ALGOMA CENTRAL CORPORATION

ANNUAL INFORMATION FORM

For The Year Ended December 31, 2017

Unless otherwise specified, all amounts are in thousands of Canadian dollars and the information in this Annual Information Form is presented as at March 12, 2018.

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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 Company's 2017 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 Company. These forward-looking statements are based on current expectations. The Company 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 Company's control, including economic circumstances, technological changes, weather conditions and the material risks and uncertainties identified by the Company and discussed on pages 8 to 12 in this report.

1. CORPORATE STRUCTURE

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

The Company 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 Company 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 Company's registered head office and executive offices are located at 63 Church Street, St. Catharines, ON, L2R 3C4.

Intercorporate Relationships

The following are the principal subsidiaries, partnerships and joint ventures of the Company:

	Jurisdiction of incorporation	Percentage of voting securities beneficially owned or over which control or direction is exercised	Percentage of non-voting securities owned
Subsidiaries			
Algoma Central Properties Inc.	Ontario	100%	N/A
Algoma Central Hotels Ltd.	Ontario	100%	N/A
Algoma Dartmouth Ltd.	Canada	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
SMT (USA) Inc.	Delaware	100%	N/A
Algoma International Shipholdings Ltd.	Bermuda	100%	N/A
Joint Ventures			
Marbulk Canada Inc.	Canada	50%	N/A
75 Corporate Park Drive Limited	Ontario	50%	N/A
NovaAlgoma Cement Carriers Limited	Bermuda	50%	N/A
NovaAlgoma Short Sea Holding Ltd.	Bermuda	50%	N/A

2. GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Algoma Central Corporation owns and operates the largest fleet of dry and liquid bulk carriers operating on the Great Lakes - St. Lawrence Waterway, including self-unloading dry-bulk carriers, gearless dry-bulk carriers and product tankers. Algoma also owns ocean self-unloading dry-bulk vessels operating in international markets. Algoma has expanded into global short sea markets through it 50% interests in NovaAlgoma Cement Carriers ("NACC") and NovaAlgoma Short Sea Carriers ("NASC").

In addition to its owned vessels, the Company provides operational management for two vessels; one owned by G3 Canada Limited and the other by NACC.

The Company's executive offices are located in St. Catharines, Ontario. The Company employs approximately 2,000 people globally and has assets at December 31, 2017 of $1,100 million and 2017 revenues of $451 million.

The Company reports the results of its operations for four business units or segments. The largest is the Domestic Dry-Bulk segment, which includes the Company's domestic dry-bulk carriers. This segment serves a wide variety of major industrial sectors, including iron and steel producers, aggregate producers, cement and building material producers, electric utilities, salt producers and agricultural product distributors. Our customer base includes leading organizations in each market sector and service relationships are typically long-term in nature.

The Product Tanker fleet provides safe and reliable transportation of liquid petroleum products throughout the Great Lakes, St. Lawrence Waterway and Atlantic Canada regions. This business unit consists of six double-hull product tankers employed in Canadian flag service. Domestic customers include major oil refiners, leading wholesale distributors and large consumers of petroleum products who demand the highest levels of quality and service.

The Company's international Ocean Self-Unloaders segment consists of two entities. Marbulk Canada Inc. ("MCI") is jointly owned by the Company and CSL Group Inc. and owns one ocean self-unloader. Algoma Shipping Ltd. ("ASL"), a wholly owned subsidiary of the Company, owns five ocean self-unloading vessels. The MCI and ASL ocean self-unloaders are part of 19 ocean self-unloaders that form the CSL International ("CSLI") Commercial Pool. A second MCI-owned self-unloader is jointly owned with Bernhard Schulte and operates under a long-term time charter in Europe.

The Global Short Sea Shipping segment focuses on niche markets featuring specialized equipment or services. The NACC fleet comprises pneumatic cement carriers servicing large global manufacturers that support infrastructure investment; the fleet is now the second largest in the world. NASC manages a short sea mini bulker fleet that comprises owned ships, chartered vessels, and vessels under third party management contracts. The NASC fleet moves approximately 15 million tonnes annually in support of the agricultural, cement, construction, energy and steel industries worldwide. Both are accounted for using the equity method.

Three Year History

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

2015

During the second quarter of 2015, the Company issued formal cancellation notices on the four contracts with the Nantong Mingde Shipyard and deposits made to the Shipyard totaling U.S. $65,760 were re-classified from property, plant, and equipment to other assets. As a result of the cancellation, the Company recognized a net gain of $9,972. Cancellation of the Mingde contracts on their terms entitled the Company to demand repayment of construction instalments paid to date, along with accrued interest.

While delayed, the overall fleet renewal program, of which these Equinox Class ships were a part, remained a priority for the Company. Algoma executed contracts for the construction of two new Equinox

Class 650' self-unloaders and five Equinox Class 740' self-unloaders. Management expected two Equinox self-unloaders to be delivered in 2017 and 2018 through early 2019 for delivery of the remaining five.

In November 2015, the Company's wholly owned subsidiary Algoma Shipping Ltd. reached an agreement to purchase two ocean-going panamax size self-unloaders. Jointly owned Marbulk Canada Inc. also reached an agreement to acquire a handymax size self-unloader. The acquisition of the three vessels closed in January 2016 for total consideration of U.S. $96,100.

Also, in November 2015, the Company announced its decision to sell its investment properties comprising commercial, retail and other buildings. The decision to sell was a result of a review of the strategic objectives of the Company and a decision to focus the Company's capital on domestic and international shipping opportunities.

2016

On January 20, 2016, the Company announced that it has entered into a joint venture agreement with Nova Marine Carriers SA and Nova Marine Holdings SA of Luxembourg to create a specialized global fleet of cement carriers to support infrastructure projects worldwide. Algoma will own 50% of the joint venture, which is named NovaAlgoma Cement Carriers Limited.

Under the terms of the agreement, Algoma acquired a 50% interest in the cement carrier fleet owned by Nova comprising three pneumatic cement carriers in operation and two vessels that were under construction. The initial investment in the joint venture was completed for a total consideration of U.S. $22,914.

In January 2016, the Company closed on a purchase of two ocean class self-unloading vessels and a 50% interest in a third ocean class self-unloading vessel, all of which are participants in the Pool for U.S. $96,100.

In February and July 2016, the London UK Arbitration Tribunal, under two separate hearings related to a contract dispute involving four shipbuilding contracts between Algoma and Nantong Mingde Heavy Industries Stock Co. Ltd., found in favour of Algoma. As a result of the favourable rulings, the Company became entitled to demand repayment of the construction instalments paid to date, along with accrued interest, which totaled $85,699. The amounts have been refunded in full and the Company recognized a net after-tax gain of $22,322 as a result of the transaction.

The Company sold five investment properties in 2016. The net proceeds on disposal were $49,595 and the net gain was $20,307.

2017

On March 2, 2017, the Company announced that it had created another joint venture with Nova Marine Carriers, named NovaAlgoma Short Sea Carriers. NASC consists of an owned fleet 15 short sea mini bulkers in a total fleet of an average of 60 vessels. NASC supports the agricultural, cement, construction, energy and steel industries. At year end, Algoma has invested a total consideration of U.S. $38,195 in NASC.

In 2017, NACC was awarded the contract to replace the *English River.* The vessel was previously owned by Lafarge Canada and managed by Algoma. NACC has taken responsibility for the vessel until its replacement is delivered. Algoma continues to manage the vessel on behalf of NACC.

In domestic operations, two new Equinox Class vessels joined the domestic fleet, The *Algoma Niagara*, the first Equinox Class self-unloader to be delivered and the *Algoma Strongfield* which joined her Equinox Class gearless sister ships.

Algoma acquired the *Algoma Conveyer,* the first and only Equinox self-unloader partially built by Nangtong Mingde, at auction in September, 2017, and the vessel is currently undergoing refurbishment and final construction at Yangzijiang Shipyard in China. The vessel is expected to be completed and delivered in early 2019.

In December, 2017 Algoma announced an agreement made with American Steamship Company to acquire four river-class vessels. The availability of these vessels presented an opportunity to expand the domestic fleet and capacity at extremely attractive values and to create new opportunities in the river-class segment. Two of the vessels will join the domestic fleet to ship salt, aggregate, and other commodities, while the other two, which are steamships, have several possibilities, including being repowered as motor vessels.

The Company sold seven of the remaining properties held for sale in 2017 for a pre-tax gain of $28.8 million.

Safety and Environmental Matters

The Company 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 Company's Environmental Protection Policy stipulates the principles to which Algoma Central Corporation and its subsidiaries will adhere to 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 Company 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 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.

The Company publishes a Sustainability Report that highlights its sustainability initiatives and achievements. The most recent report was published in 2016. In this report all aspects of the Company's sustainability performance, highlighting performance against metrics for safety, environmental impacts, community involvement, and governance are detailed. The report is available for viewing on the Company's website at www.algonet.com.

Both the domestic dry-bulk and product tanker fleets participate in the Green Marine program. This initiative's objective is to improve the marine industry's environmental performance above and beyond regulation in a number of areas, including aquatic invasive species, pollutant air emissions (SOx, NOx and PM), greenhouse gases, waste management and underwater noise. The Green Marine program requires participating ship-owners and port authorities to implement specific best practices that will contribute to reducing the environmental impact of their business activities. Each company must evaluate their performance in each category on an annual basis on a scale of one to five, beginning with regulatory compliance and culminating in excellence and leadership, and provide these results to Green Marine for communication in a publicly available annual report. Participant results must also be verified by an independent party on a bi-annual basis.

The Company's highly efficient Equinox Class ships are all equipped with certified and operational exhaust gas scrubbers designed to meet stringent ECA SOx limits. The scrubbers allow the vessels to clean the exhaust gas released in order to discharge a minimum amount of SOx into the environment and reduce particulate matters. The Company completed certification of the first scrubber on the Algoma Equinox in 2014.

3. NARRATIVE DESCRIPTION OF THE BUSINESS

Principal Services

The principal services provided by the Company are as follows:

1. Domestic Dry-Bulk consists of Canadian flagged dry-bulk lake vessels and ship management services. The dry-bulk vessels operate within the Great Lakes, St. Lawrence Waterway, and Atlantic Canada. The vessels are designed to carry a variety of dry-bulk products including iron ore, grain, coal and coke, salt and aggregates.
2. Product Tankers consist of Canadian flagged vessels which operate within the Great Lakes, St. Lawrence Waterway and Atlantic Canada. Customers include major oil refiners, leading wholesale distributors and large consumers of petroleum products.
3. Ocean Self-Unloaders consists of direct ownership of ocean-going dry-bulk self-unloading vessels and interests in other self-unloaders that trade worldwide.
4. Global Short Sea Shipping consists of two specialized global fleets; a fleet of cement carriers and a fleet of short sea mini bulkers. Both are accounted for using the equity method.

Revenues

Revenue from continuing operations by industry segment for the two years ending December 31, 2017 and 2016 are as follows:

		2017		2016
Domestic Dry-Bulk	**$**	**278,265**	$	244,221
Product Tankers		**86,274**		63,004
Ocean Self-Unloaders		**74,912**		72,179
		439,451		379,404
Investment Properties		**11,599**		12,002
	$	**451,050**	$	391,406

Approximately 55% (2016 – 69%) of revenue was earned in the geographic segment of Canada. The three marine operating segments in 2017 include export sales, primarily to the United States, of $118,687 (2016 - $170,729).

The Company had two customers in 2017 and three customers in 2016 whose revenues exceeded 10% of consolidated revenues. Sales to these customers are as follows:

		2017		2016
Domestic Dry-Bulk	**$**	**93,155**	$	83,907
Product Tankers	**$**	**84,713**	$	54,902

Seasonality

The nature of the Company's business is such that the earnings in the first quarter of each year are not indicative of the results for the other three quarters in the year. Due to the closing of the canal system and the winter weather conditions on the Great Lakes - St. Lawrence Waterway, the majority of the Domestic Dry-Bulk fleet does not operate for most of the first quarter. In addition, 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, first quarter revenues and earnings are significantly lower than those of 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 are not significant.

Foreign Operations

The Company has interests which carry on most of their operations in foreign jurisdictions. The Company’s proportionate share of the property, plant, and equipment in foreign jurisdictions at December 31, 2017 and 2016 was $169,098 and $160,625 respectively.

The Company’s share of revenues in foreign jurisdictions for the years ended December 31, 2017 and 2016 were $74,912 and $72,179, respectively.

Locations

- The Domestic Dry-Bulk segment has offices in St. Catharines, Ontario and Winnipeg, Manitoba.
- The Product Tanker segment has an office in St. Catharines, Ontario.
- The Ocean Self-Unloaders segment has offices in Beverly, Massachusetts, and Hamilton, Bermuda.
- The Global Short Sea Shipping has offices based in St. Catharines, Ontario, Lugano, Switzerland, and Hamilton, Bermuda.

Algoma Central Properties Inc. ("ACP") is the discontinued real estate segment of the Company. ACP continues to own properties in Sault Ste. Marie and St. Catharines.

On February 1, 2017, the Board of Directors made a decision to retain 63 Church Street, St. Catharines, ON, which houses the Company's head office. As a result of this decision, the carrying cost of the building was reclassified from discontinued operations to property, plant and equipment effective that date.

On June 26, 2017 the Company decided to temporarily suspend the sale of Station Mall, the largest mall in the Sault Ste. Marie region, and Station 49, an adjacent residential apartment building. Sears Canada, which has been an anchor tenant of the shopping centre, announced on June 22, 2017 that it had filed for protection under the Companies' Creditors Arrangements Act. Sears subsequently disclaimed its lease and has vacated its space in the shopping centre. These properties have been reclassified from discontinued operations into continuing operations as Investment Properties in the Corporate segment. It is the intent of the Company that both properties will be placed on the market in the near future once a development plan for the former Sears space is set.

The Company sold seven of the remaining properties held for sale in 2017 for a total pre-tax gain of $28,857.

Financing

In 2017, the Company redeemed the convertible unsecured subordinated debentures due March 31, 2018 (the "2011 Debentures"). As the 2011 Debentures were redeemed without conversion, the equity component relating to the 2011 Debentures in the amount of $4,630 was transferred to Contributed Surplus. To fund the redemption, the Company used its new convertible unsecured subordinated debentures. The new debentures mature in June 2024 and will bear interest at an annual rate of 5.25%.

Employees and Unions

The normal complement of employees is approximately 2,000, the majority of whom are unionized. Details of the status of the various union agreements are provided below.

Shipboard Managers

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

Navigation and engineering officers are represented by six separate bargaining units of the Canadian Merchant Service Guild. Four of these agreements expired on May 31, 2016 and two other agreements expire on July 31, 2021.

Unlicensed Employees

There are three unlicensed bargaining units of shipboard employees. The Seafarers' International Union (SIU) represents two unlicensed employee bargaining units and the Canadian Maritime Union, a unit of Unifor, represents one unlicensed employees bargaining unit.

The collective bargaining agreement with one bargaining unit of the SIU will expire on July 31, 2018. The second collective bargaining agreement with the SIU expired on May 31, 2016.

The collective agreement with Unifor expired on March 31, 2015.

The bargaining for renewal of all collective agreements with all groups whose contracts have expired is underway.

Algoma Ship Repair

The collective agreement between Algoma Ship Repair and its hourly paid workers, who are represented by the United Steelworkers, expires on May 31, 2018.

4. RISKS AND UNCERTAINTIES

Risks and Uncertainties

The following section describes both general and specific risks that could affect the Company's financial performance. The risks described below are not the only risks facing the Company. Additional risks and uncertainties that are not currently known or that are currently considered immaterial may also materially and adversely affect the Company'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 Company 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 Company'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 Company believes it offers fair and competitive compensation packages and does not expect service interruptions.

Partnering

The Company operates a portion of its business jointly with third parties. Partnerships are seen by the Company 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 Company 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 Company 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 Company's high performance standards are applied consistently. Agents not performing to the expectations of the Company could have a significant impact on the reputation and financial results of the Company. The Company takes great care in ensuring the performance of parties selected to perform outsourced services on its behalf match its high quality standards. The Company deals with leading international companies for these services.

Service Failure

The Company'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 could expose the Company 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 Company 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 Company 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 the Company's 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 Company's ability to replace existing assets and expand the business. The Company has remaining commitments with two shipyards of $199,148 for the construction of six Equinox Class vessels with delivery dates currently estimated to extend through 2019. These vessels are important to the modernization and service capacity of its fleet and to the business strategy of the Company. The Company has a knowledgeable supervision team in place at the shipyards to monitor the quality of construction and to assist the shipyards in moving to a successful completion of the contracts. In addition, the Company holds refund guarantees from the shipyards' bankers for instalments made by the Company.

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 has been secured with credit facilities expiring on various dates through July 2021, including a revolving bank facility provided by a syndicate of seven leading banks that will meet the cash requirements for its existing commitments.

Competitive Markets

Marine transportation is 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 Company 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 Company 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 geographic and operational diversity of the Company 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 Company throughout its operations. Environmental issues such as aquatic invasive species, pollutant air emissions (SOx and NOx), greenhouse gases and marine protected areas continue to be scrutinized and regulated worldwide. A change in environmental legislation could have a significant impact on the Company's future operations and profitability.

The Company'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 Company's highly efficient Equinox Class ships are equipped with exhaust gas scrubbers designed to meet the stringent ECA SOx limits. The Company'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 Company.

Mandatory energy efficiency plans and greenhouse gas (GHG) reporting have been implemented by the International Maritime Organization (IMO) and further measures to reduce global GHG emissions from the marine sector are under discussion. Canada has put in place plans to price carbon pollution. 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. The Canadian government is currently developing amendments to its own ballast water regulations to implement the international ballast water discharge standards for Canadian waters. A portion of the Company'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 with operating limitations suitable for the Company's vessels that operate in the Great Lakes. The current imposition of unachievable ballast water regulations presents an economic and regulatory risk to the Company. The Company 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 Company's competitive position and its capacity to offer efficient 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 Company 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 the Company's waterborne competitors.

The Company 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.

Climate Change

The Company's domestic dry-bulk vessels and product tankers operate primarily in the Great Lakes and the St. Lawrence River. Winter conditions during the December to March periods and rising or declining water levels in ports in which the vessels load and unload have the effect of increasing or reducing operating days and cargo sizes, respectively, and this could affect the profitability of these vessels.

Harsh winter conditions may result in more severe ice coverage on the Great Lakes and the St. Lawrence Waterway, resulting in operating delays and delays in the opening of the canals in the system and the movement of cargo.

Drops or significant increases in water levels on the Great Lakes - St. Lawrence Waterway, which the Company has no control over, could have a significant impact on the future operations and profitability of the domestic dry-bulk vessels and product tankers. In 2017, all five Great Lakes were well above their long term water level averages. This trend is expected to continue into the 2018 season. Lake Ontario reached its all time record for high water level during the late spring and early summer months. During that period the lake level was 1.6 metres above previous highs. High water levels on Lake Ontario resulted in record sustained outflows in the Montreal to Lake Ontario section of the St. Lawrence Waterway causing restrictions placed on navigation from late spring to early fall of 2017.

The geographic diversity of the Company 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.

Regarding the future impacts with respects to climate change, the expectation is that climate change could result in more extreme weather events. Including would be increased frequency of gales and storms with longer duration and stronger wind forces. An overall trend towards less ice on the Great Lakes could result in the opportunity of a longer shipper season but with the propensity of more/greater storms, greater overall evaporation due to more open water and increase snowfall. Climate change theory and experience states that there could be more extremes in both temperature and rainfall. High water and low water levels both can negatively effect operations. Further concerns would be older marine infrastructure’s ability to withstand more extreme weather.

Catastrophic Loss

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

Foreign Exchange

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

The Company has significant commitments due for payment in U.S. dollars and Euros. The Company 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. The risks associated with the exposure to Euros are managed with forward foreign exchange contracts.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from its customers. The Company 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 Company from realizing sufficient investment returns to fund the defined benefit pension plans at existing levels. Any increase in the regulatory funding requirements for the Company’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 Company 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 Company is a party to judicial, arbitration, or similar proceedings either as claimant or as respondent. Although the Company 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 Company. 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 Company.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

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

	2017	2016	2015
For the year			
Revenue	**$ 451,050**	$ 391,406	$ 413,493
Net earnings from continuing operations	**$ 32,367**	$ 10,596	$ 21,069
Net earnings from discontinued operations	**$ 23,828**	$ 22,719	$ 4,702
Net earnings	**$ 56,195**	$ 33,315	$ 25,771
Additions to property, plant, and equipment	**$ 157,520**	$ 248,864	$ 115,857
Dividends paid per common share	**$ 0.32**	$ 0.28	$ 0.28
Basic earnings per common share	**$ 1.44**	$ 0.85	$ 0.66
At December 31			
Total assets	**$ 1,100,290**	$ 1,036,013	$ 988,805
Shareholders' equity	**$ 660,460**	$ 641,550	$ 618,610
Long-term debt (including current)	**$ 297,333**	$ 243,260	$ 245,306
Equity per common share	**$ 17.13**	$ 16.49	$ 15.90
Common shares outstanding	**38,552,315**	38,913,733	38,913,733

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

On June 26, 2017 the Company suspended sales discussions on a shopping centre and apartment building located in Sault Ste. Marie. As such, these properties and have been reclassified from discontinued operations and included in continuing operations. Under IFRS 5, the historical operating results of these properties have been reclassified to continuing operations on a retroactive basis. In addition the building that houses the Company's head office was reclassified to Corporate Property, Plant & Equipment after the decision to maintain ownership.

Further discussion of the operating results for fiscal 2017 can be found in the Management's Discussion and Analysis for the year ended December 31, 2017.

Dividends

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

The Company's debt agreements contain formulas that would serve to limit the amount of dividends that can be paid in certain circumstances. None of these circumstances exist at the present time.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company'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 Company are listed on The Toronto Stock Exchange under the symbol of ALC. The subordinated debentures of the Company are listed on the Toronto Stock Exchange under the symbol of ALC.DBA.

The price ranges and volume of common shares of the Company traded on the TSX on a monthly basis for 2017 were as follows:

Month	High	Low	Volume Traded (000's)
January	$13.42	$12.15	124
February	$13.28	$12.25	105
March	$12.76	$12.04	129
April	$13.00	$11.93	67
May	$13.17	$11.90	153
June	$13.55	$12.46	123
July	$13.00	$12.10	46
August	$12.50	$11.60	74
September	$12.15	$11.46	129
October	$13.05	$11.75	203
November	$14.40	$12.53	278
December	$16.04	$14.17	180

8. CAPITAL STRUCTURE

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

The Company had 38,552,315 common shares outstanding at December 31, 2017.

At December 31, 2017 and 2016 there were no preferred shares issued and outstanding.

The Company's Board of Directors on February 2, 2018 authorized payment of a quarterly dividend to shareholders of $0.09 per common share. The dividend is payable on March 2, 2018 to shareholders of record on February 16, 2018.

In 2017, the Company redeemed the convertible unsecured subordinated debentures due March 31, 2018 (the "2011 Debentures"). As the 2011 Debentures were redeemed without conversion, the equity component relating to the 2011 Debentures in the amount of $4,630 was transferred to Contributed Surplus. To fund the redemption, the Company used its new convertible unsecured subordinated debentures. The new debentures mature in June 2024 and will bear interest at an annual rate of 5.25%.

During the fourth quarter of 2017 the Company conducted a substantial issuer bid that resulted in the Company repurchasing and cancelling 361,418 common shares for a total cost, including costs to implement the bid, of $5,920.

9. DIRECTORS AND OFFICERS

The following are the names and municipalities of residence of the directors and officers of the Company, their positions and principal occupations within the past five years and the period during which each director has served as director of the Company. The bylaws of the Company 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 Company since 2010.

Paul R. Gurtler, Hamilton, Bermuda
During the last five years, Mr. Gurtler has been Managing Director of Interlink Maritime Corporation.
He has served as a director of the Company since 2017.

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 Company 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 Company since 1997.

Mark McQueen, Toronto, Ontario
During the last five years, Mr. McQueen has been President and Executive Managing Director, Innovation Banking at CIBC and President and Chief Executive Officer of Wellington Financial LLP.
He has served as a director of the Company since 2015.

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 Company 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 Company since 2002.

Eric Stevenson, Toronto, ON
During the last five years, Mr. Stevenson has been a venture capitalist and co-founder of Perseverance Marine.
He has served as a director of the Company since 2013.

Officers

Duncan N. R. Jackman, Toronto, Ontario
Chairman

Ken Bloch Soerensen, St. Catharines, Ontario
President and Chief Executive Officer
During the last five years, Mr. Soerensen has been President and Chief Executive Officer of Algoma Central Corporation, Managing Director and Partner in IPSA Capital and Chief Executive Officer of Swiss Federal Railways Cargo.

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

Gregg Ruhl, Amherst, New York
Chief Operating Officer
During the last five years, Mr. Ruhl has been Chief Operating Officer and Senior Vice- President, Engineering at Algoma Central Corporation and Senior Vice-President, Engineering and Managing Director for Canadian National Railway Company.

J. Wesley Newton, St. Catharines, Ontario
Senior Vice-President - Corporate Development and General Counsel
During the last five years, Mr. Newton has been Senior Vice-President - Corporate Development and General Counsel and Legal Counsel and Secretary at Algoma Central Corporation.

Mario Battista, Fonthill, Ontario
Vice-President, Finance and Process Innovation
During the last five years, Mr. Battista has been Vice-President, Finance and Process Innovation and Director of Business Information Systems at Algoma Central Corporation.

Christopher A. L. Lazarz, Niagara Falls, Ontario
Vice-President, Corporate Finance
During the last five years Mr. Lazarz has been Vice-President, Corporate Finance and Director, Corporate Finance at Algoma Central Corporation and Controller at Algoma Central Properties.

Brad Tiffin, Ridgeway, Ontario
Vice-President, Operations
During the last five years Mr. Tiffin has been Vice-President, Operations and Director of Operations at Algoma Central Corporation and Vice-President, Operations at Northern Transportation.

Steve Wright, Vineland, Ontario
Vice-President, Engineering
During the last five years Mr. Wright has been Vice-President, Engineering and Director - Technical (Projects) at Algoma Central Corporation.

Bruce Partridge, St. Catharines, Ontario
Vice-President, Commercial
During the last five years Mr. Partridge has been Vice-President, Commercial, Business Lead, Product Tankers and Director-Sales at Algoma Central Corporation and Director- Marketing at Canada Steamship Lines.

Jeffrey M. DeRosario, Fonthill, Ontario
Assistant Vice-President, Marketing
During the last five years Mr. DeRosario has been Assistant Vice-President and Director - Sales at Algoma Central Corporation and Account Manager-Eastern Canada at ME Elecmetal.

Cathy Smith, Niagara-on-the-Lake, Ontario
Assistant Vice-President, Human Resources

During the last five years Mrs. Smith has been Assistant Vice-President, Human Resources and Director, Human Resources at Algoma Central Corporation.

Shareholdings of Directors and Officers

The directors and senior officers of the Company as a group beneficially own, directly or indirectly, or exercise control or direction over 83,354 or 0.2% of the outstanding common shares of the Company.

Committees of the Board of Directors

Executive Committee

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

Audit Committee

The Company is required to have an Audit Committee of the Board of Directors.
The members of the Audit Committee are Harold S. Stephen (Chair), Richard B, Carty, E.M. Blake Hutcheson and Mark McQueen.

Please refer to pages 20 to 23 of this Annual Information Form for additional information on the Audit Committee.

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 Eric Stevenson (Chair), Richard B. Carty, Paul R. Gurtler and E. M. Blake Hutcheson.

Investment Committee

The members of the investment committee are Duncan N.R. Jackman, Eric Stevenson, Clive P. Rowe and Paul R. Gurtler.

10. LEGAL PROCEEDINGS

There are no legal proceedings involving a material amount outstanding against the Company. For information on contingencies, please refer to Note 31 of the consolidated financial statements.

11. TRANSFER AGENT AND REGISTRAR

AST Trust Company (Canada) ("AST") is the registrar and transfer agent for the common shares of the Company. AST 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 Company and is independent within the meaning of the CPA Code of Professional Conduct of the Chartered Professional 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 Company and to monitor compliance by the Company 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 Company'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 Company. 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 Company's issued and outstanding shares.

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 Company'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 Company.

Relevant Education and Experience

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

Audit Committee Member	*Education and Experience*
Harold S. Stephen - Chairman	Mr. Stephen is a Chartered Professional Accountant, a former 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.
Richard B. Carty	Mr. Carty has a Bachelor of Commerce (Honours) Degree from Queen's University, a Bachelor of Law Degree from the University of Victoria and an MBA from Imperial College (London, U.K.). Mr. Carty has many years of experience working with audit committees and exposure to financial and accounting issues of reporting issuers, a life insurance company and a mutual fund corporation.
Mark McQueen	Mr. McQueen has worked in the financial services industry since 1993. Mr. McQueen is currently President and Executive Managing Director, Innovation Banking at CIBC. Prior to that he led Wellington Financial LP's growth from its inception as a $7 million fund in 2000 to its current $600 million investment program.

Pre-Approval Policies and Procedures

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

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

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

External Auditor Service Fees

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

		2017		2016
Audit fees	**$**	**594**	$	460
Debenture prospectus fees	**$**	**215**	$	—
Audit related fees	**$**	**39**	$	23
Tax related fees	**$**	**—**	$	47
Other	**$**	**—**	$	21

14. ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company'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 Company's comparative financial statements for its most recently completed financial year.

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

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

Algoma Central Corporation
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