employees

The Seafarers’ International Union (SIU) and the Canadian Maritime Union, a unit of Unifor, represent our unlicensed employees. The collective bargaining agreement with one bargaining unit of the SIU expired July 31, 2013 and bargaining is underway to renew the agreement. The other agreements with unlicensed employees will expire on March 31, 2015 and May 31, 2016.

Algoma Ship Repair

3. NARRATIVE DESCRIPTION OF THE BUSINESS

The collective agreement between Algoma Ship Repair and its hourly paid workers, who are represented by the United Steelworkers, expires on May 31, 2015.

Algoma Central Properties

The Delta Sault Ste. Marie Waterfront Hotel & Conference Centre's hourly paid workers are represented by the Retail, Wholesale and Department Store Union. The collective agreement with this group will expire on July 5, 2015.

4. RISKS AND UNCERTAINTIES

Risks and Uncertainties

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

Shipboard Personnel

The long-term challenge of recruiting and retaining skilled crews in the marine industry continues to be an area of focus. The challenge of recruiting new employees into the marine industry, competition for skilled labour from other sectors, and the limited number of cadet berths are all factors to be addressed by the marine industry as a whole. A lack of properly skilled shipboard employees could lead to service delays and interruptions. The Corporation continues to work with industry groups, its unions and educators to develop and enhance training programs to ensure an adequate supply of labour is available to meet its future needs.

Unions

The majority of the positions on the Corporation's domestic vessels are unionized. Failure to enter into new collective agreements with any of the unions representing workers could result in service interruptions. The Corporation believes it offers fair and competitive compensation packages and does not expect service interruptions.

Partnering

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

Outsourcing

The Corporation contracts certain of its information technology and technical ship management activities to third parties. The selection of the proper service providers is important to ensure the Corporation's high performance standards are applied consistently. Agents not performing to the expectations of the Corporation could have a significant impact on the reputation and financial results of the Corporation. The Corporation takes great care in ensuring the performance of parties selected to perform outsourced services on its behalf match its high quality standards. The Corporation deals with leading international companies for these services.

Service Failure

The Corporation's customers demand a high standard of operations excellence in order to ensure timely and safe delivery of their cargos. Incomplete or non-performance of services

4. RISKS AND UNCERTAINTIES

could expose the Corporation to customer complaints, penalties, litigation or loss of reputation. Failure to manage its fleet maintenance and capital improvements could impact the ability to generate revenue. The Corporation maintains stringent operational and maintenance plans to ensure assets perform to their maximum capability, and "Operations Excellence" is a high priority for each business unit.

Health and Safety

The Corporation places significant emphasis on health and safety management and is committed to the prevention of human injury and loss of life. An unsatisfactory safety record could lead to significant fines and penalties and a reduction in customer confidence in our ability to perform the required service. In the case of a significant customer, it could also lead to the termination of the service agreement.

Property, Plant, and Equipment

The failure by a shipyard to complete the construction of a vessel under development would impact on the Corporation's ability to replace existing assets and expand the business. The Corporation has remaining commitments of U.S.$97,735 for the construction of four Equinox Class vessels with delivery dates currently estimated to extend through 2016. These vessels are important to the modernization and service capacity of its fleet and to the business strategy of the Corporation. The Corporation has a knowledgeable supervision team in place at the shipyard to monitor the quality of construction and to assist the shipyard in moving to a successful completion of the contract. In addition, the Corporation holds refund guarantees from the shipyard's bankers for instalments made by the Corporation.

A significant portion of the funding for the additions to property, plant and equipment will come from internally generated cash flows, but due to the magnitude of the commitments, additional financing was required. The Corporation has secured credit facilities expiring on various dates through July 2021, including a revolving bank facility provided by a syndicate of six leading banks that will meet the cash requirements for its existing commitments.

Competitive Markets

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

Changes in general economic conditions or conditions specific to a particular customer may affect the demand for vessel capacity. The Corporation believes that due to the long-term nature of its service contracts, vessel configurations and geographic diversity it is well positioned in the market place and is able to withstand fluctuations in market conditions.

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

4. RISKS AND UNCERTAINTIES

Real estate assets are well maintained to provide long-term capacity to tenants and their users.

The geographic and operational diversity of the Corporation will help to mitigate negative economic impact to the sectors in which it operates.

Environmental

Environmental protection continues to be a dominant topic on the world legislative agenda and is a primary focus of the Corporation throughout its operations. Environmental issues such as aquatic invasive species, pollutant air emissions (SOx and NOx), greenhouse gases and cargo residues/wash waters are being scrutinized and regulated worldwide. A change in environmental legislation could have a significant impact on the Corporation's future operations and profitability.

The Corporation's fleet continues to monitor fuel sulphur levels in accordance with Emission Control Area (ECA) and Fleet Averaging requirements and remains in compliance with all requirements. The Corporation's highly efficient Equinox Class ships are equipped with exhaust gas scrubbers designed to satisfy the air emission rules. The Corporation's other vessels are capable of using lower sulphur fuels to satisfy air emission rules, although the cost and availability of low sulphur fuels may be a risk in the future.

Emission Control Area rules also require mandatory and significant reduction in NOx emissions for new engines installed after January 1, 2016. Cost and availability of this 'Tier III NOx' compliant equipment for new vessels constructed after 2016 may represent a risk to the Corporation.

Monitoring, reporting and verification (MRV) of greenhouse gases (GHGs) is in the planning stages at the International Maritime Organization (IMO) and mandatory GHG reporting is anticipated to be implemented in the near future by Canada and the United States. There is potential for mandatory GHG reduction targets or market-based measures such as fuel levies or carbon taxes to be applied to the marine industry in the future. If implemented, such measures could have an impact on operating costs that cannot be estimated at this time.

Canada is a signatory to the IMO Ballast Water Convention. Although the convention is not yet ratified, the Canadian government is currently developing amendments to its own ballast water regulations to implement the international ballast water discharge standards in Canadian waters. A portion of the Corporation's vessels also remain subject to United States regulations that will require installation of ballast water treatment systems during future dry dockings. There are presently no U.S. Coast Guard approved ballast water treatment systems available and furthermore there are no technologies proven to work in the unique operating conditions of the Great Lakes. The current imposition of unachievable and discriminatory ballast water regulations by the U.S. on Canadian vessels presents an economic and regulatory risk to the Corporation. The Corporation and other stakeholders continue to express their concern that the domestic industry needs a unique solution that provides a single, achievable regulatory approach for all domestic vessels operating in Canadian waters.

Regulatory

A change in governmental policy could impact the ability to transport certain cargos. A policy change could threaten the Corporation's competitive position and its capacity to offer efficient

4. RISKS AND UNCERTAINTIES

programs or services. Often, several different jurisdictions are able to exercise authority over marine transportation and vessel operations. For example, within the Great Lakes – St. Lawrence Waterway there are eight U.S. state governments and two Canadian provincial governments plus both federal governments. The Corporation expects sufficient warning of a policy change providing it time to adjust and minimize the impact on the organization. Any such regulatory change would have a similar impact on our waterborne competitors.

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

Water Levels

The Corporation's domestic dry-bulk vessels and product tankers operate primarily in the Great Lakes and the St. Lawrence River. Rising or declining water levels in ports in which the vessels load and unload have the effect of increasing or reducing cargo sizes and this affects the profitability of these vessels.

Drops in water levels in the Great Lakes and the St. Lawrence, which the Corporation has no control over, could have a significant impact on the future operations and profitability of the domestic dry-bulk vessels and product tankers. The heavy winter ice cover on most of the Upper Great Lakes in 2014 limited evaporation and above average precipitation amounts led to increasing lake levels throughout the year. By year-end, water levels were above 2013 levels and average long-term levels for the first time in over a decade. The US Army Corps of Engineers is forecasting water levels to remain at or above the long-term average at least the first half of 2015.

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

Catastrophic Loss

A major disaster could impact the Corporation's ability to sustain certain operations and provide essential programs and services. The Corporation's assets may be subject to factors external to its control. The Corporation has emergency response and security plans for each fleet and vessel that is tested annually in accordance with statutory requirements. The Corporation maintains comprehensive insurance coverage on its assets and assesses the adequacy of this coverage annually.

Foreign Exchange

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

4. RISKS AND UNCERTAINTIES

The Corporation has significant commitments due for payment in U.S. dollars. The Corporation mitigates the risk associated with the U.S. dollar payments principally through utilizing U.S. cash as a hedge on purchase commitments required under ship building contracts with foreign shipbuilders and foreign exchange forward contracts.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation is exposed to credit risk from its customers. The Corporation believes that the credit risk for accounts receivable is limited due to the tight credit terms given to customers, minimal bad debts experience and a customer base that consists of a relatively few large industrial concerns in diverse industries.

Employee Future Benefits

Economic conditions may prevent the Corporation from realizing sufficient investment returns to fund the defined benefit pension plans at existing levels. Any increase in the regulatory funding requirements for the Corporation's defined benefit pension plans, although a use of resources, is not expected to have a material impact on its cash flows. Effective January 1, 2010, the Corporation closed its defined benefit plans to new members and adopted defined contribution plans for all new employees.

Judicial and other proceedings

From time to time, the Corporation is a party to judicial, arbitration, or similar proceedings either as claimant or as respondent. Although the Corporation will take any actions it deems necessary to represent its interests in these proceedings, the ultimate outcomes of such proceedings are outside of the control of the Corporation. The realizable value of any assets and the exposure to liabilities associated with such proceedings may be different than the carrying value of those assets or liabilities on the financial statements of the Corporation.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

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

In thousands except per share figures	2014	2013	2012
For the year			
Revenue	**$ 503,683**	$ 491,499	$ 527,871
Net earnings	**$ 52,765**	$ 41,923	$ 42,156
Additions to property, plant and equipment and investment properties, net	**$ 37,112**	$ 51,883	$ 92,042
Dividends paid per common share *(Note 2)*	**$ 0.28**	$ 0.28	$ 0.22
Basic earnings per common share	**$ 1.36**	$ 1.08	$ 1.08
At December 31			
Total assets	**$ 974,055**	$ 932,354	$ 875,752
Shareholders' equity	**$ 607,099**	$ 561,086	$ 498,454
Long-term debt (including current)	**$ 227,562**	$ 232,922	$ 232,935
Equity per common share	**$ 15.60**	$ 14.42	$ 12.81
Common shares outstanding	**38,912,110**	38,912,110	38,912,110

The financial information is prepared in accordance with International Financial Reporting Standards. Factors affecting the comparability of financial data presented above are as follows:

2013

There are no significant events or changes in the business affecting the comparability of fiscal 2013 to fiscal 2012.

2014

There are no significant events or changes in the business affecting the comparability of fiscal 2014 to fiscal 2013.

Further discussion of the results for fiscal 2014 can be found in the Management Discussion and Analysis for the year ended December 31, 2014.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

Dividends

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

Dividends were paid to shareholders at $0.28 per common share in 2014 and 2013 and $0.22 per common share in 2012.

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

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

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

7. MARKET FOR SECURITIES

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

The price ranges and volume of common shares of the Corporation traded on the TSX on a monthly basis for 2014 were as follows:

Month	High	Low	Volume Traded (ooo's)
January	$16.90	$15.25	2.842
February	$16.02	$14.65	1,591
March	$15.90	$14.95	2,081
April	$16.00	$15.37	1,375
May	$15.98	$15.05	1,657
June	$16.74	$15.68	2,041
July	$16.69	$16.00	1,201
August	$16.49	$15.75	1,324
September	$16.69	$16.11	1,132
October	$16.22	$15.35	3,465
November	$16.19	$15.80	1,433
December	$17.43	$16.07	2,322

8. CAPITAL STRUCTURE

Authorized share capital consists of an unlimited number of common and preferred shares with no par value.

On October 31, 2012 the Board of Directors authorized a split of the common shares of the Corporation by way of a stock dividend of nine common shares for each common share held. The stock dividend was paid on December 14, 2012 to shareholders of record on December 7, 2012.

Prior to the stock dividend there were 3,891,211 common shares outstanding. Following payment of the stock dividend, the Corporation has 38,912,110 common shares outstanding.

Comparative figures have been adjusted to reflect the stock split.

At December 31, 2014 and 2013 there were no preferred shares issued and outstanding.

9. DIRECTORS AND OFFICERS

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

Directors

Richard B. Carty, Toronto, Ontario
During the last five years Mr. Carty has been Vice-President, General Counsel and Corporate Secretary, E-L Financial Corporation Limited.
He has served as a director of the Corporation since September 2010.

E. M. Blake Hutcheson, Toronto, Ontario
During the last five years, Mr. Hutcheson has been President and Chief Executive Officer of Oxford Properties Group Inc..
He has served as a director of the Corporation since 2003.

Duncan N. R. Jackman, Toronto, Ontario
During the last five years, Mr. Jackman has been Chairman, President and Chief Executive Officer, E-L Financial Corporation Limited.
He has served as a director of the Corporation since 1997.

9. DIRECTORS AND OFFICERS

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

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

Eric Stevenson, Toronto, ON
During the last five years, Mr. Stevenson has been a venture capitalist and co-founder of Perseverance Marine. Mr. Stevenson was appointed as a Director in May, 2013.

Greg D. Wight, St. Catharines, Ontario
During the last five years, Mr. Wight has been President and Chief Executive Officer of Algoma Central Corporation.
He has served as a director of the Corporation since 2008.

Officers

Duncan N. R. Jackman, Toronto, Ontario
Chairman

Greg D. Wight, St. Catharines, Ontario
President and Chief Executive Officer

Thomas G. Siklos, Toronto, Ontario
Vice President, Algoma Central Properties Inc.
During the last five years, Mr. Siklos has been Vice President, Algoma Central Properties Inc. and Chief Operating Officer of Resort Owners Group Inc. and Director of Leasing for Blackwood Partners.

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

Peter D. Winkley, Toronto, Ontario
Vice President, Finance and Chief Financial Officer
During the last five years, Mr. Winkley has been Vice President, Finance and Chief Financial Officer of Algoma Central Corporation and Vice-President, Finance and Chief Financial Officer of Therapure Biopharma Inc.

9. DIRECTORS AND OFFICERS

Wayne A. Smith, St. Catharines, Ontario
Senior Vice President, Commercial
During the last five years, Mr. Smith has been Senior Vice President, Commercial of Algoma Central Corporation and Vice President, Marketing and Vessel Traffic of Seaway Marine Transport.

Karen A. Watt, Niagara Falls, Ontario
Vice President, Human Resources
During the last five years, Ms. Watt has been Vice President, Human Resources, and Director, Human Resources of Algoma Central Corporation.

Mr. Dennis McPhee, St. Catharines, Ontario
Vice-President, Sales and Traffic
During the last five years, Mr. McPhee has been Vice-President, Sales and Traffic for Algoma Central Corporation and Vice-President, Sales and Traffic for Seaway Marine Transport.

J. Wesley Newton
Legal Counsel and Secretary
During the last five years, Mr. Newton has been Legal Counsel and Assistant Secretary for Algoma Central Corporation and Senior Corporate Counsel for Federal Express Canada.

Shareholdings of Directors and Officers

The directors and senior officers of the Corporation as a group beneficially own, directly or indirectly, or exercise control or direction over 159,769 or 0.4% of the outstanding common shares of the Corporation.

Committees of the Board of Directors

Executive Committee

The members of the Executive Committee are Greg D. Wight, Duncan N. R. Jackman and Clive P. Rowe.

Audit Committee

The Corporation is required to have an Audit Committee of the Board of Directors. The members of the Audit Committee are Harold S. Stephen (Chair), E.M. Blake Hutcheson and Duncan N. R. Jackman.

Please refer to pages 24 to 27 of this Annual Information Form for additional information on the Audit Committee.

9. DIRECTORS AND OFFICERS

Corporate Governance Committee

The members of the Corporate Governance Committee are Clive P. Rowe (Chair), Richard B. Carty, Duncan N. R. Jackman and Harold S. Stephen.

Environmental Health and Safety Committee

The members of the Environmental Health and Safety Committee are Richard B. Carty, Eric Stevenson (Chair), and Duncan N. R. Jackman.

10. LEGAL PROCEEDINGS

There are no legal proceedings involving a material amount outstanding against the Corporation. For information on contingencies, please refer to Note 26 of the consolidated financial statements.

11. TRANSFER AGENT AND REGISTRAR

The Canadian Stock Transfer Company ("CST") is the registrar and transfer agent for the common shares of the Corporation. CST keeps the Register of Holders and the Register of Transfers for the common shares at its principal stock transfer office in the City of Toronto.

12. INTERESTS OF EXPERTS

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

13. AUDIT COMMITTEE

Mandate of the Audit Committee

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

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

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

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

Composition of the Audit Committee

The Audit Committee is to be composed of only independent directors. The Chair of this Committee must have significant accounting or related financial experience and should not hold more than 20% of the Corporation's issued and outstanding shares.

The members of the Audit Committee are Harold S. Stephen (Chair), E. M. Blake Hutcheson and Duncan N. R. Jackman.

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

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

13. AUDIT COMMITTEE

Relevant Education and Experience

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

Audit Committee Member	*Education and Experience*
Harold S. Stephen - Chairman	Mr. Stephen is a Certified Public Accountant, a Licensed Trustee in Bankruptcy, and a former partner in the accounting firm of Ernst and Young. He has over 35 years experience advising companies in financing and capital restructuring in court supervised and informal reorganization proceedings.
E. M. Blake Hutcheson	Mr. Hutcheson has over 20 years of experience in the real estate services, investment and finance business. He is currently President and Chief Executive Officer of Oxford Properties Group Inc. Prior to that, he was the Chief Executive Officer for nine years of a real estate service company with over 1,500 employees and $250 million in annual sales. In these roles, he has dealt with multiple complex accounting issues, several years of audits, statement preparations and has a strong working knowledge of financial reporting, tax, internal controls and accounting practices.
Duncan N. R. Jackman	Mr. Jackman has over 20 years in the investment and finance industries. He has been a corporate director since 1997. He is the Chairman and President and Chief Executive Officer of E-L Financial Corporation Limited.

13. AUDIT COMMITTEE

Pre-Approval Policies and Procedures

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

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

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

13. AUDIT COMMITTEE

External Auditor Service Fees

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

	2014	2013
Audit fees	$ 496	$ 537
Audit – related fees	$ 108	$ 98
Tax-related fees	$ 125	$ 183
Other	$ 7	$ 15

14. ADDITIONAL INFORMATION

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

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

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

Algoma Central Corporation
63 Church Street, Suite 600, St. Catharines, Ontario L2R 3C4
(905) 687-7888
www.algonet.com

CANADA'S BEST MANAGED COMPANIES